ELECTRONIC DISCLAIMER

STRICTLY PRIVATE AND CONFIDENTIAL

SELLING RESTRICTIONS: AT ISSUANCE, THE SUKUK WAKALAH (AS DEFINED HEREIN) UNDER THE SUKUK WAKALAH PROGRAMME (AS DEFINED HEREIN) MAY ONLY BE ISSUED, OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY TO PERSONS TO WHOM AN OFFER OR INVITATION TO SUBSCRIBE TO THE SUKUK WAKALAH AND TO WHOM THE SUKUK WAKALAH ARE ISSUED WOULD FALL WITHIN PART I OF SCHEDULE 6 (OR SECTION 229(1)(B)) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (AS MAY BE AMENDED AND/OR SUBSTITUTED FROM TIME TO TIME) ("**CMSA**") AND PART I OF SCHEDULE 7 (OR SECTION 230(1)(B)) OF THE CMSA, READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CMSA AND SUBJECT TO ANY APPLICABLE LAW, ORDER, REGULATION OR OFFICIAL DIRECTIVE ISSUED BY BANK NEGARA MALAYSIA ("**BNM**") AND/OR THE SECURITIES COMMISSION MALAYSIA ("**SC**") FROM TIME TO TIME.

THEREAFTER, THE SUKUK WAKALAH UNDER THE SUKUK WAKALAH PROGRAMME MAY ONLY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY TO PERSONS TO WHOM AN OFFER OR INVITATION TO PURCHASE THE SUKUK WAKALAH WOULD FALL WITHIN PART I OF SCHEDULE 6 (OR SECTION 229(1)(B)) OF THE CMSA, READ TOGETHER WITH SCHEDULE 9 (OR SECTION 257(3)) OF THE CMSA AND SUBJECT TO ANY APPLICABLE LAW, ORDER, REGULATION OR OFFICIAL DIRECTIVE ISSUED BY BNM AND/OR THE SC FROM TIME TO TIME.

IMPORTANT: YOU MUST READ THE FOLLOWING DISCLAIMER BEFORE CONTINUING.

Please find attached an electronic copy of the information memorandum dated 12 October 2020 ("**Information Memorandum**"), in relation to the Islamic medium term notes ("**Sukuk Wakalah**") programme of up to Ringgit Malaysia Eight Hundred Million (RM800,000,000.00) in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("**Sukuk Wakalah Programme**") by **GUAN CHONG BERHAD** (Registration No. 200401007722 (646226-K)) ("**Issuer**" or "**GCB**").

The following disclaimer applies to the attached Information Memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Information Memorandum. By accepting this e-mail and accessing the attached Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: The Information Memorandum is not a prospectus and has not been registered nor will it be registered as a prospectus under the CMSA. In order to be eligible to view the attached Information Memorandum or make an investment decision with respect of the Sukuk Wakalah, you must be a person to whom an offer or invitation to subscribe to the Sukuk Wakalah and to whom the Sukuk Wakalah are issued would fall within Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time at issuance and thereafter a person to whom an offer or invitation to purchase the Sukuk Wakalah would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time ("**Selling Restrictions**").

By accepting the e-mail and accessing the attached Information Memorandum, you shall be deemed to have represented to us that:

(1) you are a person falling within the Selling Restrictions;

(2) you consent to the delivery of the attached Information Memorandum and any amendments or supplements thereto by electronic transmission; and

(3) you agree to be bound by all the terms and conditions below. If you do not agree to any of the terms and conditions, please delete this electronic transmission immediately.

You are reminded that documents transmitted via this medium may subject to interruptions, transmission blackout, delayed transmission due to internet traffic, data corruption, interception, unauthorised amendment, tampering, viruses or other technical, mechanical or systemic risks associated with internet transmissions. Maybank Investment Bank Berhad (Registration No. 197301002412 (15938-H)) as the principal adviser and lead arranger ("**Principal Adviser**" and "**Lead Arranger**") and together with United Overseas Bank (Malaysia) Bhd (Registration No. 199301017069 (271809-K)) as the joint lead managers (each a "**Joint Lead Manager**" and collectively, the "**Joint Lead Managers**") of the Sukuk Wakalah or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates have not accepted and will not accept any liability and/or responsibility for any such interruptions, transmission blackout, delayed transmission due to internet traffic, data corruption, interception, unauthorised amendment, tampering, viruses or other technical, mechanical or systemic risks associated with internet transmissions or any consequence thereof.

RESTRICTIONS:

The Information Memorandum is strictly confidential and does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Wakalah or any other securities of any kind by any party in any jurisdiction in which such offer or sale of, or an invitation to subscribe or purchase the Sukuk Wakalah would be unlawful prior to qualification under the securities laws of such jurisdictions.

The Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Wakalah or any other securities of any kind by any party in any Foreign Jurisdiction.

You are reminded that you have accessed the Information Memorandum on the basis that you are a person into whose possession the Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Sukuk Wakalah described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any Sukuk Wakalah by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION, REPRODUCTION OR ALTERATION OF ANY OF THE CONTENTS OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. BY OPENING AND ACCEPTING THE ATTACHED INFORMATION MEMORANDUM YOU AGREE TO THE FOREGOING.

THIS E-MAIL AND ANY ATTACHMENT HERETO ARE INTENDED ONLY FOR USE BY THE ADDRESSEE NAMED HEREIN AND MAY CONTAIN LEGALLY PRIVILEGED AND/OR CONFIDENTIAL INFORMATION. IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS E-MAIL, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS EMAIL, AND ANY ATTACHMENTS THERETO, IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS EMAIL IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY REPLY EMAIL AND IMMEDIATELY DELETE ALL COPIES OF THIS E-MAIL PERMANENTLY AND DESTROY ALL PRINTOUTS OF IT.

THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE INFORMATION MEMORANDUM SHALL BE DEEMED TO HAVE AGREED TO OR BE BOUND BY AS SET OUT IN THE INFORMATION MEMORANDUM.

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STRICTLY PRIVATE AND CONFIDENTIAL

GUAN CHONG BERHAD

(Registration No. 200401007722 (646226-K))

INFORMATION MEMORANDUM

ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM800.0 MILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF WAKALAH BI AL-ISTITHMAR ("SUKUK WAKALAH PROGRAMME ")

PRINCIPAL ADVISER AND LEAD ARRANGER

MAYBANK INVESTMENT BANK BERHAD
(Registration No. 197301002412 (15938-H))

JOINT LEAD MANAGERS

MAYBANK INVESTMENT BANK BERHAD (Registration No. 197301002412 (15938-H))	**UNITED OVERSEAS BANK (MALAYSIA) BHD** (Registration No. 199301017069 (271809-K))

This Information Memorandum is dated 12 October 2020

IMPORTANT NOTICE

This Information Memorandum is not an offer to sell securities and is not soliciting an offer to buy securities described herein in any jurisdiction where the offer or sale is not permitted.

Responsibility Statements

This Information Memorandum ("**Information Memorandum**") has been approved by the board of directors of **GUAN CHONG BERHAD** (Registration No. 200401007722 (646226-K)) ("**Issuer**" or "**GCB**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum in relation to the proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Islamic medium term notes ("**Sukuk Wakalah**") under the Islamic medium term notes programme of up to Ringgit Malaysia Eight Hundred Million (RM800,000,000.00) in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("**Sukuk Wakalah Programme**") by the Issuer. The Issuer, after having made all reasonable enquiries, confirm that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Sukuk Wakalah under the Sukuk Wakalah Programme.

The Sukuk Wakalah Programme has been assigned a preliminary rating of $AA-_{IS}$ by Malaysian Rating Corporation Berhad ("**MARC**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by MARC.

No application is being made to list or quote the Sukuk Wakalah on any stock exchange as at the date of this Information Memorandum. The Sukuk Wakalah shall not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges.

The Issuer has authorised Maybank Investment Bank Berhad and United Overseas Bank (Malaysia) Bhd as the Joint Lead Managers to distribute this Information Memorandum on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe or purchase the Sukuk Wakalah. At issuance, the Sukuk Wakalah may only be issued, offered, sold, transferred or otherwise disposed of directly or indirectly to persons to whom an offer or invitation to subscribe to the Sukuk Wakalah and to whom the Sukuk Wakalah are issued would fall within Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)) of the Capital Markets and Services Act 2007, as may be amended from time to time ("**CMSA**"), read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by Bank Negara Malaysia ("**BNM**") and/or the Securities Commission Malaysia ("**SC**") from time to time.

Thereafter, the Sukuk Wakalah may only be offered, sold, transferred or otherwise disposed of directly or indirectly to persons to whom an offer or invitation to purchase the Sukuk Wakalah would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time.

This Information Memorandum may not be reproduced, in whole or in part, or used for any other purpose, or shown, given, copied to or filed, in whole or in part, with any person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

None of the information or data contained in this Information Memorandum has been independently verified by Maybank Investment Bank Berhad as the principal adviser ("**Principal Adviser**") and lead arranger ("**Lead Arranger**") and together with United Overseas Bank (Malaysia) Bhd as the joint lead managers ("**Joint Lead Managers**"). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Principal Adviser, the Lead Arranger and the Joint Lead Managers as to the authenticity, origin, validity, accuracy or completeness of the information or data contained in this Information Memorandum or that such information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. To the extent permitted under the laws of Malaysia and/or the CMSA, the Principal Adviser, the Lead Arranger and the Joint Lead Managers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Sukuk Wakalah and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

The Shariah Adviser (as hereinafter defined) has issued a Shariah pronouncement confirming, amongst others, that the structure and mechanism of the Sukuk Wakalah Programme is Shariah-compliant as at the date of the Shariah pronouncement. It is to be noted that although the Issuer has sought the advice of the Shariah Adviser with regards to the conformity of the Sukuk Wakalah with Shariah, no representation, warranty or undertaking, express or implied, is given by the Issuer as to the status of the Sukuk Wakalah compliance with Shariah and the Issuer shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Investors are reminded that, as with any Shariah views, differences in opinion are possible. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on whether the structure of the issues and trading of the Sukuk Wakalah are in compliance with Shariah. Any non-compliance with Shariah principles may have legal consequences.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Principal Adviser, the Lead Arranger and the Joint Lead Managers or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Wakalah or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or of any Foreign Jurisdiction as a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date of this Information Memorandum.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Principal Adviser, Lead Arranger and the Joint Lead Managers accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that:

(a) it will keep confidential all of such information and data;

(b) it is lawful for the recipient to subscribe for or purchase the Sukuk Wakalah under all jurisdictions to which the recipient is subject to;

(c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Wakalah;

(d) the Issuer, the Principal Adviser, the Lead Arranger and the Joint Lead Managers and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Wakalah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Wakalah is or shall become unlawful, unenforceable, voidable or void;

(e) it is aware that the Sukuk Wakalah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws;

(f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Wakalah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Wakalah;

(g) it is subscribing or accepting the Sukuk Wakalah for its own account; and

(h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Wakalah would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA and Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time at issuance, and thereafter a person to whom an offer or invitation to purchase the Sukuk Wakalah would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Wakalah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Wakalah is not, and should not be construed as, a recommendation by the Issuer and/or the Principal Adviser, the Lead Arranger and the Joint Lead Managers to subscribe or purchase the Sukuk Wakalah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the financial condition, status and affairs, and its own appraisal of the creditworthiness and nature, of the Issuer, the Sukuk Wakalah and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Wakalah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Wakalah is correct as of any time subsequent to the date indicated in the document containing the same. The Principal Adviser, the Lead Arranger and the Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the tenor of the Sukuk Wakalah or to advise any investor of the Sukuk Wakalah of any information coming to its attention. The recipient of this Information Memorandum or any potential investor should review, inter alia, the most recently published information on the Issuer or the Sukuk Wakalah when deciding whether or not to purchase or subscribe for any of the Sukuk Wakalah.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are estimated based on or derived from sources mentioned in the Information Memorandum. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources. Certain statements are forward-looking in nature and are subject to risks and uncertainties, including, among others, discussions on the Issuer's business strategy, future operations, growth prospects and industry prospects. While the Board of Directors of the Issuer believe that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of all these, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Joint Lead Managers and such other financial institution(s) which the Issuer appoints as the lead manager(s) to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Sukuk Wakalah to prospective investors and that no further evidence of authorisation is required.

Rounding

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and total thereof are due to rounding, and certain numbers appearing in this Information

Memorandum are shown after rounding.

Statements of Disclaimer by the Securities Commission Malaysia

In accordance with the CMSA, a copy of this Information Memorandum will be lodged with the SC, which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Wakalah Programme in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the endorsement of the Shariah Advisory Council ("**SAC**") of the SC and the acknowledgement in respect of the lodgement of the Sukuk Wakalah to the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 (effective on 15 June 2015, which was subsequently revised and effective on 30 June 2020 and as amended, substituted or replaced from time to time) ("**LOLA Guidelines**").

The endorsement from the SAC of the SC was obtained on 7 September 2020, and the lodgement of the Sukuk Wakalah with the SC pursuant to the LOLA Guidelines has been made on 29 September 2020. Each recipient of this Information Memorandum acknowledges and agrees that the acknowledgement of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Wakalah.

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the SC, which takes no responsibility for its contents.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

Statements of Disclaimer on Shariah Pronouncements

Maybank Islamic Berhad as the Shariah adviser ("**Shariah Adviser**") has approved the structure and mechanism of the Sukuk Wakalah Programme and their compliance with Shariah vide the Shariah pronouncement dated 4 September 2020. However, the approval is only an expression of the view of the Shariah Adviser based on their experience in the subject. There can be no assurance as to the Shariah permissibility of the structure of the issue and the trading of the Sukuk Wakalah and none of the Issuer, the Principal Adviser, the Lead Arranger and the Joint Lead Managers makes any representation as to the same. Investors are reminded that, as with any Shariah views, differences in opinion are possible. Investors are advised to obtain their own independent Shariah advice and make their own determination as to whether the structure and the future tradability of the Sukuk Wakalah on any secondary market meet their individual standards of Shariah compliance.

EACH SERIES OF THE SUKUK WAKALAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH SUKUK WAKALAH ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENT.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK WAKALAH.

Documents incorporated by reference

This Information Memorandum should be read and construed in conjunction with:

(a) all supplements or amendments to this Information Memorandum from time to time; and

(b) any annual or interim financial statements (whether audited or unaudited) of the Issuer that are published subsequent to the date of this Information Memorandum as amended and supplemented from time to time,

which shall be deemed to be incorporated in, and to form part of, this Information Memorandum and which shall be deemed to modify or supersede the contents of this Information Memorandum.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Information Memorandum.

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CONFIDENTIALITY

To the recipients of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the Sukuk Wakalah and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Joint Lead Managers.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient of this Information Memorandum, the recipient's professional advisors, directors, employees and any other persons concerned with the Sukuk Wakalah.

The recipients must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to the Principal Adviser, the Lead Arranger and the Joint Lead Managers promptly upon the Principal Adviser, the Lead Arranger or the Joint Lead Managers' request, unless that recipient provides proof of a written undertaking satisfactory to the Principal Adviser, the Lead Arranger and the Joint Lead Managers with respect to destroying these documents as soon as reasonably practicable after the said request from the Principal Adviser, the Lead Arranger and the Joint Lead Managers.

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DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

BNM	-	means Bank Negara Malaysia.
Business Day	-	means any day, excluding a Saturday and a Sunday, on which the financial institutions are open for general business in Kuala Lumpur.
CMSA	-	means Capital Markets and Services Act 2007 and includes any statutory amendment or re-enactment thereof.
Commodity Purchase Price	-	has the meaning ascribed to it in Section 1.2 (*Brief Description of the Sukuk Wakalah Programme*) of this Information Memorandum.
Companies Act	-	means Companies Act 2016 and includes any statutory amendment or re-enactment thereof.
Deferred Sale Price	-	has the meaning ascribed to it under the PTC.
Dissolution Distribution Amount	-	has the meaning ascribed to it under the PTC.
Dissolution Event	-	means any event classified as a dissolution event (or enforcement event, where applicable) under the PTC.
Expected Periodic Distribution Amount	-	has the meaning ascribed to it under the PTC.
Facility Agent	-	means Maybank IB.
FSRA	-	means the Shariah compliant finance service reserve bank account opened or to be opened and maintained by the Issuer with an account bank acceptable to the Security Trustee.
FY	-	means financial year.
GCB or Issuer	-	means **GUAN CHONG BERHAD** (Registration No. 200401007722 (646226-K)), a company incorporated in Malaysia and having its registered address at No. 7 (1st Floor), Jalan Pesta 1/1 Taman Tun Dr. Ismail Jalan Bakri, 84000 Muar, Johor.
GCB Group	-	means the Issuer and its subsidiaries whose accounts are consolidated in the Issuer's audited consolidated financial statements in accordance with approved accounting standards in Malaysia.
GCC	-	means **GUAN CHONG COCOA MANUFACTURER SDN. BHD** (Registration No. 198501000614 (133057-U)).
JBCG	-	means **JB COCOA GROUP SDN BHD** (formerly known as Guan Chong Group Sdn. Bhd.) (Registration No. 198201012590 (92313-X)).

Lead Arranger	-	means Maybank IB.
Joint Lead Manager (collectively, Joint Lead Managers)	-	means Maybank IB and **UNITED OVERSEAS BANK (MALAYSIA) BHD** (Registration No. 199301017069 (271809-K)).
Lodgement Date	-	means the date of lodgement of the Lodgement Kit with the SC pursuant to the LOLA Guidelines, being 29 September 2020.
Lodgement Kit	-	means the information and documents relating to the Sukuk Wakalah Programme as required to be lodged with the SC under Part 3 (*Corporate Bonds and Sukuk*) of the LOLA Guidelines.
LOLA Guidelines	-	means the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and Lodgement Kit issued by the Securities Commission on 9 March 2015 (effective on 15 June 2015, which was subsequently revised and effective on 30 June 2020 and as amended, substituted or replaced from time to time).
MARC or Credit Rating Agency	-	means **MALAYSIAN RATING CORPORATION BERHAD** (Registration No. 199501035601 (364803-V)).
Maybank IB	-	means **MAYBANK INVESTMENT BANK BERHAD** (Registration No. 197301002412 (15938-H)).
MT	-	means metric tonnes.
Periodic Distribution Date	-	has the meaning ascribed to it under the PTC.
Periodic Distribution Rate	-	has the meaning ascribed to it under the PTC.
Permitted Investments	-	has the meaning ascribed to it under the PTC.
Principal Adviser	-	means Maybank IB.
PTC	-	means the principal terms and conditions of the Sukuk Wakalah Programme in *Appendix I: Principal Terms and Conditions of the Sukuk Wakalah Programme* of this Information Memorandum.
Ringgit Malaysia or RM	-	means the lawful currency of Malaysia.
SAC	-	means SC's Shariah Advisory Council.
SC	-	means Securities Commission Malaysia.
Security Trustee	-	means **MALAYSIAN TRUSTEES BERHAD** (Registration No. 197501000080 (21666-V)).

Security Documents	-	has the meaning ascribed to it in Section 1.7 (*Security Arrangement*) of this Information Memorandum.
Shariah Adviser	-	means **MAYBANK ISLAMIC BERHAD** (Registration No. 200701029411 (787435-M)).
Shariah-compliant Commodities	-	means the Shariah-compliant commodities which include but are not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity supplier in the Bursa Suq Al-Sila' commodity trading platform or such other independent commodity broker acceptable to the Shariah Adviser which will be identified on or prior to the time of issuance of the Sukuk Wakalah.
Solicitors	-	means Messrs. Wong & Partners.
Sukuk Wakalah	-	means the Islamic medium term notes to be issued pursuant to the Sukuk Wakalah Programme under the Shariah principle of Wakalah Bi Al-Istithmar.
Sukuk Wakalah Programme	-	means the Islamic medium term notes programme of up to Ringgit Malaysia Eight Hundred Million (RM800,000,000.00) in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar to be established by the Issuer.
Sukuk Trustee	-	means **MALAYSIAN TRUSTEES BERHAD** (Registration No. 197501000080 (21666-V)).
Sukukholders	-	means the holders of the Sukuk Wakalah and references to "**Sukukholder**" shall mean any one of them.
tranche	-	has the meaning ascribed to it under the PTC.
Transaction Documents	-	means in respect of the Sukuk Wakalah shall include each of the following documents: (a) the programme agreement; (b) the trust deed; (d) the Security Documents; (e) the Securities Lodgement Form; (f) the relevant Islamic transaction documents as may be advised by the Solicitors and the Shariah Adviser; and (g) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the Sukuk Wakalah Programme and the Sukuk Wakalah, including any supplemental document(s) thereof, and references to a "**Transaction Document**" shall mean each or any one of them

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SECTION 1.0 EXECUTIVE SUMMARY

This summary is qualified by and must be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices.

1.1 Introduction on the Issuer

The Issuer was incorporated in Malaysia on 22 March 2004 as a public limited company. The ultimate holding company of the Issuer is Guan Chong Resources Sdn. Bhd., which is incorporated in Malaysia.

The Issuer is a company listed on the Main Market of Bursa Malaysia since 8 April 2005 and is principally engaged in investment holding and provision of management services to its subsidiaries, which are involved in the industries of manufacturing cocoa cake, cocoa butter, cocoa powder, cocoa liquor and other related cocoa products.

Further details on the Issuer are set out in Section 2.0 *(Information on the Issuer)* of this Information Memorandum.

1.2 Brief Description of the Sukuk Wakalah Programme

The Sukuk Wakalah Programme has a programme size of up to Ringgit Malaysia Eight Hundred Million (RM800,000,000.00) in nominal value with an option to upsize and a tenure of twenty (20) years. The Sukuk Wakalah shall be issued under the Shariah principle of Wakalah Bi Al-Istithmar. Please refer to the paragraph below and the PTC for the details of the underlying transaction.

<u>**Underlying Islamic Transaction**</u>

The issuance of each Sukuk Wakalah, from time to time under the Sukuk Wakalah Programme, shall be effected as follows:

Step 1	Pursuant to a Wakalah agreement ("**Wakalah Agreement**") entered into between the Sukuk Trustee (acting on behalf of the Sukukholders) and GCB, the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint GCB to act as its agent ("**Wakeel**") to perform services which will include investing the Sukuk Proceeds (as defined below) into the Wakalah Investments (as defined below) and manage it.
Step 2	GCB shall, from time to time, issue the Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds ("**Sukuk Proceeds**"). GCB, in its capacity as the Wakeel, shall declare a trust over the Trust Assets (as defined below) for the benefit of the Sukukholders. The Sukuk Wakalah shall represent the Sukukholders' undivided and proportionate beneficial interest in the Trust Assets. The "**Trust Assets**" shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.

The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of:

(i) Shariah-compliant general business of GCB ("**Shariah-compliant Business**"). The investment will be in the whole of the Shariah-compliant general business of GCB; and

(ii) Shariah-compliant Commodities purchased and sold under the Shariah principle of Murabahah ("**Commodity Murabahah Investment**").

The investments described in items (i) and (ii) above shall collectively be referred to as the "**Wakalah Investments**".

Step 3

Pursuant to an investment agreement between the Wakeel and GCB, as the investment agent ("**Investment Agent**"), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The ownership of the identified Shariah-compliant Business allocated for the relevant Wakalah Investments shall be based on pro rata basis which refers to joint ownership over an asset or business on undivided and proportionate basis. Thus, entitling the Sukukholder(s) to the share of income in the identified Shariah-compliant Business based on their proportionate ownership. The Shariah-compliant Business shall be managed by the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment.

For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each tranche of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that (i) the Shariah-compliant Business shall at all times be a component of the Wakalah Investments, and (ii) the Sukukholders shall via the trust deed provide their upfront consent to the Issuer to create further trusts over the Shariah-compliant Business ("**Future Trusts**") to facilitate any transactions undertaken in connection with any proposed Islamic financing facilities to be obtained by the Issuer, so long as the interest in the Future Trusts do not overlap with the interest of the Sukukholders in the Shariah-compliant Business under the Wakalah Investments.

Step 4

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

The Commodity Murabahah Investment shall be effected as follows:

(i) Pursuant to a commodity Murabahah master agreement between GCB as the buyer ("**Buyer**"), the Wakeel and the Sukuk Trustee, the Buyer shall issue a purchase order ("**Purchase Order**") to the

Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an irrevocable and unconditional undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price.

(ii) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) via the commodity trading participant ("**CTP**") will purchase the Shariah-compliant Commodities on spot basis from a commodity supplier in the Bursa Suq Al-Sila' commodity trading platform or such other independent commodity broker acceptable to the Shariah Adviser ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds ("**Commodity Purchase Price**").

(iii) Upon acquiring the Shariah-compliant Commodities, the Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant Commodities to the Buyer for a Deferred Sale Price. For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic Distribution Amount, if any, and the nominal value of the relevant Sukuk Wakalah.

(iv) Upon the purchase of the Shariah-compliant Commodities, the Buyer via the CTP, will immediately sell the Shariah-compliant Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. or such other independent commodity broker acceptable to the Shariah Adviser on spot basis for cash, equivalent to the Commodity Purchase Price.

Step 5 — In respect of Sukuk Wakalah with Periodic Distributions (as defined below), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions on each Periodic Distribution Date ("**Periodic Distributions**").

In respect of Sukuk Wakalah without Periodic Distributions, returns generated from the Wakalah Investments up to the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one-off basis upon the maturity date ("**Scheduled Dissolution Date**") or upon the declaration that a Dissolution Event has occurred ("**Dissolution Declaration Date**").

On (i) each Periodic Distribution Date; (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable under the relevant tranche of Sukuk Wakalah shall be waived by the Sukukholders and retained by GCB as an incentive fee for its services as Wakeel in managing the Wakalah Investments.

Step 6 — GCB (as the obligor ("**Obligor**")) shall issue a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the

Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the sale agreement ("**Sale Agreement**").

The Sukuk Trustee (for the benefit of the Sukukholders) shall issue a sale undertaking ("**Sale Undertaking**") in favour of GCB under which the Sukuk Trustee shall sell the Shariah-compliant Business to GCB as Issuer upon early redemption at the Exercise Price and enter into a sale agreement for such sale.

The "**Exercise Price**" for the purchase of the Shariah-compliant Business shall be the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, or early redemption as the case may be.

Step 7 — Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra’ if applicable) and any returns generated from the Wakalah Investments shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount, on the Scheduled Dissolution Date, the Dissolution Declaration Date or early redemption, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and retained by the Wakeel as incentive fee.

Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

1.3 Utilisation of Proceeds

The proceeds raised from the Sukuk Wakalah shall be utilised for Shariah-compliant purposes and the Sukuk Wakalah proceeds shall be utilised by the Issuer:

(i) to finance its general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes and/or to provide advance via Shariah-compliant manner to its subsidiaries for general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes; and

(ii) to defray expenses in relation to the Sukuk Wakalah Programme.

1.4 Rating

The Sukuk Wakalah Programme has been assigned a preliminary rating of AA-$_{IS}$ with a stable outlook by MARC pursuant to MARC’s letter to the Issuer dated 12 August 2020.

1.5 Lodgement with the SC

Information and documents in relation to the Sukuk Wakalah has been lodged with the SC on 29 September 2020 in accordance with the LOLA Guidelines.

1.6 Selling Restrictions

(a) Selling Restrictions at Issuance

The Sukuk Wakalah under the Sukuk Wakalah Programme may only be issued, offered, sold, transferred or otherwise disposed of, directly or indirectly to persons to whom an offer or invitation to subscribe to the Sukuk Wakalah and to whom the Sukuk Wakalah are issued would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA and Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time.

(b) Selling Restrictions Thereafter

The Sukuk Wakalah under the Sukuk Wakalah Programme may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to persons to whom an offer or invitation to purchase the Sukuk Wakalah would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and subject to any applicable law, order, regulation or official directive issued by BNM and/or the SC from time to time.

1.7 Security Arrangement

Pursuant to the Issuer's obligation under the relevant Transaction Documents (including the Deferred Sale Price and the Exercise Price), the Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be secured by the following security documents ("**Security Documents**"):

(a) a first party legal assignment and charge over the FSRA which shall include the monies standing to the credit of the FSRA and a first ranking charge over the Permitted Investments, in favour of the Security Trustee in respect of the Sukuk Wakalah Programme (for the benefit of the Sukukholders) ("**Assignment and Charge over FSRA**"); and

(b) any other security arrangement as may be required by the Lead Arranger, subject to approval of the Shariah Adviser.

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SECTION 2.0 INFORMATION ON THE ISSUER

2.1 Incorporation

The Issuer is a public limited company incorporated under the Companies Act on 22 March 2004 under the name GCB. Its registered office is at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail, Jalan Bakri, 84000 Muar, Johor and its business address is at PLO 273, Jalan Timah 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor.

2.2 Principal Activity

The Issuer is principally engaged in investment holding and provision of management services to its subsidiaries.

2.3 Share Capital and Shareholding Structure

As at 23 September 2020, the issued and paid-up share capital of the Issuer is as follows:

Share Capital	**Amount (RM)**
Issued and paid-up share capital:	
1,031,784,200 ordinary shares (164 ,767,972 cash and 867,016,228 otherwise than in cash)	259,071,558.49

As at 23 September 2020, the substantial shareholders of the Issuer and their respective shareholding in the Issuer are as follows:

Shareholder	**Direct**	
	No. of Shares	**%**
Guan Chong Resources Sdn. Bhd.	509,666,938	49.42%
Misi Galakan Sdn. Bhd.	58,159,998	5.64%
Syarikat PJ Enterprise Sdn. Bhd.	29,049,398	2.82%
Tay Hoe Lian	25,191,584	2.44%
Wong Saow Lai	24,663,598	2.39%
Hia Cheng	18,296,358	1.77%

The Issuer's ultimate holding company is Guan Chong Resources Sdn. Bhd.

2.4 Profile of Board of Directors of the Issuer

As at 23 September 2020, the directors of the Issuer and their respective profiles are as follows:

Name of Directors	Profiles
Ybhg Dato Dr. Mohamad Musa bin Md Jamil	YBhg Dato Dr. Mohamad Musa Bin Md Jamil was appointed Executive Chairman of GCB on 8 January 2005, and was redesignated Non-independent Non-executive Chairman of GCB on 1 April 2013. He is responsible for the overall strategic business planning and advises on the product development activities of the GCB Group. He graduated with a Bachelor's Degree in Biology from University of Malaya, Malaysia in 1972. Upon his graduation, he joined the Crop Protection Division of Malaysian Agricultural Research & Development Institute ("**MARDI**") as Research Assistant and was later promoted to the position of Research Officer. In 1979, he obtained a PhD degree in Mycology and Plant Pathology from Queen's University, Belfast, Northern Ireland. In 1980, he held the position of Research Officer at the Cocoa and Coconut Research Division of MARDI. He was promoted to the position of Deputy Director in 1984 and subsequently Director in 1985. As Director, he was responsible for planning, managing and overseeing research programmes under this division. In addition, he was involved in the implementation and development programmes for cocoa smallholders. In 1990, he joined the Malaysia Cocoa Board ("**MCB**") as Deputy Director General of the Market Development and Regulatory Division. He was in charge of marketing, promoting, licensing and grading of cocoa beans and cocoa products. He also represented Malaysia in various meetings and trade negotiations held by the International Cocoa Organisation ("**ICCO**"). In 1996, he was promoted to the post of Director General of MCB. As Director General, he was responsible for planning, developing and managing research programmes involving the improvement of cocoa yield and quality as well as the development of cocoa products and related downstream activities. In addition, he oversaw the implementation and enforcement of regulations on the quality of cocoa beans and cocoa products. He held this position until he retired in 2001. Throughout the years, he has published more than 30 papers, mostly on cocoa. Currently, he is a Member of the Malaysian Plant Protection Society and the Incorporated Society of Planters. He is also Chairman of the Remuneration Committee and a Member of the Audit Committee and Nomination Committee of GCB. He is not a director of any other public company.

Tay Hoe Lian	Tay Hoe Lian was appointed Managing Director and Chief Executive Officer of GCB on 8 January 2005. He graduated with a Bachelor's degree in Business Administration from the College of Business Administration of University of Toledo, the United States of America in 1993. Upon his graduation, he was appointed as Manager of Transport Division at JBCG and he oversaw the operations of the division. In 1997, he joined GCC as Marketing Manager and has successfully marketed cocoa powder to the European, Middle Eastern and South American markets. In 1999, he was elected as Director of GCC, and was later promoted to the position of General Manager in 2002 and Managing Director in 2003. With his contribution, GCC has successfully expanded its production capacity to become one of the leading players in the global cocoa bean processing industry in terms of processing capacity and market share. He was elected as a Member of the MCB by Ministry of Plantation Industries and Commodities and he held the position from 1 February 2013 to 31 January 2015. He is not a director of any other public company.
Tay How Sik @ Tay How Sick	Tay How Sik @ Tay How Sick was appointed Executive Director and Chief Operating Officer of GCB on 8 January 2005. As Director of JBCG from 1987 to 2003, he was involved in the initial setting up of the cocoa bean processing plant including building facilities, setting up production lines and installing machineries. He took on the role of Director and Factory Manager of GCC in 1989 and has since been in charge of the factory operations of GCC. Over the years, he has gained extensive knowledge and experience in the production of cocoa-derived food ingredients as well as the maintenance and modification of machines to enhance production efficiency and improve product quality. He is not a director of any other public company.

Hia Cheng	Hia Cheng was appointed Executive Director and Chief Financial Officer of GCB on 8 January 2005. He obtained professional accounting qualification from The Association of Chartered Certified Accountants ("**ACCA**") in 1991 and became a fellow member of ACCA in 2001. He worked at TH Liew & Gan, a local audit firm from 1986 to 1990, before joining GCC in 1991 as Accounts Supervisor. In 1996, he was promoted to Finance and Trading Manager of GCC, leading the department on the sourcing of cocoa beans and the marketing of cocoa butter, cocoa liquor and cocoa cake. Throughout the years, he has been actively involved in corporate strategy planning as well as in charge of financial and foreign currency management of GCB. In addition, he carries out feasibility studies and investment appraisal for all expansion projects at GCB. He has also successfully strengthened GCB's relationships with major players in the industry including international trading companies and cocoa-related organisations. In February 2018, he was appointed General Manager of GCB Cocoa Cote D'Ivoire. He was actively involved in the due diligence studies and negotiation on the acquisition of Germany-based industrial chocolate producer Schokinag Holding GmbH ("**Schokinag**"). He is not a director of any other public company.
Tan Ah Lai	Tan Ah Lai was appointed Independent Non-executive Director of GCB on 26 October 2007. He is a fellow member of the ACCA and a Chartered Accountant of the Malaysian Institute of Accountants. He started his career as Audit Assistant in a public accounting firm in 1994. In 2011, he incorporated his own consulting, tax and accounting firm, which provides financial and management consultation, tax and accounting related services. He has extensive experience in financial, management and tax related works. Currently, he is Chairman of the Audit Committee and a Member of the Remuneration Committee and Nomination Committee of the Issuer. He is also Independent Non-executive Director of Crescendo Corporation Berhad.

YBhg Datuk Tay Puay Chuan	YBhg Datuk Tay Puay Chuan was appointed Independent Non-executive Director of GCB on 8 January 2005. He started his career with the Polis DiRaja Malaysia, Bukit Aman in 1987 and later left the police force as Police Inspector in 1992. He served the position of Human Resources Manager at Syarikat Teong Sheng Sdn. Bhd. from 1994 to 1997. In 1997, he obtained a Bachelor's degree in Law with Honours from the University of London, the United Kingdom. He was called to the Bar and admitted as Advocate and Solicitor in 1998. He was a Partner at Fazilah, Ong Chee Seong & Associates from 1998 to 2003 until he set up his own legal practice, Tay Puay Chuan & Co in Muar, Johor Darul Takzim in 2003. He is a Member of the Audit Committee and Remuneration Committee and Chairman of the Nomination Committee of the Issuer. He is also Independent Non-executive Director of Sern Kou Resources Berhad and Homeritz Corporation Berhad.

2.5 Profile of Senior Management of the Issuer

As at 23 September 2020, the senior management of the Issuer and their respective profiles are as follows:

Title	Name	Profile
Director	Tay How Yeh	Tay How Yeh was appointed Director of GCC in January 2003. He is currently also Director of GCB Cocoa Singapore Pte. Ltd. and GCB Cocoa Malaysia Sdn. Bhd. He graduated with a degree in Bachelor of Business Administration from the College of Business Administration of University of Toledo, the United States of America in 1989. From 1990 to 1995, he served as Manager of Guan Chong Trading Sdn. Bhd., where he was assigned with the task of sourcing cocoa beans from Tawau, Sabah. Over the years, he has gained considerable experience in logistics and cocoa bean quality assessment. Since joining GCC in 1995 as Production Manager, he has been in charge of the production department and has assisted in production capacity expansion, production planning and quality control. In 2008, he was appointed Production and Operation Manager of GCB Foods Sdn. Bhd., responsible for managing production planning, raw material procurement, inventory control and quality control. In 2010, he was appointed Managing Director of Fuji Global Chocolates

		(M) Sdn. Bhd. (formerly known as GCB Specialty Chocolates Sdn. Bhd.), in charge of monitoring the overall company performance. From August 2016 to February 2020, he served as Director of Supply Chain of Fuji Global Chocolates (M) Sdn. Bhd. He is not a director of any other public company.
Commercial Director	Tay See Min	Tay See Min was appointed Commercial Director of GCB Cocoa Singapore Pte. Ltd. on 10 December 2010. She graduated with a Bachelor's degree of Information System from Monash University, Australia in 1993. Upon graduation, she worked in the Information Technology ("**IT**") profession and was last associated with American International Assurance ("**AIA**") as IT Manager. Since joining GCB, she has been actively involved in the trading of cocoa beans and the sales and marketing of cocoa products. In 2012, she was appointed to be in charge of the Indonesian market and has successfully set up a trading company in Jakarta, namely PT GCB Cocoa Indonesia. Since then, she has been managing the subsidiary and has successfully expanded the customer base in Indonesia. In 2014, she was appointed to be in charge of the Japanese market where she actively worked on building and strengthening relationships with Japanese trading companies and multinational companies ("**MNC**") customers. She is currently involved in corporate strategic planning and strategic project management, focusing primarily on expansion and investment opportunities. She was appointed Deputy General Manager of GCB Cocoa Cote D'Ivoire in January 2019. She is not a director of any other public company.
Senior Operation Manager	Yau Tee Wan	Yau Tee Wan was appointed Senior Operation Manager of the GCB Group on 1 January 2012. He graduated with a degree in Bachelor of Physics from University of Malaya, Malaysia in 1997. Upon graduation, he joined Dunham Bush Sdn. Bhd. as Research & Development ("**R&D**") Engineer, responsible for the R&D of

		air conditioning equipment. Subsequently, he worked at Mewaholeo Industries Sdn. Bhd. as Senior Production Executive, specialising in the production of specialty fats including frying oil, margarine and shortening before he left the job for the position of Maintenance Manager at GCC on 18 March 2002. He has been in charge of plant maintenance, technical part and machinery procurement, inventory control and project management. He was promoted to the position of Operation Manager in 2005 and Group Operation Manager in 2010, overseeing the production of GCC, GCB Foods Sdn. Bhd. and PT Asia Cocoa Indonesia. Besides that, he is also General Manager of PT Asia Cocoa Indonesia and has successfully achieved maximum production efficiency by maintaining high production yield and low processing costs. He is not a director of any other public company.
Vice President of Carlyle Cocoa Company LLC	Edgar Alexander Bittong	Edgar Alexander Bittong was appointed Vice President of Carlyle Cocoa Company LLC in March 2018 following the asset acquisition of Cocoa Services LLC by Carlyle Cocoa Company LLC. He obtained a Bachelor’s degree in Industrial Engineering from the University of Central Florida, the United States of America in 2007. He started his career in 2008 with PLOT Enterprise Ghana Limited as Site Engineer, responsible for the oversight of machine installations, civil works and factory constructions. He was subsequently promoted to the position of Production Manager in 2009, during which he managed factory operations to ensure steady throughput and plant efficiency. He joined Euromar Commodities GmbH as Process Engineer in 2011 and he became Project Engineer in the subsequent year. Over the years, he has gained extensive knowledge and experience in designing building layout, and planning and managing projects, which enables him to ensure continuous improvement in production efficiency. He then worked for Cocoa Services LLC as Production Manager in 2013 and was promoted to Plant Manager in 2016.

		As Vice President of Carlyle Cocoa Company LLC, he has been working on facility expansion and staff training for the New Jersey and Swedesboro factories, and expanding market share in the United States of America. He is not a director of any other public company.

2.6 Corporate Structure of the GCB Group

As at 23 September 2020, the subsidiary companies of the GCB Group are as follows:

No.	Company	Principal activities	GCB's shareholding
1.	Guan Chong Cocoa Manufacturer Sdn. Bhd.	Production of cocoa-derived food ingredients	100%
2.	Guan Chong Trading Sdn. Bhd.	Dormant	100%
3.	GCB Foods Sdn. Bhd.	Production, marketing and promotion of cocoa related products	100%
4.	GCB Cocoa Malaysia Sdn. Bhd.	Production of cocoa-derived food ingredients	100%
5.	GCB America, Inc.	Purchase and distribution of cocoa-derived food ingredients; Investment holding	100%
6.	Cocoarich Sdn. Bhd	Investment holding	100%
7.	GCB Oversea Holdings Corporation	Investment holding	100%
	Subsidiaries of GCB Oversea Holdings Corporation		
1.	GCB Cacao GmbH	Dormant	100%
2.	GCB Cocoa Singapore Pte. Ltd.	Trading of cocoa beans and cocoa-derived food ingredients	100%
	Subsidiaries of GCB Cocoa Singapore Pte. Ltd		
1.	PT Asia Cocoa Indonesia	Production of cocoa-derived food ingredients	90% held by GCB Cocoa Singapore Pte. Ltd.; 10% held by Cocoarich Sdn. Bhd
2.	PT GCB Cocoa Indonesia	Trading of cocoa-derived food ingredients	90% held by GCB Cocoa Singapore Pte. Ltd.; 10% held by Cocoarich Sdn. Bhd

3.	GCB Cocoa Cote D'Ivoire	Dormant	100%
4.	Schokinag Holding GmbH	Investment holding	100%
5.	GCB Cocoa UK Limited	Dormant	100%
	Subsidiary of GCB America, Inc		
1.	Carlyle Cocoa Co., LLC	Production of cocoa powder; cocoa liquor melting; butter melting and deodorising	100%
	Subsidiaries of Schokinag Holding GmbH		
1.	Schokinag Verwaltungs GmbH	Rental of land and assets	100%
2.	Schokinag-Schokolade-Industrie GmbH	Production of cocoa liquor and industrial chocolate	100%

As at 23 September 2020, the details of the associate of the GCB Group is as follows:

No.	Company	Principal activities	GCB's shareholding
1.	SMC Food21 (Malaysia) Sdn. Bhd.	Production of blended cocoa-derived food ingredients	20%

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SECTION 3.0 BUSINESS OF THE GCB GROUP

3.1 History

The Issuer was incorporated in Malaysia as a public limited company on 22 March 2004. The Issuer began as an investment holding company with three (3) subsidiaries, and has since grown to more than ten (10) subsidiaries as at the date of this Information Memorandum. The GCB Group was principally involved in the manufacturing of cocoa-derived food ingredients, namely cocoa liquor, cocoa butter, cocoa cake and cocoa powder. To date, the GCB Group has diversified the business from producing cocoa-derived food ingredients to producing industrial chocolates and consumer products like chocolate beverages.

The GCB Group's history started in the early 1980s, when JBCG was incorporated on 2 November 1982. It was principally involved in the trading of cocoa beans. In 1983, JBCG started processing cocoa beans by setting up a factory in Parit Jawa, Muar, Johor. In 1990, with the vision to become a market leader in the Malaysian cocoa processing industry, JBCG sold the plant in Parit Jawa and built a new plant in Pasir Gudang, Johor, under GCC. Initially, the new plant commenced operations with an annual grinding capacity of 6,000 MT. Throughout years of upgrading and continuous improvement, the Pasir Gudang plant has expanded its annual production capacity to 80,000 MT as at the date of this Information Memorandum.

The Issuer was listed on Bursa Malaysia on 8 April 2005. In 2006, it made a strategic investment by acquiring Carlyle Cocoa Co., LLC, Delaware, which provided it direct market access into the United States of America. In 2011, with the growing demand and support from customers, the GCB Group expanded its production capacity by constructing a second grinding plant in Batam, Indonesia. The new plant, named PT Asia Cocoa Indonesia, had an initial annual capacity of 60,000 MT. Upon completion of the second production line in the Batam plant in 2012, it achieved an additional annual grinding capacity of 60,000 MT, bringing the GCB Group's total annual capacity at the time to 200,000 MT.

In 2017, the Issuer acquired the entire equity stake of Malaysian cocoa bean processor, GCB Cocoa Malaysia Sdn. Bhd. (formerly known as Koko Budi Sdn. Bhd.). The GCB Group expanded the capacity of the GCB Cocoa Malaysia Sdn. Bhd.'s factory from 9,000 MT to 50,000 MT per year, and fully commissioned the new plant in the first quarter of 2019. With the new addition, the GCB Group's total capacity across the Malaysian and Indonesian grinding plants reached 250,000 MT per year.

In 2019, the Issuer began the construction of a new cocoa processing plant in Côte d'Ivoire, the world's largest cocoa producing country. The new plant is estimated to have a grinding capacity of 60,000 MT a year and is expected to be commissioned in the second half of 2021. The GCB Group also acquired Germany-based industrial chocolate producer Schokinag in January 2020. Schokinag supplies its industrial chocolate to the food and beverage industry, including world-renowned chocolate makers. Established in 1923, Schokinag has an annual industrial chocolate production capacity of 90,000 MT and a bean grinding capacity (up to cocoa liquor) of 7,000 MT. With the acquisition, the GCB Group's total grinding capacity reached 257,000 MT per year. Going forward, with the completion of the plant in Côte d'Ivoire, GCB Group's total capacity would lunge to 317,000 MT.

3.2 Business Overview of the GCB Group

The GCB Group has earned its reputation as the largest cocoa bean processor in Asia and the fourth largest cocoa bean processor internationally in terms of grinding capacity, supporting various globally renowned producers of chocolate (such as Mars, Incorporated and Nestlé S.A.) and other foods and beverages.

In addition to being a producer of cocoa-derived food ingredients, the GCB Group has also reached out to end consumers by producing chocolate beverages under the consumer food division, GCB Foods Sdn. Bhd. The GCB Group markets its cocoa products in Malaysia and Indonesia under the trademarks CacaoRich and Melko, which are owned and registered in the name of GCB Foods Sdn. Bhd.

With the recent strategic acquisition of Schokinag, the GCB Group plans to gain access to the European markets through Germany, the largest consumer market for chocolate in the world. Schokinag has been in the chocolate manufacturing business for more than 90 years and it is familiar with the local industry landscape. The GCB Group will also be able to benefit from Schokinag's diverse pool of clientele, further expanding its distribution network.

Schokinag's production capacity is currently at a 67% utilisation rate due to the limiting working capital and expensive raw material. However, this could be resolved through synergy created within the GCB Group. Schokinag is expected to consume 40% to 50% of GCB Côte d'Ivoire's production, ensuring an immediate demand for the processing plant and minimising the risk of underutilising the plant. This would further drive the expected synergistic value the GCB Group would have with the plant in Côte d'Ivoire.

In July 2020, the GCB Group incorporated a wholly-owned subsidiary, GCB Cocoa UK Limited in the United Kingdom. Subsequently, in September 2020, the GCB Group acquired a factory in Glemsford, Suffolk, United Kingdom and plans to transform the existing factory into a value-added facility which include butter melting and deodorizing together with cocoa liquor melting and cake grinding facilities that manufactures liquid cocoa-derived food ingredients, subsequently supplying to major chocolate and confectionery manufacturers. This investment allows for an accelerated entry into the British market and represents a key part of the GCB Group's strategy to establish a global presence. To facilitate this strategy, the GCB Group is also planning to set up a trading hub in Europe.

As at the date of this Information Memorandum, the GCB Group has marketing offices in Indonesia, the United States of America and Germany.

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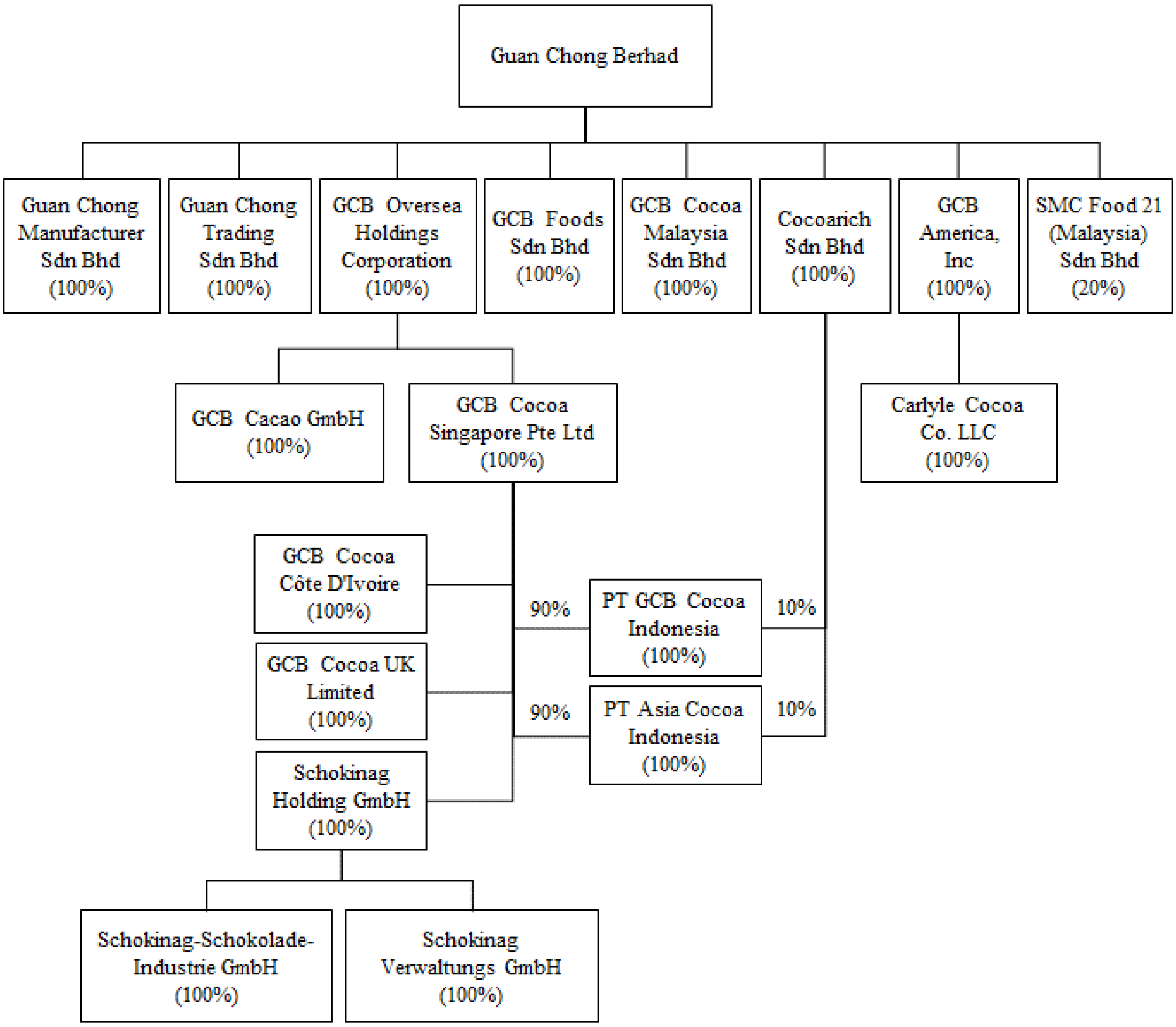
3.3 Corporate Structure

The diagram below sets out the corporate structure of the GCB Group:



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3.4 Products, Production Process and Technology

The GCB Group produces the following products:

Cocoa-derived food ingredients

- Cocoa liquor
- Cocoa butter
- Cocoa cake
- Cocoa powder

Industrial chocolate

- Compound chocolate
- Couvertures

Chocolate products

- Chocolate beverages
- Original equipment manufacturers

The following diagram illustrates the GCB Group's production process for cocoa-derived food ingredients and the associated technology and machinery:

(1) <u>Cocoa-derived food ingredients manufacturing process</u>

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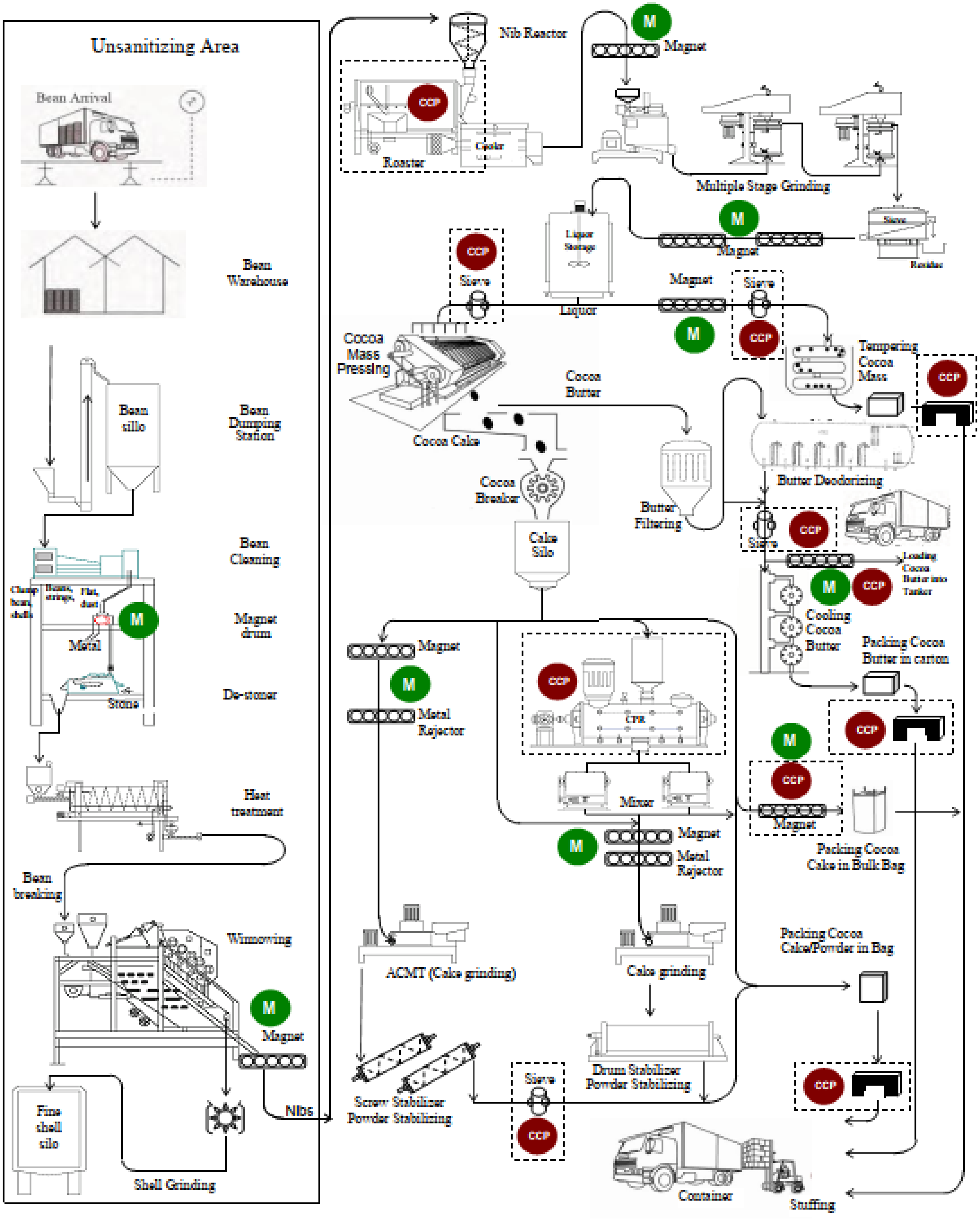
GUAN CHONG COCOA MANUFACTURER SDN. BHD. - GENERAL PROCESS FLOW CHART

With HACCP control Points. Updated on 02-Jan-2020



Legend:
"**M**" means Magnet.
"**CCP**" means Critical Control Points.

The production process is detailed below:

Analysis and cleaning of cocoa beans

Cocoa beans are first placed in bean silos, which store the beans before they are released for cleaning in batches. The cleaning process separates and removes extraneous materials such as clump beans, dust, shells, strings, sticks and other foreign objects from the cocoa beans through four different processes:

1. Screening to remove materials which are of different sizes from cocoa beans;
2. The use of an aspirator to remove materials that are lighter than cocoa beans;
3. The use of magnet drums to remove metallic residue; and
4. The use of a gravity separator to remove remaining stones.

Heating process and removal of cocoa bean shells

The cocoa beans are heated to a temperature between 105 and 110 degrees Celsius in either a microniser or an infrared pre-heating machine. The heating process removes excess water content and loosens the shells from the nibs, which facilitates the removal of cocoa bean shells.

After the heat treatment, the shells are cracked in a bean crusher and removed by a winnower, leaving just the cocoa nibs. Cocoa shells are either discarded, or ground and sold as feedmeal, fertiliser or used as fuel for biomass energy. Shell content is kept as low as possible, because high shell content negatively affects the quality, flavour and microbiological content of the finished cocoa products. The nibs are then stored in nib silos before further processing.

Alkalisation and roasting of cocoa nibs

If necessary, cocoa nibs are subject to an alkalisation process in an alkalisation machine to develop the desired colour and flavour. Alkalisation is the treatment of cocoa nibs with an alkaline solution such as potassium chloride. This process enhances the desired colour and flavour of the cocoa nibs produced.

All cocoa nibs, alkalised or not, are then roasted in a roaster to fully develop their flavour. Technical know-how and experience are important in determining the flavour, colour and aroma of cocoa nibs during the roasting process. Consistency in characteristics between batches should be maintained when fulfilling large orders from customers. The roasting process also helps to sterilise the cocoa nibs.

Cooling

The roasted cocoa nibs are sent to a cooler before they are passed through a magnet bar to remove metal residue, in case it was not removed in the prior cleaning processes. Since the grinding of cocoa nibs in the next step generates heat through friction, the cooling of the cocoa nibs before grinding prevents the nibs from being overheated during the grinding process. Overheating of the cocoa nibs will affect the characteristics and flavour profile of the cocoa nibs and cocoa liquor produced.

Production of cocoa liquor

The cooled cocoa nibs undergo three stages of grinding to achieve the desired fineness required for the production of cocoa liquor. In the three-stage grinding process, the cocoa nibs are ground from solid to fluid mass. Despite its name, there is no alcoholic content in cocoa liquor. The cocoa liquor is then being passed through a sieve and magnet bars to remove traces of metallic residue before being deposited into a liquor storage silo.

At this stage, cocoa liquor which is for sale is packaged and labelled, while cocoa liquor which is to be used for the production of cocoa butter and cocoa cake undergoes pressing in the next step.

Production of cocoa butter and cocoa cake

The cocoa liquor passes through another sieve before being directed to a cocoa press. In the pressing process, cocoa liquor is pumped into a hydraulic cocoa butter presser where it is processed into cocoa cake, which contains a variable fat content, and cocoa butter.

The cocoa butter is put through a filtration equipment to remove any solid residue. Cocoa butter can be deodorised to remove its smell and flavour and can be delivered in either liquid or solid form. For delivery in solid form, the cocoa butter undergoes a cooling process which enables the cocoa butter to solidify before packaging. Once packaged, the cocoa butter is put through a metal detector for quality assurance before it is delivered to the warehouse.

The cocoa cake produced from the pressing process is broken into smaller pieces to form kibbled cocoa cake, which is deposited into a cocoa cake silo. Depending on the pressing process applied, the remaining fat content of the cocoa cake can vary from 10% to 24%, depending on the intended end use of the cocoa cake. The cocoa cake is also passed through a magnet to ensure that the finished product does not contain metallic residue. The cocoa cakes are packed into either 1 MT bulk bags or 25kg paper bags. Cocoa cakes which are packed into 25kg paper bags are passed through another metal detector.

Cocoa cakes from the silo can also be processed to produce alkalised cocoa cakes and alkalised cocoa powder. A cake processing reactor performs this alkalising process by adding an alkali solution to produce black cocoa cake. After that, a cocoa cake mixer is utilised to cool the cocoa cake. The alkalised cocoa cake is then packed into either 1 MT bulk bags or 25kg paper bags.

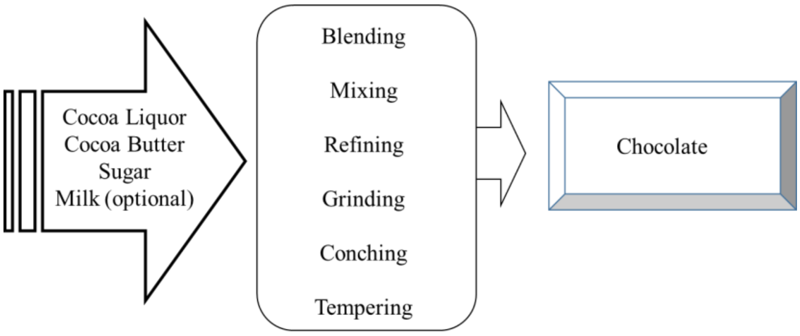
Production of cocoa powder

After passing through a magnet and metal detector, cocoa cake from the silo is ground in an impact classifier mill to produce finely ground cocoa powder. The cocoa powder undergoes a cooling stabilisation process to ensure that the cocoa powder is fluffy, clump-free and ready for packing into paper bags. Before leaving the factory, the cocoa powder in paper bags is scanned by a metal detector.

(2) Industrial chocolate manufacturing process

Industrial chocolates are various types of chocolates that are produced for manufacturers of confectionery and food product and are not sold directly to end consumers. They include chocolate preparation, compound chocolates and couvertures.

The following diagram illustrates the GCB Group's general production process for the manufacturing of chocolate. Different kinds of chocolates have slightly different production processes. For example, compound chocolates do not contain cocoa butter.



Generally, cocoa liquor and cocoa butter form the two main ingredients for the production of industrial chocolate products. Varying amounts of cocoa liquor, cocoa butter, sugar and milk (optional) are added to make chocolates of different flavours for different applications. Refining is a process of crushing the mixture to improve the texture of the chocolate. The mixture is then placed into conches that stir the mixture under heat. Conching involves homogenisation of the chocolate paste and the extraction of volatile acids so as to improve the flavour and taste of the chocolate. Conching can take a few hours to a few days. Generally, the longer chocolate is conched, the smoother it will be. The chocolate is then tempered to stabilise the chocolate crystals before it is processed into various forms depending on the product to be made.

Compound chocolates are a less expensive non-chocolate product replacement made from a combination of cocoa powder, vegetable fat (instead of cocoa butter), sweeteners and other additives. Compound chocolates are often used to coat candy bars. Couvertures are high quality chocolates that contain a high percentage of cocoa butter (approximately 32% to 39%), along with cocoa liquor, milk, sweeteners and other additives. Couvertures are used for dipping, coating, moulding and garnishing in the preparation of confectioneries and other food products.

Chocolate Products

The GCB Group produces chocolate beverages which are sold directly to end consumers at local stores, under the brand names of Cacaorich and Melko. The GCB Group is also an "original equipment manufacturer" that produces chocolate beverages for Giant, which sells the products under its hypermarket brand.

3.5 Manufacturing facilities and production capacities

As at 23 September 2020, the GCB Group has the following manufacturing facilities and production capacities.

Group Company	Country	Annual Production Capacity
Guan Chong Cocoa Manufacturer Sdn. Bhd.	Malaysia	80,000 MT bean grinding capacity
GCB Cocoa Malaysia Sdn. Bhd.	Malaysia	50,000 MT bean grinding capacity
PT Asia Cocoa Indonesia	Indonesia	120,000 MT bean grinding capacity
Carlyle Cocoa Co. LLC	United States of America	7,000 MT cake grinding capacity; 60,000 MT butter melting capacity; 30,000 MT cocoa liquor melting capacity
Schokinag Holding GmbH	Germany	7,000 MT bean grinding capacity (up to cocoa liquor); 90,000 MT

Group Company	Country	Annual Production Capacity
		industrial chocolate production capacity
Total		**257,000 MT bean grinding capacity**

As further explained under Section 3.11 (*Future Prospects and Business Plan of GCB Group*), going forward, the GCB Group target to have the following manufacturing and production capabilities in the near term.

Group Company	Country	Targeted Annual Production Capacity
GCB Cocoa Cote D'Ivoire	Côte d'Ivoire	60,000 MT bean grinding capacity
Schokinag Holding GmbH	Germany	25,000 MT butter melting capacity 25,000 MT cake grinding capacity 25,000 MT cocoa liquor melting capacity
GCB Cocoa UK Limited	United Kingdom	25,000 MT butter melting & deodorising capacity 25,000 MT cake grinding capacity 12,000 MT cocoa liquor melting capacity

Thus, this would result in GCB Group having a total bean grinding capacity of 317,000 MT.

3.6 Supply of Raw Materials

The cocoa bean is the main raw material in the production of the GCB Group's cocoa-derived food ingredients. The GCB Group purchases both fermented and unfermented cocoa beans, used for different purposes. Cocoa beans of different origins also have different flavour profiles. The GCB Group sources beans from Indonesia, Ghana and Côte d'Ivoire and other countries.

3.7 Labour Supply

As at 23 September 2020, the GCB Group's total number of employees, by nationality and position, in Malaysia, is as below:

Guan Chong Cocoa Manufacturer Sdn. Bhd.					
Position	Malaysia	Myanmar	Nepal	Indonesia	**TOTAL**
Manager	41	0	0	0	**41**
Executive	93	0	0	0	**93**
Non-executive	247	0	0	0	**247**
Foreign worker	0	88	83	15	**186**
TOTAL	**381**	**88**	**83**	**15**	**567**

GCB Cocoa Malaysia Sdn. Bhd.					
Position	Malaysia	Myanmar	Nepal	Indonesia	**TOTAL**
Manager	3	0	0	0	**3**
Executive	22	0	0	0	**22**
Non-executive	161	0	0	0	**161**
Foreign worker	0	0	0	0	**0**

GCB Cocoa Malaysia Sdn. Bhd.					
Position	Malaysia	Myanmar	Nepal	Indonesia	**TOTAL**
TOTAL	**186**	**0**	**0**	**0**	**186**

GCB Foods Sdn. Bhd.					
Position	Malaysia	Myanmar	Nepal	Indonesia	**TOTAL**
Manager	0	0	0	0	**0**
Executive	3	0	0	0	**3**
Non-executive	18	0	0	0	**18**
Foreign worker	0	5	3	0	**8**
TOTAL	**21**	**5**	**3**	**0**	**29**

Guan Chong Berhad					
Position	Malaysia	Myanmar	Nepal	Indonesia	**TOTAL**
Manager	0	0	0	0	**0**
Executive	6	0	0	0	**6**
Non-executive	0	0	0	0	**0**
Foreign worker	0	0	0	0	**0**
TOTAL	**6**	**0**	**0**	**0**	**6**

As at 23 September 2020, the number of employees in the GCB Group’s subsidiaries outside of Malaysia is as below:

Subsidiaries	Number of employees
GCB Cocoa Singapore Pte. Ltd.	3
Carlyle Cocoa Co. LLC	
Swedesboro NJ	30
New Castle Delaware	14
Schokinag	
Schokinag-Schokolade-Industrie GmbH	132
Schokinag Holding GmbH	10
Indonesia	
PTGCBCI	8
PTACI	346

3.8 Quality Control and R&D

R&D is an integral part of the GCB Group’s business. Its R&D efforts with regard to cocoa-derived food ingredients are focused on developing new and customised products, often in partnership with its customers, to meet their specific application requirements. The GCB Group has been able to experiment with various cocoa blends and formulations to produce cocoa-derived food ingredients for specific industry applications. Specifically, it has been able to expand its product range of cocoa powder with a variety of colours and flavours.

The product development process requires a collaboration between the marketing, trading and R&D departments. Collectively, these departments assess whether the newly developed products are relevant to the market, appropriate for mass production and comply with quality requirements.

The GCB Group also has a team of well-trained panellists that conducts sensory tests of its products in the laboratory before delivering to the customers. In addition, it provides technical support to chocolate and confectionery manufacturers by carrying out experiments in order to understand the problems faced by its customers. This places the GCB Group at a better position to assist its customers in their formulation process, specifically in terms of blending cocoa-derived food ingredients.

3.9 Major Customers and Distribution Channels/Network

The GCB Group's cocoa-derived food ingredients are mainly sold to chocolate and confectionery manufacturers, either directly or through trading companies. A number of chocolate and confectionery manufacturers who purchase GCB Group's products are established international food and beverage companies. To ensure consistent supply of ingredients, such companies typically buy through trading companies. Therefore, the GCB Group sometimes sells to trading companies, which in turn supply to the chocolate and confectionery manufacturers.

The following table sets forth the GCB Group's top 10 customers, including both trading companies and direct customers, for the Financial Year Ended ("**FYE**") 2019:

Customer	Percentage of total revenue in FYE 2019 (%)
Theobroma B.V	19.9
Barry Callebaut	17.7
Mars, Incorporated	6.9
General Cocoa Company	6.5
Blommer Chocolate Company	5.9
Nestlé S.A.	4.6
Olam International	3.5
StoneX Group Inc.	2.6
Itochu Corporation	2.0
The Hershey Company	2.0

3.10 Key Competitive Strengths

<u>The GCB Group has a successful track record of expansion and long-established operations.</u>

The GCB Group has been established for more than 30 years. Since the GCB Group's entry into the cocoa bean processing business, it has successfully expanded the business to become Asia's largest cocoa bean processor and the world's fourth largest cocoa bean processor, achieving an annual grinding capacity of 257,000 MT to date. The GCB Group also has a successful track record in expanding its operations to penetrate competitive international markets, including the North American and European markets. Furthermore, the construction of the GCB Group's cocoa processing plant in Côte d'Ivoire is expected to be completed in the second half of 2021. Moving forward, the GCB Group is confident in further expanding its operations with the resources at its disposal.

<u>The GCB Group has established long-standing relationships with international suppliers and customers.</u>

The GCB Group's operations and markets have transcended beyond its origins in Malaysia. Throughout the years, the GCB Group has gained a deep understanding of the dynamics of the international cocoa industry. This includes the global supply and demand conditions as well as specific product requirements of international customers. Having established a foothold in the international markets, the GCB Group is able to leverage its experience and expertise to penetrate the higher value-added cocoa powder market segments.

The GCB Group maintains good standing relationships with its suppliers like General Cocoa Company and ECOM Agroindustrial Corp. Lt. This generally allows the GCB Group to obtain competitive prices from its suppliers and enjoy a low rate of default on its supply contracts. This in turn allows the GCB Group to live up to its reputation as a reliable supplier of cocoa-derived food ingredients.

The products of the GCB Group are purchased by international food and beverage manufacturers such as Mars, Incorporated, Nestlé S.A. and The Hershey Company. The GCB Group is able to build long-standing working relationships with some of these international customers, such as Mars, Incorporated, to whom it has been supplying cocoa-derived food ingredients for over 15 years.

The GCB Group capitalises on its experience to provide extensive value-added products and services. For example, based on its understanding of its customers' requirements, it has been able to produce cocoa-derived food ingredients to meet their stringent requirements or new specifications. The GCB Group believes that its customers value it as a trustworthy counterparty and a long-term business partner.

<u>The GCB Group provides one-stop shop and customised product services to meet the different needs of its customers.</u>

In addition to high in demand commodities like cocoa butter and cocoa cake, the GCB Group's customers often require customised products such as cocoa liquor and cocoa powder with certain flavour profiles and characteristics, customised packaging size and order volume. To strengthen its working relationship with the customers, the GCB Group has implemented a nimble and flexible production process to meet different needs and product specifications of its customers. For example, the GCB Group has developed and refined a wide range of cocoa powders with different colours, pH values and fat contents customised to meet the needs of its customers.

<u>The GCB Group is able to continually improve its operations to meet stringent international requirements.</u>

The GCB Group strives to ensure that it complies with local and international food safety requirements. As part of its effort to do so, it has put in place a comprehensive quality management system and quality assurance programme, and has obtained FSSC 22000, HACCP, Halal and Kosher certifications for its operations. The GCB Group believes that the stringent requirements and time consuming audit processes serve as barriers to entry for potential entrants, thereby solidifying its position as a key player in the industry.

Major chocolate producers such as Mars, Incorporated, Nestlé S.A. and The Hershey Company place strong emphasis on product quality, consistency and reliability in delivery. To qualify as a direct or indirect supplier to these chocolate producers, it is essential that the cocoa-derived food ingredients produced by the GCB Group continually meets their stringent requirements and specifications. The GCB Group's ability to produce quality products is evidenced by its long-standing relationships with its international customers. The GCB Group's products are marketed under its Favorich brand. Established in 1995 and registered under GCC as a core brand, the Favorich brand has acquired a strong reputation in the industry throughout the years.

The GCB Group has efficient production facilities which are strategically located.

The GCB Group places strong emphasis on the operational efficiency of its production facilities. It has configured its facilities to automate and streamline its production processes and efficiently utilise its factory spaces. Furthermore, the GCB Group has acquired state-of-the-art production machineries from Europe to optimise its production yield, as well as to minimise downtime and wastage.

Being the largest cocoa bean processor in Asia and one of the key players in the global cocoa bean processing industry, the GCB Group is able to enjoy economies of scale and cost competitiveness over smaller players.

The cost of cocoa beans constitutes a significant component of the GCB Group's production costs. The GCB Group's Batam plant sources its cocoa beans within Indonesia, lowering transportation costs and avoiding Indonesian export tax. The GCB Group's upcoming processing plant is strategically located in Côte d'Ivoire, the largest cocoa bean exporting country in the world. Côte d'Ivoire's close proximity to Europe also means that the GCB Group is able to reduce transportation costs and gain an easier access to the European markets.

Having operations in Malaysia and Indonesia allows the GCB Group to enjoy lower costs of labour, utilities and land vis-à-vis its competitors with production facilities located in regions like Europe and the United States of America, while maintaining the quality of its products. Moreover, the GCB Group's warehouses and production facilities in Malaysia and Indonesia are strategically located close to ports at Pasir Gudang and Batam, which enables the GCB Group to reduce transportation time and costs.

The recent acquisition of Schokinag is a strategic move for the GCB Group to tap into the European markets through Germany, the largest consumer market for chocolate in the world.

The GCB Group has an experienced and professional management team.

The GCB Group has a strong and experienced senior management team with a proven track record and the ability to provide leadership and strategic direction. Led by its Chief Executive Officer, Tay Hoe Lian, the senior management team is equipped with extensive management, finance and industry experience. The senior management team is committed to the GCB Group and has experienced a low turnover rate. As at the date of this Information Memorandum, most of its senior management team has been working together in the GCB Group for more than 15 years.

3.11 Future Prospects and Business Plan of GCB Group

COVID-19

The recent COVID-19 pandemic has had a material adverse effect on the global economy with major disruptions to many sectors including global trade, transport and tourism. During the period in which lockdowns were imposed in countries in which the GCB Group operates, the GCB Group has seen a reduction in the global demand for cocoa products and disruption to the premium chocolate segment due to its reliance on tourism spending and customers' request to delay shipment.

The GCB Group foresees a continued slight reduction in grinding in the coming months due to a reduction in short-term demand caused by COVID-19. Upon stabilised demand and economic recovery beyond COVID-19, the GCB Group expects its facilities to optimise the capacity.

While the full impact of COVID-19 cannot be ascertained as at the date of this Information Memorandum, the GCB Group does not believe that COVID-19 will have a major adverse long-term impact on its business. The GCB Group is diligently monitoring the ongoing financial and operational impact of COVID-19 on the GCB Group's businesses globally.

<u>Acquisition of Schokinag</u>

The GCB Group's acquisition of Schokinag in Germany was completed in January 2020. The existing team at Schokinag will remain in control of the day-to-day operations at the subsidiary. In line with this acquisition, the GCB Group aims to use this footprint in Europe to expand into the European markets, which account for 40% of the global chocolate consumption. As such, the next focus for the GCB Group will be to step out of Asia and to penetrate the European markets.

The GCB Group believes that the acquisition of Schokinag will create overall synergy within the GCB Group. Firstly, Schokinag has an over 90-year-old brand history. This means that the GCB Group will be able to capitalise on Schokinag's existing customer profile and rely on its experienced marketing team to sell cocoa-derived food ingredients and industrial chocolate to the European markets. Schokinag's capacity is currently at a 67% utilisation rate due to the limited working capital and high raw material costs, which should be resolved through synergising with the GCB Group. The GCB Group intends to run Schokinag's production facility at full capacity in the future.

The GCB Group plans to build a facility at a location close to Schokinag that focuses on developing value-added products (i.e. butter melting and cake grinding). Schokinag is expected to consume 40% to 50% of GCB Côte d'Ivoire's production, ensuring an immediate demand for the processing plant and minimising the risk of underutilising the plant. This would further drive the synergistic value the GCB Group expects to have with the plant in Côte d'Ivoire.

<u>Processing plant in Côte d'Ivoire</u>

As at the date of this Information Memorandum, the GCB Group's processing plant in Côte d'Ivoire is still under construction and is expected to be commissioned in the second half of 2021. The plant is expected to have a total bean grinding capacity of 60,000 MT.

Currently, the GCB Group sources its cocoa beans from origin countries like the African and South American countries, transports the beans to its Malaysian and Indonesian plants for processing and then ships them out again to its customers, mostly in the European and North American countries. This process takes approximately six (6) months including storage time and incurs additional costs including storage charges, interests, insurance, freight costs, and in certain countries, import duties and export taxes.

Once the processing plant starts to operate, the GCB Group will be able to source Ivorian beans locally for processing.

Subsequently, the bean purchase to product sale cycle will be shortened by at least three (3) months. Moreover, the GCB Group will be able to realise an estimated cost saving of more than 5% as a result of the following:

- Reduced logistics costs;
- Reduced export tax as the export tax on cocoa-derived food ingredients is lower than that of cocoa beans;
- Elimination of import duties to the European Union countries from Côte d'Ivoire; and
- Reduced bean quality deterioration due to shorter transportation and storage time.

In addition, the GCB Group will have better control over the consistency of its cocoa bean supply, and also better monitoring of the sustainability projects that it currently implements. Côte d'Ivoire's close proximity to Europe also means that the GCB Group will gain a competitive advantage in logistics with an easier access to the European markets.

Investment of a factory in the United Kingdom

As at the date of this Information Memorandum, the GCB Group has acquired a factory in Glemsford, Suffolk, United Kingdom. The GCB Group aims to transform the existing factory into a value-added facility which include butter melting and deodorizing together with cocoa liquor melting and cake grinding facilities that manufactures liquid cocoa-derived food ingredients, subsequently supplying to major chocolate and confectionery manufacturers.

The investment in the facility represents a key part of the GCB Group's vision to be a fully integrated and market-leading cocoa supplier across the globe. The investment will enable the GCB Group to gain an accelerated entry into the British market and to take advantage of the post-Brexit landscape. The GCB Group will be able to benefit from the fast growing market for chocolate in the United Kingdom, which will also help sustain its continuous growth. Furthermore, the GCB Group can tap into the highly-skilled workforce that is available locally.

The site is strategically located close to the port of Felixstowe, which will allow convenient transportation of raw materials and cocoa-derived food ingredients. Moreover, the location of the site will place the GCB Group in a better position to seamlessly provide its customers in the United Kingdom with just-in-time delivery to their facilities.

Coupled with Schokinag, the GCB Group will gain access to the wider European chocolate industry, expanding its customer profile and supplying its products to both sides of the continent.

European trading hub

In light of the GCB Group's international expansion strategy, the GCB Group is currently considering setting up a trading hub in Europe to facilitate its global trading activities. With its facilities located within Europe, the GCB Group aims to build its own trading arm at a central location in Europe to reduce reliance on the trading companies, which should also help mitigate the risk of having a high customer concentration.

The GCB Group envisage the primary business activities associated with the trading hub to be the procurement of cocoa beans, and sales and marketing of cocoa-derived food ingredients produced by its Malaysian, Indonesian and Ivorian plants.

The GCB Group aims to recruit talented professionals to manage the supply chain and sustainable projects in the origin countries. Moreover, as the majority of global cocoa trading activities take place in Europe, having traders stationed in the European time zone enables instantaneous responses and improved ability to accommodate to customers' requests.

The success of the project will further open up growth opportunities for the GCB Group in the world's largest chocolate consuming market.

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SECTION 4.0 FINANCIAL HIGHLIGHTS

4.1 Financial Highlights of the GCB Group

The following table shows the financial highlights of the GCB Group for the FYE 31 December 2017, 31 December 2018, 31 December 2019 and half year ended 30 June 2020. It should be read in conjunction with the annual report of the Issuer for the FYE 31 December 2019, FYE 31 December 2019 and the quarterly report on consolidated results for the financial period ended 30 June 2020.

	RM'000			
	FYE 31 December 2017 (Audited)	**FYE 31 December 2018 (Audited)**	**FYE 31 December 2019 (Audited)**	**Half year ended 30 June 2020 (Unaudited)**
Revenue	2,147,914	2,273,424	2,941,630	1,820,159
Profit Before Tax	113,440	208,722	266,861	155,000
Profit for the Year	91,045	190,115	217,948	129,141
Total Assets	1,580,168	1,784,151	2,041,804	2,193,747
Equity Attributable to the Owners of the Company	479,593	667,141	949,623	1,129,763
Loans and Borrowings	787,306	602,367	682,714	711,574
Cash and Deposits	39,924	44,799	46,790	55,669

The relevant annual reports may be accessed online via Bursa Malaysia at https://www.bursamalaysia.com/market_information/announcements/company_announcement?company=5102&cat=AR,ARCO

The quarterly report on consolidated results for the financial period ended 31 December 2019 may be accessed online via Bursa Malaysia at https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3026258

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SECTION 5.0 INVESTMENT CONSIDERATIONS

The purchase of the Sukuk Wakalah may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the Sukuk Wakalah. The following is a summary of certain aspects of the issue about which prospective holders of the Sukuk Wakalah should be aware, but it is not intended to be complete or exhaustive. Prospective investors should undertake their own investigations and analyses on the Issuer, its business and the risks associated with the Sukuk Wakalah and should consider carefully, in the light of their own financial circumstances and investment objectives, the investment considerations set forth below along with all other information set forth in this Information Memorandum before making an investment decision.

Investors should also note that each series under the Sukuk Wakalah may carry different risks and all investors should evaluate each series of the Sukuk Wakalah on its respective merits. The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

5.1 Considerations Relating to the Issuer and the GCB Group

5.1.1 Business Risks

<u>Foreign exchange risks</u>

The GCB Group purchases its raw materials i.e. cocoa beans from Indonesia, Ghana and Côte d'Ivoire while the end products are exported to customers in various countries. This exposes the GCB Group to foreign exchange risks as a result of the transactions entered into in currencies other than the respective currencies in which the entities within the GCB Group operates ("**functional currencies**"). The currencies giving rise to this risk are primarily United States Dollar ("**USD**"), British Pound ("**GBP**"), Indonesian Rupiah ("**IDR**"), Ringgit Malaysia, Singapore Dollar ("**SGD**") and Euro ("**EUR**"). The fluctuations in the foreign exchange rates may have an adverse effect on GCB Group financial results should there be any unhedged foreign exchange exposure.

As part of GCB Group's policy, foreign exchange risks are monitored closely on an ongoing basis to ensure that the net exposure is kept to an acceptable level. In addition, the foreign exchange risk is also naturally hedged to a certain extent wherein the GCB Group will purchase its raw materials and export its sales using the same currency. The GCB Group also hedges its position via hedging arrangements (which include forward purchases and forward sales) to mitigate the effects of foreign exchange rate fluctuations. However, there is no assurance that the foreign exchange risk can be fully mitigated and would not have a material adverse effect on the GCB Group's financial condition and results of operations.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of the GCB Group's financial instruments will fluctuate because of changes in market interest rates. Any increase in the interest/profit rates may lead to higher borrowing costs, and in turn, affect the GCB Group's profitability. The GCB Group's exposure to interest rate risk arises primarily from their financing/loans and borrowings.

The GCB Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The GCB Group also actively manages the debt maturity profile, operating cash flows and availability of funding to ensure that all debt obligations and funding requirements are met. As part of the GCB Group's overall prudent liquidity management, the GCB Group maintains sufficient levels of cash or cash convertible investments to meet the GCB Group's working capital requirements. In addition, the GCB Group strives to maintain available banking facilities at a reasonable level to its overall debt position. The GCB Group also prudently balances its funding portfolio with a combination of short-term and long-term funding to manage the interest rate risk.

Dependence on key personnel

The performance of the GCB Group is dependent upon the abilities and efforts of the GCB Group's board and supported by its experienced, committed and dynamic senior management team who has in-depth knowledge and experience in the industry. The GCB Group's ability to execute its business operations, projects and competitive strategy in the future hinges largely on the efforts of the GCB Group's key personnel. The sudden departure of any key personnel may affect the GCB Group's businesses and operations.

Taking this into consideration, the GCB Group recognises the importance of attracting and retaining these personnel and have in place human resource incentives which include competitive remuneration packages, human resource training and development programme for employees in all key functions of the GCB Group's operations as well as succession planning. The GCB Group strives to continue to attract and retain qualified and experienced personnel who are essential towards maintaining the high-performance standards as well as to address its succession planning.

Notwithstanding the above, there can be no assurance that the GCB Group will be able to attract and retain the GCB Group's key personnel.

New investment risks

Some of the Issuer's subsidiaries operate in countries outside of Malaysia with the recent investments being in Germany, Côte d'Ivoire and the United Kingdom. The GCB Group may be subject to risks associated with political, economic, regulatory uncertainties, changes in interest rates and taxation legislation specific to that country.

The GCB Group does not foresee major political and economic risks in Côte d'Ivoire that may affect the cocoa industry. Cocoa bean export represents 40% of Côte d'Ivoire's total exports and cocoa-related activity engages 6 million of its people. It is in the best interest of the Ivorian government to ensure the sustainability of the cocoa industry. Furthermore, the Ivorian government encourages value-added product exports rather than raw material exports. By setting up a processing plant in Côte d'Ivoire, the GCB Group is aligned with the government's interest.

Business activities conducted at the processing plant in Côte d'Ivoire will mainly be buying and processing local cocoa beans, as well as exporting cocoa-derived food ingredients. The marketing activities and sale of products from Côte d'Ivoire will be conducted by Schokinag (the subsidiary in Germany) and the European trading arm, whereas strategic planning activities will still be conducted at the headquarters of the GCB Group located in Malaysia and Singapore. Given Schokinag's long track record, established market presence in the European market and experienced and knowledgeable personnel, the GCB Group believes that they would be able to create synergy between Schokinag and GCB Cocoa Cote D'Ivoire to assist the GCB Group to be more competitive in the global cocoa industry.

In addition, the GCB Group's entrance into the United Kingdom during Brexit may create uncertainties for the company. However, the GCB Group is looking to take advantage of the post-Brexit business environment by supplying products locally to British customers.

The GCB Group always exercises due care and maintains close working relationships amongst its personnel regardless of jurisdiction, as part of its commitment to ensure the successful integration of its operations internationally. The GCB Group aims to leverage its experience gained from its expansion into Indonesia, and will second its experienced personnel from its Malaysian and Indonesian operations to train the local employees at GCB Cocoa Cote D'Ivoire and to facilitate cultural assimilation. Similarly, the experienced management team at Schokinag and GCB will establish the newly acquired facility in the United Kingdom.

The continuity of GCB's business via its foreign subsidiaries is dependent on factors such as trade policies, industrial incentives and regional competitiveness which are beyond the control of the GCB Group. However, no assurance can be given that there will be no changes to the political and economic stability or the relevant governmental policies in those countries and that such changes (if any) will not adversely affect the relevant subsidiaries vis-à-vis the GCB Group in the future.

Competition

The food and cocoa production industry is highly competitive due to pricing pressure and variation of products mix being offered to the market. The GCB Group faces competition not only from other producers of cocoa derived food ingredients in the domestic and international market but from trading companies to whom the GCB Group is selling its products as well. Some of the GCB Group's competitors have a significant international market presence, strong marketing resources, access to capital at lower cost and a more integrated value chain.

To mitigate this risk, the GCB Group has reinforced its international market presence by building a global network via its investments in Germany and Côte d'Ivoire. Following the acquisition of Schokinag, the GCB Group does not have to rely on trading companies to market its products to Europe but can instead sell directly to major chocolate manufacturers, some of whom have maintained long lasting relationships with the GCB Group, such as Mars, Incorporated and Nestlé S.A. Furthermore, by gaining access to the European market which represents 40% of the global chocolate consumption, the GCB Group can better address the needs of niche customers in Europe. In addition, the construction of the the GCB Group's processing plant in Côte d'Ivoire will ensure a supply of raw materials at a lower cost, allowing it to be more competitive in the market.

The GCB Group will continue to take effective measures to ensure it delivers quality products, services and to develop innovative marketing strategies to remain competitive. Notwithstanding, there can be no assurance that the GCB Group will be able to sustain its market position in the future.

Technology changes

Emerging and future technological changes in manufacturing processes may render the existing technology obsolete. Obsolescence of technology may affect the GCB Group's operations and its ability to maintain its existing cost structure and profitability. Further, changes in market demand and trends may require the GCB Group to adopt new technology. The GCB Group's established presence and knowledge in its industry allows them to monitor market demand closely, keep abreast with the changes in technology, be proactive and react accordingly should the need arise. Nevertheless, no assurance can be given that the GCB Group will be successful in responding in a timely and cost effective manner to emerging and future technological changes. Failure to respond appropriately or to keep pace with technological changes may have an adverse effect on GCB Group's business and operations.

<u>Licenses and permits</u>

The businesses of the GCB Group are dependent on licenses and permits issued by the Government of Malaysia and such other regulatory authorities in the foreign countries where its subsidiaries are based. The GCB Group has all the required licenses and permits to carry out its operations. Changes in the laws and regulations of the countries within which it operates may affect its business and operations. The GCB Group endeavours to comply with all the requirements under the licenses and permits to ensure that it will not breach any of its obligations under the licenses and permits.

<u>Skilled labour and expertise</u>

The GCB Group business hinges to a certain extent on skilled labour and technical expertise to carry out its operations. The GCB Group is committed to human resource development by providing training to ensure the sustainable supply of skilled labour and technical expertise required for its operations. In the event the GCB Group is unable to obtain sufficient skilled labour for its operations, the business, financial position, operational results and prospects of the GCB Group may be affected.

In addition, labour activism and unrest may cause disruption to the GCB Group's operations. Although the GCB Group operations have not been affected by any significant labour dispute in the past, there is no assurance that the GCB Group will not experience labour unrest, activism or disputes which may affect the GCB Group's business and operations.

<u>Dependence on suppliers</u>

The supply chain plays an important part in the cocoa production/manufacturing industry. Any weather changes, regulatory changes, customs delays, political upheavals or natural disasters could potentially disrupt the supply chain of the raw materials, parts and accessories for the manufacturing of cocoa product derived food ingredients. Consequently, it could lead to a delay in production and may affect delivery schedules.

To ensure continuity of supply, the GCB Group have taken measures which include, amongst others, maintaining good rapport and engagement with the suppliers, increasing the efficiency of the GCB Group's processing plant(s), expanding its presence to Côte d'Ivoire (the largest cocoa bean producing country), maintaining adequate takaful contracts/insurance policies, adopting a strict schedule of maintenance and effective management of its suppliers. However, there is no assurance that all these risks can be fully eliminated or managed.

<u>Shortages in supply or increase in raw material prices</u>

The primary raw materials used in the GCB Group's production facilities are cocoa beans, which make up more than 80% of its cost of sales. The main supply of the GCB Group's cocoa beans is sourced from Indonesia, Côte d'Ivoire , Ghana, Ecuador and Cameroon.

In 2019, the world's top two cocoa producing countries, Côte d'Ivoire and Ghana implemented a "Living Income Differential" ("**LID**") policy whereby purchasers are required to pay $400 per MT on top of the cocoa bean price in order to reform the way global cocoa are priced to ease farmers' poverty. This will result in higher costs for raw materials sourced from Côte d'Ivoire and Ghana. In addition, the GCB Group also experiences shortages of raw material supply from Indonesia.

The increased cost of raw material combined with the noticeable shortages of bean supply from Indonesia has led the GCB Group to seek alternative solutions. As at the date of this Information Memorandum, the GCB Group is in the midst of establishing a plant in Côte d'Ivoire, which is the largest producer of high-quality cocoa beans, supplying approximately 42% (ie. 2.15 million MT) of the world's cocoa beans. Such beans typically give a higher yield compared to beans grown in Indonesia.

Further, the European Union known as a hub for major global chocolate producers, does not impose import duties on the import of cocoa-derived food ingredients from Côte d'Ivoire. As such, the GCB Group is able to source high-quality cocoa beans directly from Côte d'Ivoire (instead of relying on a third party) and save on the cost of transportation as well as reduces bean deterioration during transit, improving the overall bean yield. Complemented by the GCB Group's acquisition of Schokinag in Germany, the Côte d'Ivoire plant will allow the GCB Group to expand its market presence and strengthen its competitive advantage in the European market.

Although historically the GCB Group has been able to pass the additional cost on to its customers, competition with its rivals could result in the GCB Group having to absorb a portion of the cost. There can be no assurance that it will be able to continue to pass the increased costs on to customers in the future. Nevertheless, the GCB Group is actively managing the supply and cost of raw materials.

COVID-19 Impact

The GCB Group could be adversely impacted by global pandemics, and its business and operations have been affected, to some extent, by the unprecedented disruption caused by the COVID-19 pandemic. However, as part of the food services supply chain, the GCB Group does not experience a significant impact on its supply and demand.

The COVID-19 pandemic and the subsequent imposition of quarantine and/or lockdown measures, have affected various aspects of the business and operations, such as the supply, logistics and workforce involved in the processing and manufacturing of products.

However, as the supplier of essential goods, the GCB Group has been granted permission to continue to operate in Malaysia. The manufacturing and shipping operations at the GCB Group have been operating at a reduced workforce to comply with Movement Control Order restrictions and to avoid putting the health of its employees at risk. Notwithstanding, the GCB Group continues to be able to adequately serve its customers.

On the supply side, the GCB Group has not experienced any major shortage in the supply of cocoa beans. Supply of cocoa beans from origin countries are not restricted due to the nature of food products. From the demand perspective, although the GCB Group does see slightly reduced incoming orders and requests by customers to delay order delivery, the GCB Group has not seen COVID-19 drastically impacting its demand. In addition, with the forward purchase and sales nature of the business, the GCB Group has reasonably secured a large number of contracts that needs to be fulfilled within FY 2020.

Even though the GCB Group has taken steps to mitigate the risk and impact of COVID-19 and has been able to operate as usual, a prolonged and widespread COVID-19 pandemic may have a material adverse effect on the GCB Group's business, financial conditions and results of its operations.

Operational Risk

The provision of the GCB Group's products depends on the quality and yield of cocoa beans, and the robustness of its manufacturing and processing facilities. The GCB Group faces the risks of the damage to, its raw material as well as the breakdown of, or damage to its manufacturing and processing facilities due to natural disasters or man-made causes or other unforeseen events. Some of the countries in which the GCB Group operates in have experienced a number of natural disasters over the years, including typhoons, droughts and floods. These natural disasters have also increased in intensity and frequency due to climate change, which may cause an impact on the infrastructure and operations of the GCB Group.

In addition, other unforeseen events, such as fire, negligence by the vendor, shut down of operations due to pandemic outbreaks, industrial accidents, blackouts, may cause operational interruptions, as well as potentially cause injury to their personnel. To mitigate the risk, the GCB Group has taken insurance policies to insure the business against unforeseen events. However, there is no assurance that the occurrence of such natural disasters, severe weather conditions or other unforeseen events will not materially disrupt the business of the GCB Group.

5.1.2 Takaful/ Insurances

As at the date of this Information Memorandum, the Board of the Issuer believes that the GCB Group's assets are adequately covered/ insured against unforeseen events such as fire, default of electrical wiring and accidents by employees and that the licenses required for the GCB Group's business activities have been obtained and renewed. Although the GCB Group has taken the necessary measures to ensure that the GCB Group's assets are adequately covered/ insured by takaful/ insurance, there can be no assurance that the takaful/ insurance coverage would be adequate for the replacement cost of all their assets or any consequential costs arising therefrom.

5.1.3 Repayment risk

The repayment of the GCB Group's financing/borrowings, including the Sukuk Wakalah Programme is primarily dependent on the strength of the GCB Group's operations to generate sufficient and positive cash inflows to service such financing/borrowings.

The GCB Group's internal cash flow projections, taking into account the Sukuk Wakalah Programme, has been prepared based on assumptions that are considered reasonable by the Board of the Issuer. However, due to the subjective nature and inherent uncertainties and contingencies of forecasts and projections, and because events and circumstances may deviate from expectations, there can be no assurance that the GCB Group's internal cash flow projections will be realised, and the projected results may be materially different. No assurance can be given that any changes in these factors will not have any material adverse effect on the GCB Group's financial performance.

5.1.4 Fluctuations in operating results

The operating results for any particular period are not necessarily indicative of the operating results that the GCB Group may achieve for any subsequent period. Quarterly or yearly results may vary materially as a result of the acquisitions, any write-down of goodwill, and the timing and magnitude of costs related to such acquisitions. Such fluctuations in operating results may adversely affect the credit rating of the Sukuk Wakalah and accordingly the market price of the Sukuk Wakalah.

5.1.5 Holding company structure

The Issuer is an investment holding company and relies mainly on its investment income, including profit/ interest payments and dividends from its subsidiaries and associates to meet its obligations, including obligations under the Sukuk Wakalah Programme. Its subsidiaries and associates are separate legal entities and have no obligations with respect to the Sukuk Wakalah Programme.

The ability of the Issuer's subsidiaries, associates and investments to pay dividends and profit/ interest payments on shareholders' advances (if any) and, to the extent that the Issuer relies on such dividends and profit/ interest payments to meet its obligations under the Sukuk Wakalah Programme are subject to all applicable laws and restrictions on the payment of dividends and profit/ interest payments contained in the Articles of Association of the relevant companies and in certain cases, financing or other agreements. In addition, certain outstanding amount due/ indebtedness of particular companies may contain covenants restricting the ability of such companies to pay dividends and profit/ interest so long as such amount due/ indebtedness remains outstanding. Further, the claims of the financiers/ creditors of these subsidiaries, jointly controlled entities and associates will have priority in respect of the assets of such subsidiaries, jointly controlled entities and associates over the claims of the Sukukholders.

5.2 Considerations Relating to the Sukuk Wakalah

5.2.1 The Credit Rating of the Sukuk Wakalah Programme

The Sukuk Wakalah Programme has been assigned a preliminary rating of $AA-_{IS}$ with a stable outlook by MARC. A credit rating is not a recommendation to buy, hold or sell the Sukuk Wakalah and there can be no assurance that such a credit rating will not be revised on a periodic review basis by MARC during the tenure of the Sukuk Wakalah Programme or that such a credit rating will not be withdrawn entirely if circumstances in the future so warrant. Further, such rating is not a guarantee of payment or that there will be no default by the Issuer under the Sukuk Wakalah Programme. In the event that the rating initially assigned to the Sukuk Wakalah is subsequently downgraded, suspended or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Sukuk Wakalah. Any downgrading, suspension or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Sukuk Wakalah. Any downgrading, suspension or withdrawal of a rating will not in itself constitute a Dissolution Event under the Sukuk Wakalah Programme or an event obliging the Issuer to redeem the Sukuk Wakalah.

5.2.2 Market value of the Sukuk Wakalah may be subject to fluctuation

Trading prices of the Sukuk Wakalah may be influenced by numerous factors, including the prevailing profit rate/interest rate level, the market for similar securities, the operating results and/or financial condition of the GCB Group, political, economic, financial conditions and any other factors that can affect the capital markets and/or the industry in which the GCB Group is operating in. Consequently, any sale of the Sukuk Wakalah may be at prices that may be higher or lower than the initial offering price. Adverse economic developments could have a material adverse effect on the market value of the Sukuk Wakalah.

5.2.3 No Prior Market for the Sukuk Wakalah

The Sukuk Wakalah comprises a new issue of securities for which there is currently no secondary market. There is no assurance that a secondary market for the Sukuk Wakalah will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the tenure of the Sukuk Wakalah Programme. If a market develops, the market value of the Sukuk Wakalah may fluctuate. Any trading of the Sukuk Wakalah in such a secondary market may be at a discount or premium from the original issue price of the Sukuk Wakalah Programme, depending on many factors, including the prevailing profit rate/interest rate level and the market for similar securities.

5.2.4 Market Risk

Other than the operating results and/or the financial conditions of the Issuer, the price of the Sukuk Wakalah in the secondary market may be influenced by numerous factors, including but not limited to, the political, economic, and any other factors that can affect the capital markets, the industry and/or the Issuer in general. Adverse economic and financial developments could have a material adverse effect on the market value of the Sukuk Wakalah.

5.2.5 Profit Rate Risks

Sukukholders may suffer unforeseen losses due to fluctuations in profit rate/interest rate level. Although the Sukuk Wakalah are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their prices fluctuate due to fluctuations in profit rate/interest rate level. Generally, a rise in the benchmark interest rates may cause a fall in the prices of fixed income securities. The Sukuk Wakalah may be similarly affected, resulting in a capital loss for the Sukukholders. Conversely, when the benchmark profit rate/interest rate levels fall, prices of fixed income securities and the prices at which the Sukuk Wakalah are traded may rise and thus resulting in a capital gain but profit received may be reinvested for lower returns.

5.2.6 An investment in the Sukuk Wakalah is subject to inflation risk

The Sukukholders may suffer erosion on the return of their investments due to inflation. The Sukukholders would have an anticipated real rate of return on the purchase of the Sukuk Wakalah. An unexpected increase in inflation could reduce the actual real return.

5.2.7 Suitability of Investments

Each potential investor in the Sukuk Wakalah must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Wakalah Programme, the merits and risks of investing in the Sukuk Wakalah and the information contained in this Information Memorandum;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Wakalah and the impact the Sukuk Wakalah will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Wakalah;

(d) understand thoroughly the terms of the Sukuk Wakalah and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

5.2.8 Shariah Compliance

Notwithstanding that the Shariah Adviser has provided a Shariah pronouncement on the structure and mechanism of the Sukuk Wakalah Programme, case law in Malaysia indicates that the courts in Malaysia may still examine the issue of whether the Sukuk Wakalah Programme are in compliance with Shariah, and if held to be non-Shariah compliant, the recoverability of the amount due under the Sukuk Wakalah may be affected. Investors who are permitted to hold only Shariah-compliant Sukuk may not be able to hold the Sukuk Wakalah in the event the Sukuk Wakalah are held to be non-Shariah compliant, and may be required to sell the Sukuk Wakalah held by them, which may expose them to losses. No assurance is given that the confirmation of the Shariah Adviser will not be subject to challenge on grounds that the Sukuk Wakalah are not Shariah-compliant.

5.2.9 The Issuer's ability to meet its obligations under the Sukuk Wakalah

The Sukuk Wakalah, pursuant to the relevant transaction documents, constitute direct, unconditional, secured and unsubordinated obligations of the Issuer. The ability of the Issuer to meet its obligations to the Sukukholders in terms of payment of amounts due in respect of the Sukuk Wakalah will depend on the Issuer's income and revenue and in particular the strength of the Issuer's operation to generate sufficient and positive cashflows. Payments of all amounts due and payable in respect of the Sukuk Wakalah will be the Issuer's obligation alone. In particular, the Sukuk Wakalah will not be obligations or responsibilities of, or guaranteed by, any of the Issuer's related corporations, the Principal Adviser/Lead Arranger/Joint Lead Managers, the advisers of the Issuer, the Sukuk Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the transaction. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure of the Issuer to pay any amount due in respect of the Sukuk Wakalah.

5.2.10 No Direct Recourse to GCB Group

Under the security provided for the Sukuk Wakalah Programme set out in Section 1.7 (*Security Arrangement*) of this Information Memorandum, none of the Issuer's operating subsidiaries is a security party in the Sukuk Wakalah Programme. This means that the Sukukholders will have no direct recourse to any other company within the GCB Group (save for the Issuer) and their respective assets in the case of a declaration of a Dissolution Event under the Sukuk Wakalah Programme, but will instead have recourse to the security provided under the Sukuk Wakalah Programme which comprises the Assignment and Charge over FSRA.

5.3 General Considerations

5.3.1 Force Majeure

An event of force majeure is an event which is not within the control of the party affected, which that party is unable to prevent, avoid or remove and shall include the following: acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour or industrial disputes, earthquake, typhoon, outbreak of war, outbreak of disease, the declaration of a state of national emergency, blackout, act of the government of each country where the Issuer and/or the GCB Group operates, or change in law. Force majeure events do not include economic downturn, non-availability or insufficient or lack of financing on the part of the Issuer. The occurrence of a force majeure event may have a material impact on the business and operations of the Issuer and/or the GCB Group.

5.3.2 Change in Law

The issue of the Sukuk Wakalah is based on Malaysian law, tax and administrative practices in effect at the date hereof and have due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax or administrative practice will not change after the closing or that such changes will not adversely impact the structure of the transaction and the treatment of the Sukuk Wakalah.

5.3.3 Inherent Regulatory Risk

As a food processing company, the GCB Group is subject to extensive regulations and supervision by the regulatory authorities. Each subsidiary within the GCB Group is also subject to local regulatory requirements. Subsequently, changes in laws and regulations may affect its business. All of the GCB Group's material subsidiaries are certified with FSSC 22000 and HACCP quality assurance programme, and its products are HALAL and Kosher certified. Additionally, the GCB Group ensures that it complies with all the requirements and environmental regulations by acquiring the appropriate licenses, permits and titles.

5.3.4 Political, Economic and Regulatory Considerations

Adverse developments in the political conditions in Malaysia and other countries in the region could materially affect the financial prospects of the Issuer and/or the GBC Group. Political and economic uncertainties include risks of war, expropriation nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

Investors should note that whilst the Issuer and the GCB Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there can be no assurance that adverse political and economic factors will not materially affect the Issuer and the GCB Group.

5.3.5 Forward Looking Statements

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Issuer, and although each of the board of directors of the Issuer believes that these forward looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements express or implied in such forward-looking statements.

In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or its advisers or arrangers, and there can be no assurance, that the plans and objectives will be achieved. A deterioration in the financial condition of the Issuer could adversely affect the market value of the Sukuk Wakalah and the ability of the Issuer to make payments under the Transaction Documents relating to the Sukuk Wakalah to which it is a party when due, if at all.

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SECTION 6.0 INDUSTRY OVERVIEW

This section provides a general economy overview and a specific industry overview, which may direct and indirectly affect the business performance of the Issuer. The information contained in this section has been extracted from the various sources as disclosed herein. Neither the Issuer nor the Principal Adviser or Lead Arranger or Joint Lead Managers or any other party has independently verified or will be held responsible for any information contained herein.

6.1 Overview and Prospects of the Malaysian Economy

Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020

Global growth moderated

The global economy contracted in 2Q 2020. As the number of COVID-19 cases continued to rise, nationwide lockdowns and travel restrictions were implemented across major advanced and emerging economies. This significantly disrupted production activity, which resulted in a marked deterioration in labour market conditions and private sector expenditure.

In the United States of America ("**US**"), private consumption slowed sharply despite the large fiscal support from government transfers, while investment activity moderated amid heightened risk aversion and weaker demand conditions. In the euro area, output declined due to production disruptions and widespread lockdowns for most of the quarter. Similarly, economic activity in most EMEs moderated considerably from the adverse economic implications of lockdown measures.

In contrast, PR China recorded positive growth of 3.2% in 2Q 2020. As COVID-19 cases declined following an aggressive lockdown in the first quarter, it was able to ease containment measures. A rebound in industrial activity and large government support through public investments resulted in the economy recording positive growth after contracting in the first quarter. Nevertheless, many services sectors, such as retail and tourism, remained weak as private consumption remain depressed.

Production restrictions and muted demand conditions resulted in a marked slowdown in exports. The Philippines and Korea, whose exports declined by -29.5% and -20.3%, respectively, were significantly affected. Other regional economies such as Singapore, Thailand and Indonesia also recorded weaker export growth. PR China was the only exception to this falling trend as its exports registered a marginal positive growth of 0.1%.

Financial market volatility during the quarter increased to levels comparable to the Global Financial Crisis as the pandemic escalated. Nonetheless, towards the end of the quarter, volatility started to ease as lockdowns were gradually lifted in some economies, such as the euro area and the US. Equity markets, in particular, recovered some of the losses experienced in the preceding quarter. However, a resurgence of cases in the US and the ongoing risk of secondary outbreaks in countries that had managed to control the spread of the virus, kept financial market volatility elevated.

Brent crude oil price declined to an average of USD33 per barrel during 2Q 2020 (1Q 2020 average: USD51 per barrel), weighed by rising global oil oversupply as global oil demand declined sharply amid the COVID19 pandemic. Nevertheless, the fall in oil price was partially mitigated by the resumption of the OPEC+ production cuts beginning 1 May 2020 and lower oil production in the US.

Developments in the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth across most economic sectors

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order (MCO), followed by the Conditional and Recovery MCO, during 2Q 2020.

The services sector contracted by 16.2% (1Q 2020: 3.1%). The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO (CMCO) in May and Recovery MCO (RMCO) in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector was impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures. Growth in the finance and insurance sub-sector was weighed down by lower net interest income, and lower fee-based income amid subdued capital market activity. Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

The manufacturing sector contracted by 18.3% (1Q 2020: 1.5%), due largely to the imposition of MCO restrictions as well as weak demand conditions. The extension of the MCO from end-March throughout April curtailed production activity across all industries. Essential sectors and those in the related supply-chain sectors operated at reduced capacity to ensure sufficient social distancing at workplaces, while nonessential sectors such as transport equipment and textile-related industries did not operate. Following the lifting of MCO restrictions in May, manufacturing firms gradually restarted operations, but did so while observing sector-specific health protocols amidst subdued demand conditions externally and domestically. The latter had particularly affected the performance of the primary- and consumer-related clusters. Nevertheless, the impact of weak demand was partially mitigated by a backlog of orders which supported a faster production recovery, observed mainly in the electric and electronics (E&E) industry.

The mining sector recorded a sharper contraction of 20.0% in 2Q 2020 (1Q 2020: -2.0%). Oil and gas output were affected by a sharp decline in demand due to the MCO as well as maintenance works in East Malaysia. Growth was also weighed by lower production in the other mining segment due to restrictions during the MCO period. Activity in the construction sector declined by 44.5% (1Q 2020: -7.9%), as almost all activities came to a standstill particularly in the month of April. Despite the partial reopening of the economy on 4 May, most construction sites faced challenges restarting due to adjustments required to comply with the strict COVID-19 Standard Operating Procedures (SOPs). Most of the construction sites were reported to remain idle as developers faced challenges to restart, including financial constraints, initial lack of clarity over the SOPs and COVID-19 testing, and disruptions in the supply of construction materials. However, the situation improved significantly towards the end of the quarter after the Government implemented additional measures to facilitate the revival of the economy (these measures included providing details on SOPs by publishing a set of frequently asked questions, and subsidising COVID-19 tests for workers covered by SOCSO. Workers were encouraged to use the MySejahtera mobile application to aid contact tracing if needed).

However, the agriculture sector rebounded in the quarter at 1.0% (1Q 2020: -8.7%), mainly due to the recovery in oil palm production as fresh fruit bunch yields normalised from the earlier impact of dry weather and fertiliser cutbacks. The oil palm recovery was also supported by higher harvesting activities, arising from the greater presence of workers in estates during the MCO period (greater presence of workers was attributed to the border closures during MCO which prevented foreign workers from returning to their home countries especially during the festive season). This more than offset the weaker production in the other agriculture subsectors, such as fisheries and livestock, due to weak demand.

Sharp contraction in domestic demand

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter. Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. During this challenging period, stimulus measures such as the disbursement of Bantuan Prihatin Nasional cash transfers, EPF i-Lestari withdrawals and the implementation of the loan moratorium helped to cushion consumption spending.

Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

Gross fixed capital formation (GFCF) registered a sharper contraction of 28.9% (1Q 2020: -4.6%), weighed by significantly lower capital spending by both public and private sectors. By type of asset, both investment in structures and machinery & equipment (M&E) declined by 41.2% (1Q 2020: -4.0%) and 11.1% (1Q 2020: -6.2%), respectively. Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the COVID-19 containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of M&E amid border closures.

Public investment also recorded a larger decline of 38.7% (1Q2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

Negative headline inflation due to decline in fuel prices; risk of deflation is minimal

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), declined to -2.6% during the quarter (1Q 2020: 0.9%). The lower headline inflation was primarily due to the substantial decline in retail fuel prices (average RON95 petrol price per litre in 2Q 2020: RM 1.37; 1Q 2020: RM 1.96) and the implementation of the tiered electricity tariff rebate beginning the month of April.

Notwithstanding the negative headline inflation, the decline in prices was not broadbased. In April, a relatively larger share of CPI items recorded unchanged prices (61%; March: 50%) amid the MCO which resulted in a significant reduction in economic activity. As economic activity gradually resumed under the CMCO and RMCO beginning from early May, there were some signs of normalisation in prices with a gradual increase in the share of CPI items recording price increases (May: 36%; June: 44%).

Core inflation moderated slightly to 1.2% (1Q 2020: 1.3%). Despite the moderation in overall demand pressure and weaker labour market conditions, some essential goods and services such as food away from home and small household appliances experienced price increases during the quarter. This suggests the continued presence of underlying demand especially for necessities

Weak labour market conditions

Labour market conditions weakened as containment measures and weak demand led firms to undertake cost-cutting actions. Measures such as retrenchments, pay-cuts and unpaid leave weighed on employment and income conditions. Employment declined by 1.3% (1Q 2020: +1.6%). Job losses were concentrated in the tourism-related industries as demand weakened considerably amid border closures. As a result, the unemployment rate rose to 5.1 % (1Q 2020: 3.5%).

In addition to the job losses, shorter working hours and pay-cuts among those who remained in employment resulted in negative private sector wage growth in 2Q 2020 (-5.6%, 1Q 2020: 2.1%). The negative private services wage growth in 2Q 2020 (-6.4%, 1Q 2020: 1.4%) was driven mainly by tourismrelated services, such as wholesale and retail trade, food and beverage, and accommodation (-3.5%; 1Q 2020: 1.9%) as well as transportation and storage (-29.7%; 1Q 2020: -3.5%) sub-sectors. In the manufacturing sector, wages contracted by 4.0% (1Q 2020: +3.4%). This was mainly due to lower wage growth in the transport equipment and other manufactures sub-sector (-13.3%; 1Q 2020: 1.3%) and the textiles, wearing apparel, leather and footwear sub-sector (-15.3%; 1Q 2020: 2.4%) that were unable to operate during the MCO period.

Trade activity declined due to contraction in manufacturing & commodities exports, and weaker demand from main trade partners

In 2Q 2020, gross exports declined by 14.3% (1Q 2020: 1.1%) weighed by weaker growth in both manufactured and commodities exports. Gross imports contracted by 15.1% (1Q 2020: 1.3%) due to lower intermediate and consumption imports. The trade surplus7 narrowed to RM27.6 billion (1Q 2020: RM37.0 billion).

Malaysia’s export performance in 2Q 2020 was affected by COVID-19 lockdowns globally, which resulted in disruptions to the global supply chains, lower demand from key trade partners and weaker commodity prices. Domestically, while the MCO restrictions had affected production in the early part of the quarter, manufactured exports registered a positive turnaround in June once the restrictions were eased. This was partly due to firms meeting a backlog of orders, particularly in the E&E sector. For the second quarter as a whole, manufactured exports contracted by 12.1% (1Q 2020: 2.5%) due mainly to lower non-E&E exports, which registered double-digit decline at -14.1% (1Q 2020: 11.2%). This was attributed to lower exports of petroleum products, metal manufactures and chemical & chemical products. E&E exports contracted further (-9.5%; 1Q 2020: -7.6%) amid lower exports to key trade partners, including the EU, US and Japan. Commodities exports worsened (-24.7%; 1Q 2020: -5.6%) due mainly to a sharp contraction in mineral exports following weaker prices and export volumes.

Intermediate imports contracted by 23.4% (1Q 2020: 8.1%) during the quarter due to lower imports of industrial supplies and fuel & lubricants amid weaker manufacturing activity. Consumption imports also declined (-9.3%; 1Q 2020: 4.8%), driven primarily by a sharp contraction in consumer durable goods. Meanwhile, capital imports increased by 14.8% (1Q 2020: -27%), due mainly to the import of a large floating structure.

Current account balance registered a surplus of RM7.6 billion

The current account of the balance of payments registered a surplus of RM7.6 billion or 2.5% of GDP in 2Q 2020 (1Q 2020: RM9.5 billion or 2.6% of GDP). The goods surplus decreased to RM25.9 billion (1Q 2020: RM28.9 billion), as the decline in the level of exports outpaced that of imports. In the services account, the deficit widened to RM12.5 billion (1Q 2020: -RM8.0 billion), the largest ever recorded. This was due primarily to a travel deficit (-RM3.1 billion; 1Q 2020: +RM2.1 billion) amid international travel restrictions.

The primary income account registered a lower deficit of RM4.0 billion (1Q 2020: -RM6.0 billion). This mainly reflected higher direct investment income from Malaysian investments abroad.

The deficit in the secondary income account narrowed to RM1.9 billion (1Q 2020: -RM5.4 billion). Outward remittances by foreign workers were lower due to the broad-based weakness in economic activity during the quarter.

Financial account registered a net outflow

The financial account registered a net outflow of RM19.8 billion (1Q 2020: -RM13.3 billion), due mainly to outflows from the other investment account. This was partly offset by a turnaround in the portfolio investment account.

The direct investment account turned around to register a small net outflow of RM1.2 billion (1Q 2020: +RM3.4 billion), as direct investment abroad (DIA) recorded higher outflows amid smaller foreign direct investment (FDI) inflows. DIA recorded outflows of RM3.5 billion in the second quarter (1Q 2020: -RM3 billion). These investments were mainly channelled into the services sector, particularly the financial services and information and communication services sub-sectors. FDI recorded smaller inflows amounting to RM2.2 billion (1Q 2020: +RM6.4 billion), amid the contraction in global growth. Inflows were mainly channelled into the mining sector, followed by the services sector, particularly financial services.

The portfolio investment account registered a sizeable net inflow of RM22.2 billion (1Q 2020: -RM41.3 billion), following inflows from non-residents (NR) amid a moderation in residents' portfolio investments abroad. NR investments recorded a net inflow of RM24.3 billion (1Q 2020: -RM26.2 billion). These inflows were channelled into debt securities (RM33.1 billion), and were partly offset by continued outflows from the equity market

(RM8.9 billion). This follows the issuance of long-term bonds by the national oil and gas firm, and NR inflows into Malaysian Government Securities (MGS). Portfolio investment by residents recorded a small net outflow of RM2 billion (1Q 2020: -RM15.1 billion).

The other investment account recorded a significant net outflow of RM41.3 billion (1Q 2020: +RM22.1 billion). This mainly reflected net interbank lending abroad by the domestic financial sector. Net errors and omissions amounted to +RM5.9 billion during the quarter, or +1.5% of total trade

Manageable external debt

Malaysia's external debt amounted to RM1,003 billion, or 69.3% of GDP as at end-June 2020 (end March 2020: RM975.9 billion or 64.4% of GDP). The higher external debt mainly reflects a net issuance of international bonds and notes, and an increase in NR holdings of MGS. This was partly offset by lower NR deposits in the banking system and valuation effects following the stronger ringgit against selected major and regional currencies in the second quarter of 2020. Malaysia's external debt remained manageable, given its currency and maturity profiles, and the availability of large external assets. Ringgit-denominated external debt amounted to RM305.2 billion, or 30.4% of total external debt (end-March 2020: 30.4%), mainly in the form of NR holdings of domestic debt securities (64.4% share of ringgit-denominated external debt) and NR ringgit deposits (19% share) in domestic banking institutions. As such, these liabilities were not subject to valuation changes that arise from fluctuations in the ringgit exchange rate.

The remaining external debt of RM697.8 billion, or 69.6% of total external debt were denominated in foreign currency (FCY). The corporate sector accounted for 49% of FCY-denominated external debt and are largely subject to prudential and hedging requirements. Long-term bonds and notes issued offshore, accounting for 26.6% of total FCY-denominated external debt, stood at RM185.3 billion as at end-June 2020. These were mainly by non-financial corporations and channelled primarily to finance asset acquisitions abroad. Intercompany loans, amounting to RM100 billion or 14.3% of FCY-denominated external debt, were typically on flexible and concessionary terms.

Interbank borrowings and FCY deposits in the domestic banking system accounted for 37.7% (or RM263.2 billion) of FCY-denominated external debt. Around 82.1% of interbank borrowings were in the form of intragroup borrowings, which were generally more stable, thereby limiting rollover risks faced by banks. Meanwhile, foreign-currency risk, measured in terms of the net open position of FCY-denominated exposures (refers to the aggregated sum of the net short or long foreign currency positions for all currencies across banks), remained low at 4.9% of banks' total capital.

During the quarter, banks' FCY-denominated shortterm external debt declined by RM9.8 billion driven by lower liquidity needs of onshore banks as bank funding of ringgit operations remained predominantly domestically sourced. The stable domestic funding and liquidity conditions which saw banks benefitting from lower funding costs following successive Overnight Policy Rate cuts, an expansion of the deposit base and ample liquidity have further reduced attractiveness of external borrowings. However, the decline in borrowings by onshore banks was partly offset by higher borrowings by foreign bank branches in Labuan International Business and Financial Centre (LIBFC). Funds received by foreign LIBFC banks were mostly sourced from their parent banks and subsequently on lent to non-resident clients, a reflection of their 'outout' business activities.

From a maturity perspective, 58.7% of the total external debt was skewed towards medium- to longterm tenure (end-March 2020: 56.8%), suggesting low rollover risk. Short-term external debt accounted for the remaining 41.3% of external debt. Of which, 47.9% were intragroup borrowings among banks and corporations, which were generally stable and on concessionary terms. About another 12.1% were accounted by trade credits, largely backed by export earnings and are self-liquidating.

As at 30 July 2020, international reserves stood at USD104.2 billion, sufficient to finance 8.4 months of retained imports, and is 1.1 times the short-term external debt. In addition, Malaysia maintained a sizable net foreign currency asset position. About 95.1% of external assets were denominated in foreign currency compared to 45% of total external liabilities. This demonstrates Malaysia's ability in responding to external shocks. In particular, a depreciation in the ringgit exchange rate will result in a larger increase in external assets compared to external liabilities, thus enhancing Malaysia's external position.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, BNM's Quarterly Economic Bulletin dated 14 August 2020, Bank Negara Malaysia)

6.2 Overview of the Malaysian Food and Cocoa Production/Processing Sector

The ICCO forecasts a global cocoa surplus of 42,000 tonnes in the 2019/20 season running from October to September, compared with a prior estimate of an 80,000-tonne deficit. This is primarily as a result of the lower than previously anticipated grindings due mainly to the COVID-19 pandemic. The ICCO cuts its forecast for world grindings in the 2019/20 season to 4.635 million tonnes, down from its previous projection of 4.783 million and now 3.1% below the prior season's 4.784 million.

Efforts to keep supplies flowing and to curb COVID-19 from spreading have been a priority for cocoa origin countries. Cocoa production has generally shown resilience but concerns about cocoa supply still remain as COVID-19 prevails. This is because cocoa farmers may have less flexibility as they operate on a particular planting and harvesting schedule. Social distancing and quarantine measures are also likely to disrupt the operations of cocoa farmers.

On the demand side, chocolate and confectionery manufacturers are conservative in buying cocoa-derived food ingredients due to slow recovery in demand for chocolate. The premium chocolate segment is especially hit hard with travel restrictions and economic downturn. The recession and social distancing measures resulting from COVID-19 will likely extend into 2020/21, making it unlikely for cocoa demand to resume growth until then.

(Source: ICCO sees global cocoa surplus of 42,000 T in 2019/20, dated 1 September 2020, Reuters)

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SECTION 7.0 OTHER MATERIAL INFORMATION

7.1 Related Party Contracts

As at the date of this Information Memorandum:

Save and except for such related party transactions that had been published in the public domain prior to the date hereof, the Issuer has not entered into any other related party transactions.

7.2 Material Litigation

In relation to the Issuer, as at the date of this Information Memorandum, the board of directors of the Issuer is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the Issuer's position or business.

7.3 Commitment and Contingent Liabilities

In relation to the Issuer, as at the date of this Information Memorandum, the board of directors of the Issuer are not aware of any commitment or contingent liabilities which upon being enforceable, may have substantial impact on the financial position and the business of the Issuer.

7.4 Potential Conflict-of-Interest and Appropriate Mitigation Measures

(a) <u>Maybank IB as the Principal Adviser, the Lead Arranger and the Joint Lead Manager</u>

After making enquiries as were reasonable in the circumstances, Maybank Investment Bank Berhad is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation, arising from its roles as the Principal Adviser, Lead Arranger, Joint Lead Manager and Facility Agent in relation to the Sukuk Wakalah Programme.

(b) <u>Maybank Islamic as the Shariah Adviser</u>

After making enquiries as were reasonable in the circumstances, Maybank Islamic Berhad is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation, arising from its role as the Shariah Adviser in relation to the Sukuk Wakalah Programme.

(c) <u>United Overseas Bank (Malaysia) Bhd as the Joint Lead Manager</u>

After making enquiries as were reasonable in the circumstances, United Overseas Bank (Malaysia) Bhd is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation, arising from its role as the Joint Lead Manager in relation to the Sukuk Wakalah Programme.

(d) Messrs. Wong & Partners as the Solicitors acting for the Principal Adviser and the Lead Arranger

After making enquiries as were reasonable in the circumstances, Wong & Partners is not aware of any circumstances, which may give rise to a conflict-of-interest situation or a potential conflict-of-interest situation in its capacity as the Solicitor to the Principal Adviser and the Lead Arranger in relation to the Sukuk Wakalah Programme.

(e) Malaysian Trustees Berhad as the Sukuk Trustee and Security Trustee

After making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation, arising from its roles as the Sukuk Trustee and Security Trustee in relation to the Sukuk Wakalah Programme.

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APPENDIX I: PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK WAKALAH PROGRAMME

The PTC contained herein are not intended to be a summary of the legal documentation entered or to be entered into in connection with the Sukuk Wakalah Programme. To understand all of the terms and conditions of the Sukuk Wakalah Programme, the prospective investors should read the legal documentation concerned and obtain necessary professional advice on the same.

The PTC have been extracted from the lodgement to the SC, definitions of terms used in this Appendix I of this Information Memorandum may not be similar to the definitions in the definitions section of this information memorandum. In the event of inconsistencies, the definitions used in this Appendix I of this Information Memorandum shall prevail for the purposes of this Appendix I of this Information Memorandum.

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GUAN CHONG BERHAD ("GCB" OR "ISSUER")

AN ISLAMIC MEDIUM TERM NOTES (SUKUK WAKALAH) PROGRAMME OF UP TO RM800.0 MILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF WAKALAH BI AL-ISTITHMAR (SUKUK WAKALAH PROGRAMME)

PRINCIPAL TERMS AND CONDITIONS

DETAILS OF FACILITY/PROGRAMME

(1) Name of facility : An Islamic medium term notes ("**Sukuk Wakalah**") programme of up to RM800.0 million in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("**Sukuk Wakalah Programme**")

(2) One-time issue or programme : Programme

(3) Shariah principles (for sukuk) :
1. Wakalah bi al-Istithmar
2. Murabahah (via Tawarruq arrangement)

(4) Facility description (for ringgit-denominated sukuk, to provide description as cleared by the SC) : The issuance of each Sukuk Wakalah, from time to time under the Sukuk Wakalah Programme, shall be effected as follows:

(1) Pursuant to a Wakalah agreement ("**Wakalah Agreement**") entered into between the Sukuk trustee in respect of the Sukuk Wakalah Programme ("**Sukuk Trustee**") (acting on behalf of the investors of the Sukuk Wakalah ("**Sukukholders**")) and Guan Chong Berhad ("**GCB**" or the "**Issuer**"), the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint GCB to act as its agent ("**Wakeel**") to perform services which will include investing the Sukuk Proceeds (as defined below) into the Wakalah Investments (as defined below) and manage it.

(2) GCB shall, from time to time, issue the Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds ("**Sukuk Proceeds**").

GCB, in its capacity as the Wakeel, shall declare a trust over the Trust Assets (as defined below) for the benefit of the Sukukholders. The Sukuk Wakalah shall represent the Sukukholders' undivided and proportionate beneficial interest in the Trust Assets. The "**Trust Assets**" shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents (as defined in the section entitled "*Other terms and conditions – Transaction Documents*" below).

The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of:

(i) Shariah-compliant general business of GCB ("**Shariah-compliant Business**"). The investment will be in the whole of the Shariah-compliant general business of GCB; and

(ii) Shariah-compliant Commodities (as defined in the section entitled "*Other terms and conditions – Identified Asset*" below) purchased and sold under the Shariah principle of Murabahah ("**Commodity Murabahah Investment**").

The investments described in items (i) and (ii) above shall collectively be referred to as the "**Wakalah Investments**".

(3) Shariah-compliant Business

Pursuant to an investment agreement between the Wakeel and GCB, as the investment agent ("**Investment Agent**"), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The ownership of the identified Shariah-compliant Business allocated for the relevant Wakalah Investments shall be based on pro rata basis which refers to joint ownership over an asset or business on undivided and proportionate basis. Thus, entitling the Sukukholder(s) to the share of income in the identified Shariah-compliant Business based on their proportionate ownership. The Shariah-compliant Business shall be managed by the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment.

For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each tranche (as defined below) of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that (i) the Shariah-compliant Business shall at all times be a component of the Wakalah Investments, and (ii) the Sukukholders shall via the trust deed provide their upfront consent to the Issuer to create further trusts over the Shariah-compliant Business ("**Future Trusts**") to facilitate any transactions undertaken in connection with any proposed Islamic financing facilities to be obtained by the Issuer, so long as the interest in the Future Trusts do not overlap with the interest of the Sukukholders in the Shariah-compliant Business under the Wakalah Investments.

(4) Commodity Murabahah Investment

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

The Commodity Murabahah Investment shall be effected as follows:

(i) Pursuant to a commodity Murabahah master agreement between GCB as the buyer ("**Buyer**"), the Wakeel and the Sukuk Trustee, the Buyer shall issue a purchase order ("**Purchase Order**") to the Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an irrevocable and unconditional undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price (as defined below).

(ii) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) via the commodity trading participant ("**CTP**") will purchase the Shariah-compliant Commodities on spot basis from a commodity supplier in the Bursa Suq Al-Sila' commodity trading platform or such other independent commodity broker acceptable to the shariah adviser in respect of the Sukuk Wakalah Programme ("**Shariah Adviser**") ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds ("**Commodity Purchase Price**").

(iii) Upon acquiring the Shariah-compliant Commodities, the Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant Commodities to the Buyer for a price equivalent to the Commodity Purchase Price plus the profit margin and shall be payable on deferred payment basis ("**Deferred Sale Price**"). For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic Distribution Amount (as defined in the section entitled "*Other terms and conditions – Profit/coupon/rental rate*"), if any, and the nominal value of the relevant Sukuk Wakalah.

(iv) Upon the purchase of the Shariah-compliant Commodities, the Buyer via the CTP, will immediately sell the Shariah-compliant Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. or such other independent commodity broker acceptable to the

Shariah Adviser on spot basis for cash, equivalent to the Commodity Purchase Price.

(5) In respect of Sukuk Wakalah with Periodic Distributions (as defined below), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions on each Periodic Distribution Date (as defined in the section entitled "*Other terms and conditions – Profit coupon/rental payment frequency*" below) ("**Periodic Distributions**").

In respect of Sukuk Wakalah without Periodic Distributions, returns generated from the Wakalah Investments up to the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one- off basis upon the maturity date ("**Scheduled Dissolution Date**") or upon the declaration that a Dissolution Event (as defined in the section entitled "*Events of default or enforcement events, where applicable, including recourse available to investors*" below) has occurred ("**Dissolution Declaration Date**").

On (i) each Periodic Distribution Date; (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable under the relevant tranche of Sukuk Wakalah shall be waived by the Sukukholders and retained by GCB as an incentive fee for its services as Wakeel in managing the Wakalah Investments.

(6) GCB (as the obligor ("**Obligor**") shall issue a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the sale agreement ("**Sale Agreement**").

The Sukuk Trustee (for the benefit of the Sukukholders) shall issue a sale undertaking ("**Sale Undertaking**") in favour of GCB under which the Sukuk Trustee shall sell the Shariah-compliant Business to GCB as Issuer upon early redemption at the Exercise Price and enter into a sale agreement for such sale.

The "**Exercise Price**" for the purchase of the Shariah-compliant Business shall be the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s), the Dissolution Declaration Date, or early redemption as the case may be.

(7) Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra' if applicable) and any returns generated from the Wakalah Investments shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount (as defined in the section entitled "*Other terms and conditions – Dissolution Distribution Amount*" below), on the Scheduled Dissolution Date, the Dissolution Declaration Date or early redemption, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and retained by the Wakeel as incentive fee.

Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

"**tranche**" shall mean such Sukuk Wakalah with the same issue date and the same maturity date.

(5)	Currencyl	:	Ringgit
(6)	Expected facility/programme size	:	Up to MYR 800,000,000.00
(7)	Option for upsize (for programme)	:	Yes Additional Notes:
(8)	Term of facility/programme	:	20 year(s)
(9)	Availability period for debt/sukuk programme	:	The Sukuk Wakalah shall be available for issuance upon completion of the Transaction Documents and fulfillment of the conditions precedent of the Sukuk Wakalah Programme to the satisfaction of the lead arranger ("**LA**") (unless otherwise waived or deferred by the LA) provided that the first issuance of Sukuk Wakalah under the Sukuk Wakalah Programme shall be made within sixty (60) business days from the date of lodgement of the required information and documents relating to the Sukuk Wakalah Programme with the Securities Commission Malaysia ("**SC**").
(10)	Clearing and	:	Payment Network Malaysia Sdn Bhd ("**Paynet**")

settlement platform

(11)	Mode of issue	:	☑ Private/direct placement ☑ Bought deal ☑ Book building
(12)	Selling restrictions	:	(i) At issuance: ☑ Part I of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA) ☑ Part I of Schedule 7 of the CMSA ☑ Read together with Schedule 9 of CMSA (ii) After issuance: ☑ Part I of Schedule 6 of the CMSA ☑ Read together with Schedule 9 of CMSA Additional Notes: <u>Selling Restrictions at Issuance</u> The Sukuk Wakalah under the Sukuk Wakalah Programme may only be issued, offered, sold, transferred or otherwise disposed of, directly or indirectly to persons to whom an offer or invitation to subscribe to the Sukuk Wakalah and to whom the Sukuk Wakalah are issued would fall within Part I of Schedule 6 (or Section 229(1)(b)) of the Capital Markets and Services Act 2007 (as may be amended and/or substituted from time to time) ("**CMSA**") and Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3) of the CMSA and subject to any applicable law, order, regulation or official directive issued by Bank Negara Malaysia ("**BNM**") and/or the SC from time to time.
(13)	Tradability and transferability	:	Size in Ringgit which are tradable and transferable: MYR 800,000,000.00 Size in Ringgit which are non-tradable and non-transferable: Not applicable
(14)	Secured/combination of unsecured and secured, if applicable	:	Pursuant to the Issuer's obligation under the relevant Transaction Documents (including the Deferred Sale Price and the Exercise Price), the Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be secured by the following security: (a) a first party legal assignment and charge over the FSRA (as defined in the section entitled "*Details of designated*

accounts, if applicable" below) which shall include the monies standing to the credit of the FSRA and a first ranking charge over the Permitted Investments (as defined in the section entitled *"Permitted investments, if applicable*"), in favour of the security trustee in respect of the Sukuk Wakalah Programme ("**Security Trustee**") (for the benefit of the Sukukholders) ("**Assignment and Charge (FSRA)**"); and

(b) such other security(ies) as may be required by the LA, subject to approval of the Shariah Adviser,

(collectively, the "**Security Documents**")

(15)	Details of guarantee if applicable	:	Not guaranteed
(16)	Convertibility of issuance and details of the convertibility	:	Non-convertible
(17)	Exchangeability of issuance and details of the exchangeability	:	Non-exchangeable
(18)	Call option and details, if applicable	:	No call option
(19)	Put option and details, if applicable	:	No put option
(20)	Details of covenants	:	Positive Covenants

To include but not limited to the following:

(1) The Issuer shall and shall cause all its Material Subsidiaries (as defined in the section entitled "*Representations and warranties*" below) to maintain in full force and effect all necessary and/or relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may be necessary, to enable the Issuer and each Material Subsidiary:

(a) to own its respective assets or to carry on and operate its respective business; and/or

(b) to enter into and/or perform its respective obligations under the Transaction Documents or to ensure the validity, enforceability and admissibility in evidence of its obligations or the priority of the liabilities and obligations of the Issuer or rights of the Sukuk Trustee, the Security Trustee or the Sukukholders under the Transaction Documents,

and the Issuer shall and shall cause all its Material Subsidiaries comply with the same;

(2) The Issuer shall upon request by the Sukuk Trustee or the Security Trustee, execute all such further documents and do all such further acts as the Sukuk Trustee or the Security Trustee may consider necessary or expedient at any time to give effect to the terms and conditions of the Transaction Documents and/or the full benefits of all rights, powers and remedies conferred upon the Sukuk Trustee or the Security Trustee, in the Transaction Documents;

(3) The Issuer shall and shall cause all its Material Subsidiaries to exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices, its constitution within the meaning given to it in the Companies Act 2016 ("**Companies Act**") ("**Constitution**") and the regulatory requirements applicable to the Issuer and/or its Material Subsidiaries;

(4) The Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents and comply with the provisions of the Transaction Documents at all times (including but not limited to redeeming or settling in full all outstanding Sukuk Wakalah on the relevant maturity date(s) or any other date on which the Sukuk Wakalah are due and payable) and the terms and conditions of the Sukuk Wakalah at all times and the Issuer shall immediately notify the Sukuk Trustee in the event that it is unable to fulfill or comply with any of the provisions of the Transaction Documents;

(5) The Issuer shall keep or maintain proper books and accounting records at all times and prepare its financial statements at all times in compliance with applicable statutory requirements and on a basis consistently applied in accordance with generally accepted accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of

the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer and shall provide the Sukuk Trustee, the Security Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law;

(6) The Issuer shall and shall cause all its Material Subsidiaries to maintain adequate takaful/ insurance necessary for its assets and business against all risks which a prudent company carrying a similar business of the Issuer and/or its Material Subsidiaries would normally insure with a reputable takaful/insurance company(ies) ("**Takaful/Insurances**") and the Issuer shall notify the Sukuk Trustee and the Security Trustee of any event which will or may give rise to any claim or right of action under any such Takaful/Insurances;

(7) The Issuer shall promptly comply with all applicable laws, regulations and guidelines including the provisions of the CMSA and/or all notes, circulars, conditions or guidelines issued by the SC and/or BNM from time to time and all relevant laws and regulations with regards to the Sukuk Wakalah Programme (including any applicable anti-money laundering and terrorism financing laws);

(8) The Issuer shall as soon as practicable, deliver a certified copy of any material documents related to the Sukuk Wakalah Programme entered into subsequent to the Transaction Documents;

(9) The Issuer shall procure that the Security Trustee open and maintain the required FSRA and the Sukuk Trustee's Reimbursement Account ("**TRA**") and pay all relevant amounts into such accounts and make all payments from such accounts, as permitted under the Transaction Documents, and comply with the terms and conditions of the Transaction Documents in all matters concerning the FSRA and the TRA.

(10) The Issuer will give the Sukuk Trustee and the Security Trustee and, if required, to the credit rating agency appointed to conduct a rating assessment on the Sukuk Wakalah Programme ("**Credit Rating Agency**"), such information relating to its or the Material Subsidiary's business, affairs and financing conditions as the Sukuk Trustee may from time to time require in order to discharge its duties and obligations as trustee under the Transaction Documents, to the extent permitted by law;

(11) The Issuer shall maintain at all times a paying agent with

a specified office in Malaysia ("**Paying Agent**");

(12) The Issuer shall procure that the Paying Agent shall notify the Sukuk Trustee, through the facility agent in respect of the Sukuk Wakalah Programme ("**Facility Agent**") in the event that the Paying Agent does not receive payment from the Issuer on the relevant due dates as required under the Transaction Documents and the terms and conditions of the Sukuk Wakalah;

(13) The Issuer shall ensure that the terms and conditions of the Transaction Documents and the information memorandum issued in relation to the Sukuk Wakalah Programme, if any ("**Information Memorandum**") do not contain any matter which is inconsistent with the provisions of the Transaction Documents and the terms and conditions of the Sukuk Wakalah;

(14) The Issuer shall do all things necessary to preserve, renew and keep in full force and effect its legal existence;

(15) The Issuer shall and shall cause all its Material Subsidiaries to preserve and maintain good and valid title to its respective properties and assets;

(16) The Issuer shall and shall cause all its Material Subsidiaries to pay and discharge all taxes imposed upon it or its respective assets within the time period allowed without incurring penalties save to the extent that (a) payment is being contested in good faith, and for which adequate reserves are being maintained for those taxes, or (b) payment can be lawfully withheld;

(17) The Issuer shall and shall cause all its Material Subsidiaries, to the extent required by law, punctually pay and discharge all indebtedness payable by it;

(18) The Issuer shall ensure that its obligations under the Transaction Documents at all times rank *pari passu* in all respects amongst themselves and at least *pari passu* in all respects with all its other unsecured and unsubordinated obligations, except those preferred solely by operation of law;

(19) The Issuer shall cause its subsidiaries to make distribution of dividends or any other form of income or capital distribution to the Issuer unless such subsidiary is restricted to make such distribution under any of its existing agreement provided that such restriction has been disclosed to and acknowledged by the principal adviser ("**PA**") and the LA prior to the date of the

Transaction Documents;

(20) The Issuer will ensure full compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as amended from time to time ("**Listing Requirements**"). In the event the Listing Requirements are no longer applicable to the Issuer, the Issuer shall comply with the requirements as set out in the SC's Guidelines on Trust Deeds (revised 23 July 2020 and effective 23 August 2020) (as amended from time to time) and/or such other rules, regulations, guidelines, guidance notes or directives as may be issued by the SC from time to time ("**Guidelines on Trust Deeds**") relating to related party transactions; and

(21) Such other covenants as may be advised by the solicitors acting for the PA/LA ("**Solicitor**") and mutually agreed between the LA and the Issuer.

<u>Negative Covenants</u>

To include but not be limited to the following:

(1) The Issuer shall not permit any addition to, deletion, variation, amendment, supplement or substitution to its Constitution in a manner which may be materially prejudicial to the interests of the Sukukholders or inconsistent with the provisions of the Transaction Documents unless the Issuer has obtained the approval of Sukukholders by way of a Special Resolution (as defined in the section entitled "*Voting*" below) or the written consent of the Sukuk Trustee (whose approval may be given, where in its opinion, it is not materially prejudicial to the interests of Sukukholders to give such approval);

(2) The Issuer shall not sell, transfer, lease or dispose any of its undertaking, business or assets (whether by a single transaction or by a number of transactions whether related or not) or permit a set off (other than by operation of law) or combination of accounts (in respect of its book debts) save and except for such sale, transfer, lease, disposal, exercise or transactions which are (a) in the Issuer's ordinary course of business and on an arm's length basis and will not result in a Material Adverse Effect (as defined below); or (b) to facilitate Shariah financing(s);

(3) The Issuer shall not voluntarily enter into, commence or institute for its dissolution or take any corporate action, legal proceedings or other procedure or steps for the winding up, dissolution or liquidation in respect of itself or for the appointment of a receiver, receiver and manager, liquidator, judicial manager or such other similar officer of

the Issuer or take steps to wind-up or dissolve itself;

(4) The Issuer shall not reduce or in any way whatsoever alter (other than by way of increase) its paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stocks, or by consolidating, dividing or sub-dividing all or any of its shares or by any other manner, save and except for any decrease in its issued share capital resulting from the purchase of its own shares pursuant to Section 115 of the Companies Act;

(5) The Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, right of set-off, assignment by way of security, title retention, or other security interest of any kind or any agreement to create any of the foregoing (collectively "**Security Interest**") over all or any part of its assets, other than a Permitted Security Interest (as defined in the section entitled "*Other terms and conditions – Permitted Security Interest*" below;

(6) The Issuer shall not change the utilisation of proceeds or utilise or allow the utilisation of the proceeds of the Sukuk Wakalah for any purposes other than for the purposes as set out in the Information Memorandum and/or the Transaction Documents, which shall be Shariah-compliant unless the Issuer has obtained the approval of Sukukholders by way of a Special Resolution or the written consent of the Sukuk Trustee (whose approval may be given, where in its opinion, it is not materially prejudicial to the interests of Sukukholders to give such approval);

(7) The Issuer shall not enter into, undertake or permit any amalgamation, demerger, merger, consolidation, corporate reconstruction, reorganisation or restructuring which has or might have a Material Adverse Effect;

(8) The Issuer shall not cancel, surrender, abandon, suspend or otherwise change or threaten to cancel, surrender, abandon, suspend or change the nature or scope of its business carried on at the date of the Transaction Documents, which has or might have a Material Adverse Effect;

(9) The Issuer shall not declare or pay any dividends or make any distributions whether income or capital in nature to its shareholders or repay any advances from its shareholders or directors (either profit/interest or principal) ("**Distribution**"), unless the following conditions are met:

(a) all obligations in relation to the Sukuk Wakalah are complied with before and after such Distribution;

(b) the terms and conditions of the FSRA are complied with; and

(c) no Dissolution Event has occurred, is continuing or would occur following such Distribution;

(10) The Issuer shall not cancel, surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents;

(11) The Issuer shall and shall cause its Material Subsidiaries not to do or suffer to be done any act, matter or thing whereby any Takaful/Insurances may be rendered void, voidable or incapable of being effected, maintained or renewed;

(12) The Issuer shall not permit to exist any financing/loans or advances from its directors or shareholders, unless these financing/loans and advances are unsecured and subordinated to the Sukuk Wakalah;

(13) The Issuer shall not cancel, surrender, abandon or otherwise amend or permit to be cancelled, surrendered, abandoned or otherwise amended, any licences, grants, consents, approvals or authorisations in any way which could have a Material Adverse Effect, unless imposed by any applicable law or authorities;

(14) The Issuer shall not enter into any transaction, whether directly or indirectly, with any person, firm or company except in the ordinary course of business on ordinary commercial terms and on the basis of arm's length arrangements;

(15) The Issuer shall not lend or advance any money to any party other than to its directors, officers or employees as part of the terms of employment and on ordinary commercial terms of employment and/or as permitted under the Transaction Documents; or

(16) Such other covenants as may be advised by the Solicitor and mutually agreed between the LA and the Issuer.

"**Material Adverse Effect**" means in relation to any event, in the opinion of the Sukuk Trustee, may have a material and adverse effect on: (i) the assets, business, financial condition or results of the operations of the Issuer and/or any Material Subsidiary; (ii) the ability of the Issuer to perform or comply with any of its obligations under the

Transaction Documents; or (iii) the validity, legality or enforceability of the Transaction Documents or (iv) the rights of remedies of the Sukuk Trustee or the Sukukholders under the Transaction Documents or any of the subject matters of the Security Documents or the effectiveness, the priority or the ranking of any Security Interest granted or purporting to be granted pursuant to any of the Security Documents.

Financial Covenants

No financial covenant

Information Covenants

To include but not limited to the following:

(1) The Issuer shall deliver to the Sukuk Trustee and Facility Agent the following:

(a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial year) copies of the Issuer's audited consolidated financial statements for that year, which shall contain the income statements and balance sheets of the Issuer and which are audited in accordance with generally accepted accounting standards in Malaysia and certified without qualification by a firm of independent certified public accountants;

(b) at least on an annual basis, a compliance certificate signed by one (1) director of the Issuer and addressed to the Sukuk Trustee, confirming that:

(i) it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk Wakalah; and

(ii) since the date of the previous certificate (or in the case of the first certificate, since the issue date of the Sukuk Wakalah), there does not exist or had not existed, any Dissolution Event or any event which upon the giving of notice and/or the lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the Transaction Documents would constitute a Dissolution Event ("**Potential Dissolution Event**"), and if such is not the case, to specify the same and steps to be taken, if any, to remedy the same;

(c) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of the Issuer's unaudited consolidated half yearly financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by one (1) director of the Issuer;

(d) promptly, to the extent permitted by law, such additional financial or any other information related to the Issuer's and/or the Material Subsidiaries' affairs, business and/or operations as the Sukuk Trustee may from time to time reasonably require or request in order to discharge its duties and obligations as Sukuk Trustee under the Transaction Documents;

(e) promptly, all notices, accounts, reports, statements, circulars or other documents received by the Issuer from any of its shareholders or its creditors, and a copy of all notices, accounts, reports, statements, circulars or other documents dispatched by the Issuer to its shareholders (or any of them) in their capacity as shareholders or its creditors generally which are material and substantial to or necessary for the Sukukholders to make informed investment decisions at the same time as these documents are dispatched to these shareholders or creditors, and that the Sukuk Trustee may in its discretion circulate such notices, accounts, reports, statements, circulars to the Sukukholders as well as the Credit Rating Agency;

(2) The Issuer shall promptly notify the Sukuk Trustee in writing of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer and/or any Material Subsidiary before any court or tribunal or administrative agency which may have a Material Adverse Effect;

(3) The Issuer shall immediately give notice to the Sukuk Trustee in writing of the following:

(a) forthwith upon becoming aware, the occurrence of any Dissolution Event or Potential Dissolution Event, and it shall take all steps and/or such other steps as may be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Dissolution Event or the Potential Dissolution Event;

(b) the occurrence of any event that has caused or could cause one or more of the following: (1) any amount secured and payable under the Sukuk Wakalah to become immediately payable; or (2) the Sukuk Wakalah or the security created under the Sukuk Wakalah Programme to become immediately enforceable; or (3) any other right or remedy under the terms, provisions or covenants of the Sukuk Wakalah Programme or the Transaction Documents to become immediately enforceable;

(c) the occurrence of any circumstances that would materially prejudice the Issuer and/or any security created pursuant to the relevant Transaction Documents;

(d) any substantial change in the nature of the business of the Issuer;

(e) any change in the name of the Issuer;

(f) any change in the authorised signatories and/or substantial shareholders (as defined in the Companies Act) of the Issuer unless an announcement has been made pursuant to the Listing Requirements;

(g) any change in the withholding tax position or taxing jurisdiction of the Issuer;

(h) any change in the board of directors of the Issuer unless an announcement has been made pursuant to the Listing Requirements;

(i) any change in the utilisation of proceeds arising from the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme from that is stated in the Information Memorandum and/or the Transaction Documents; or

(j) any other matter or information that may materially prejudice the interests of the Sukukholders or which would otherwise have a Material Adverse Effect.

(21) Details of designated account, if applicable : Name of account:
Finance Service Reserve Account which shall be Shariah compliant ("**FSRA**")

Parties responsible for opening the account:
The Issuer

Parties responsible for maintaining/operating account:
The FSRA will be maintained and operated as follows: Party responsible for maintaining the account: Issuer. Party responsible for operating the account: i) Prior to Dissolution

Event: Security Trustee. ii) Upon occurrence of Dissolution Event: Security Trustee.

Signatories to account:
Prior to any Dissolution Event: Security Trustee
Upon occurrence of a Dissolution Event: Security Trustee

Sources of funds:
The Issuer shall deposit and maintain or cause to be deposited and maintained in the FSRA at all times, an amount equivalent to the scheduled Periodic Distribution due and payable under the relevant outstanding Sukuk Wakalah for the next six (6) months, which shall be maintained throughout the tenure of the Sukuk Wakalah Programme ("**Minimum Required Balance**").

Any failure in maintaining the then prevailing Minimum Required Balance shall constitute a Dissolution Event if such shortfall remains unremedied for more than seven (7) business days from the date of occurrence of such shortfall.

Utilisation of funds:
Funds in the FSRA may be utilised for:

(a) payment of the Periodic Distribution falling due and payable under the Sukuk Wakalah and/or for redemption of the nominal value of the Sukuk Wakalah on its scheduled maturity date; and

(b) to invest in Permitted Investments.

Monies held in the FSRA may be withdrawn for Permitted Investments, provided that such funds withdrawn shall be remitted back into the FSRA in a timely manner to meet any payment obligations under the Sukuk Wakalah prior to such payment becoming due and payable.

(22) Name of credit rating agency, credit rating and amount rated, if applicable :

No.	Credit rating agency	Credit rating	Final/indicative rating	Name of Class/Series/Tranche	Amount rated
1	Malaysian Rating Corporation Bhd (MARC)	AA-IS	Indicative rating		MYR 800,000,000.00

Additional Notes:

(23) Conditions precedent :

1) **<u>Conditions precedent relating to the establishment of the Sukuk Wakalah Programme</u>**

To include but not limited to the following (all in form and substance acceptable to the LA unless waived by the LA, as the case may be):

A. <u>Main Documentation</u>

(1) The Transaction Documents have been executed, and where applicable, stamped or endorsed as exempted from stamp duty and presented for registration with the relevant registries;

(2) Evidence that the statement of particulars to be lodged with charge as prescribed under section 352 of the Companies Act, where applicable, in respect of the charges created pursuant to the relevant Transaction Documents have been duly lodged with the Companies Commission of Malaysia ("**CCM**"); and

(3) All relevant acknowledgements of notices of assignment and where applicable, consents from the relevant counterparties in respect of the security to be assigned shall have been made or received, as the case may be.

B. <u>The Issuer</u>

Receipt of the following documents:

(1) Certified true copies of the Certificate of Incorporation and the Constitution of the Issuer;

(2) Certified true copies of the Return for Allotment of Shares (or Form 24 as prescribed under the Companies Act 1965), the Notification of Change in the Registered Address (or Form 44 as prescribed under the Companies Act 1965), Form 49 as prescribed under the Companies Act 1965, the Notification(s) of Change in the Register of Directors, Managers and Secretaries as prescribed under the Companies Act and the latest Annual Return of a Company having a Share Capital, of the Issuer;

(3) A certified true copy of the board resolutions of the Issuer, authorising, among others, the establishment of the Sukuk Wakalah Programme, the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme and the execution of the Transaction Documents;

(4) A list of the Issuer's authorised signatories and their respective specimen signatures;

(5) A report of the relevant company search of the Issuer conducted at the CCM; and

(6) A report of the relevant winding-up search on the Issuer conducted at the Department of Insolvency of Malaysia

confirming that at the time of such search, the Issuer has not been wound up.

C. General

(1) Evidence that all relevant regulatory endorsement, approvals and/or acknowledgements including the Shariah Advisory Council ("**SAC**") of SC's endorsement and acknowledgement in respect of the lodgement of the Sukuk Wakalah Programme from the SC, have been obtained;

(2) Evidence that all transaction fees, costs and expenses in relation to the Sukuk Wakalah Programme have been or will be paid in full;

(3) Receipt of the legal due diligence report satisfactory to the PA/LA from the Solicitors;

(4) The PA/LA has received from the Solicitors a legal opinion addressed to them and the Sukuk Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the PA/LA that all the conditions precedent have been fulfilled or waived (as the case may be);

(5) Evidence that the FSRA has been opened in accordance with the provisions of the relevant Transaction Documents and a certified true copy of the Issuer's board of directors' resolution in relation to the opening and maintenance of the FSRA;

(6) Confirmation that the TRA has been opened in accordance with the Guidelines on Trust Deeds with such financial institution acceptable to the LA and a certified true copy of the Issuer's board of directors' resolution in relation to the opening and maintenance of the TRA and a sum of Ringgit Thirty Thousand (RM30,000.00) has been deposited therein;

(7) Consents from the existing financier(s), charge(s) or assignee(s) of the Issuer to establish the Sukuk Wakalah Programme, issue the Sukuk Wakalah thereunder and/or to create the Security Interest under the Assignment and Charge (FSRA) (if applicable);

(8) Confirmation from the Shariah Adviser that the structure and the mechanism of the Sukuk Wakalah Programme and the Transaction Documents are in compliance with Shariah; and

(9) Such other conditions precedent as advised by the Solicitors and to be mutually agreed between the LA and the Issuer.

2) <u>Conditions precedent relating to the each issuance under the Sukuk Wakalah Programme</u>

(1) Evidence that the issuance of the Sukuk Wakalah has been accorded with at least an investment grade rating by the Credit Rating Agency;

(2) Confirmation from the Issuer that all representations and warranties of the Issuer remain true and accurate and that it is in compliance with all covenants under the Transaction Documents;

(3) Confirmation from the Issuer that no Dissolution Event or Potential Dissolution Event has occurred and/or is continuing or would occur as a result of the issue of the Sukuk Wakalah; and

(4) Such other conditions precedent as advised by the Solicitors and to be mutually agreed between the joint lead managers and the Issuer prior to issuance.

(24) Representations and warranties : The representations and warranties shall include but are not limited to the following:

(1) The Issuer is a public listed company with limited liability, duly incorporated and validly existing under the laws of Malaysia, has full power and authority to carry on its business and to own its properties and assets, and has full legal and/or beneficial ownership of all its properties and assets;

(2) The Issuer's Constitution incorporates provisions which authorises its entry into the Transaction Documents, and all necessary corporate and other relevant actions have been taken to authorise its entry into the Transaction Documents;

(3) The Issuer has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents and the transactions contemplated by such Transaction Documents;

(4) All necessary authorisations, approvals, filings, registration, licences, and consents required by the Issuer to (i) enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents; (ii) own its assets, carry on its business; and (iii) for its

execution of the Transaction Documents, to make the Transaction Documents admissible in evidence in Malaysia and for the performance of its obligations under the Transaction Documents have been obtained, renewed, fulfilled and are in full force and effect;

(5) No registration and no payment of any duty or tax or other action is necessary to ensure the validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents except for (i) the registration of the Security Interests created or to be created under the Security Documents with the CCM, where applicable, (ii) the registration of the power of attorney contained in any of the Security Documents with the High Court of Malaya; and (iii) the payment of stamp duty or endorsement as being exempted from stamp duty of each of the Transaction Documents under the Malaysian Stamp Act 1949;

(6) No litigation, arbitration or administrative proceeding or claim is presently in progress, pending, instituted or threatened against the Issuer;

(7) The Issuer is subject to civil and commercial law with respect to its obligations under the Transaction Documents and the transactions contemplated thereunder and the execution, delivery and performance of the Transaction Documents constitutes private and commercial acts done for private and commercial purposes rather than governmental or public acts and its assets are not entitled to immunity on the grounds of sovereignty or otherwise from any suits, judgements, executions, legal action or proceeding or other legal process;

(8) The execution and delivery of any of the Transaction Documents and the performance by the Issuer of any of the transactions contemplated by the Transaction Documents do not and will not conflict with:

(a) its constitutional documents;

(b) any law or regulation applicable to it;

(c) any agreement or instruments binding upon it or any of its assets;

(d) result in or create any Security Interest (other than a Permitted Security Interest (as defined in the section entitled "*Other terms and conditions – Permitted Security Interest*" below) or any restriction of any nature on any of its assets; or

(e) cause any limitation on it or the powers of its directors, whether imposed by or contained in its Constitution or in applicable laws or otherwise to be exceeded;

(9) The Transaction Documents are or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, valid and legally binding obligations of the Issuer enforceable in accordance with their terms;

(10) The Sukuk Wakalah pursuant to the relevant Transaction Documents, constitute direct, unconditional and unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* without discrimination, preference or priority among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer subject to the provisions of the Transaction Documents and those preferred by law;

(11) Its audited financial statements will be and are prepared in accordance with approved accounting standards in Malaysia and in accordance with all procedures required by its Constitution and the laws of Malaysia, gives a true and fair view of its financial position and will be or are audited and certified by qualified auditors;

(12) All information furnished by it in connection with the Sukuk Wakalah Programme and the Transaction Documents does not contain any false or misleading statement or any material omission and any opinions contained therein were honestly made on reasonable grounds after due and careful enquiry;

(13) No step has been taken by the Issuer and/or its Material Subsidiaries, their creditors or any of their shareholders or any person on their behalf nor have any legal proceedings or applications been started or threatened under Section 366 of the Companies Act against the Issuer and/or its Material Subsidiaries;

(14) No material adverse change in the business condition (financial or otherwise) operations or performance of the Issuer and/or its Material Subsidiaries has occurred;

(15) Each the Issuer and/or its Material Subsidiaries has maintained and continue to maintain the required Takaful/Insurance coverages (if any);

(16) There are no changes of law or other governmental action

which shall make it impossible for the Issuer to perform its covenants and obligations under the Transaction Documents;

(17) No Dissolution Event or Potential Dissolution Event has occurred and is continuing;

(18) The Issuer is in compliance with and will comply with any applicable laws and regulations;

(19) All necessary returns have been delivered by or on behalf of the Issuer to the relevant taxation authorities and the Issuer is not in default of the payment of any taxes save and except for taxes that are being contested in good faith and by appropriate means and an adequate reserve has been set aside with respect to taxes which are not disclosed in the Issuer's latest audited financial statements;

(20) No event or series of events has occurred which may have a Material Adverse Effect (including, without limitation, the revocation or non-renewal of any authorisations, consents, approvals, filings or registrations);

(21) The Information Memorandum and any information in whatever form, document, statement or instrument furnished or to be furnished by the Issuer in connection thereto are true in all respects and do not contain any statements or information that are false or misleading in any respect and there is no material omission in respect thereof, and all or any projections or expressions of expectations, intentions, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by the Issuer. For the purposes of this sub-paragraph, the Information Memorandum shall include any amendment, modification or update thereto or reissuance thereof; provided that any such amendment, modification, update or reissuance shall not remedy or waive and shall be without prejudice to, any misrepresentation under this sub- paragraph in respect of the Information Memorandum issued prior to such date; and

(22) Any other representations and warranties as advised by the Solicitors and to be mutually agreed between the LA and the Issuer.

"**Material Subsidiaries**" collectively refers to the subsidiaries, both present and future of the Issuer which holds at least 5% of the net tangible assets of the Issuer's group, based on the latest available audited and consolidated financial statements of the Issuer at that time, and each a "**Material Subsidiary**".

(25)	Event of defaults or enforcement events, where applicable, including recourse available to investors	:	Means the following dissolution events ("**Dissolution Event**") subject to such carve outs and/or remedy period as may be mutually agreed between the PA/LA and the Issuer:

(1) The Issuer fails to pay any amount due and payable under the Sukuk Wakalah and/or any of the Transaction Documents relating to the Sukuk Wakalah Programme (including any Deferred Sale Price and/or Exercise Price) on the due date or, if so payable, on demand;

(2) Any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Wakalah and/or any of the Transaction Documents is or proves to be incorrect or misleading in any material respect;

(3) The Issuer fails to observe or perform any of its obligations under any of the Transaction Documents or the Sukuk Wakalah (other than an obligation referred to in paragraph (1) above) or there is a breach by the Issuer of any term or condition under the Sukuk Wakalah or any of the Transaction Documents or of any other document relating to the issue, offer or invitation of the Sukuk Wakalah or under any undertaking or arrangement entered into in connection therewith and in the case of a breach which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer has not remedied such breach within thirty (30) days after the Issuer became aware of or having been notified in writing by the Sukuk Trustee of such breach (whichever is earlier);

(4) There has been a breach by the Issuer of any obligation under any of the Issuer’s existing contractual obligations (other than an obligation referred to in paragraph (3) above) which could have a Material Adverse Effect;

(5) (a) Any other indebtedness of the Issuer and/or any of its Material Subsidiaries becomes due and payable or is declared due or payable prior to its stated maturity; or

(b) any guarantee or similar obligations of the Issuer and/or any of its Material Subsidiaries is not discharged at maturity or when called; or

(c) the Issuer and/or any of its Material Subsidiaries goes into default and/or commits a breach of any agreement or instrument relating to such indebtedness, guarantee or other obligations; or

(d) any security created to secure any indebtedness of the Issuer and/or any of its Material Subsidiaries becomes enforceable;

(6) An encumbrancer takes possession of, or a trustee, receiver, receiver and manager, judicial manager or other officer acting in a similar capacity is or has been appointed in respect of any part of the business or assets of the Issuer and/or any of its Material Subsidiaries or the whole or substantial part of the business or assets of the Issuer and/or any of its Material Subsidiaries, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer and/or any of its Material Subsidiaries, or any Security Interest which may for the time being affect any part of the business or assets of the Issuer and/or any of its Material Subsidiaries or the whole or a substantial part of the Issuer's and/or any of its Material Subsidiaries' assets becomes enforceable;

For the purpose of this paragraph (6), references to "substantial" shall mean such value equivalent to or more than 5% of the Issuer's consolidated net assets as reflected in its annual audited consolidated financial statements;

(7) The Issuer and/or any of its Material Subsidiaries fails to satisfy any judgement passed against it by any court of competent jurisdiction and:

(a) no appeal against such judgement or an application for a stay of execution has been made to the appropriate appellate court within the time prescribed by law; or

(b) in the event that an appeal as described in (a) above has been made, such appeal has been dismissed;

(8) (a) Any step is taken for the winding-up, dissolution or liquidation of the Issuer and/or any of its Material Subsidiaries, or

(b) a resolution is passed for the winding-up of the Issuer and/or any of its Material Subsidiaries, or

(c) a petition for winding-up is presented against the Issuer and/or any of its Material Subsidiaries, unless such winding up petition has been contested in good faith and set aside within thirty (30) days from the date of service of such winding- up petition, or

(d) if a winding-up order has been made against the Issuer and/or any of its Material Subsidiaries;

(9) The Issuer and/or any of its Material Subsidiaries convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer and/or any of its Material Subsidiaries becomes or is declared to be insolvent) or where a scheme of arrangement under Section 366 of the Companies Act has been instituted against the Issuer and/or any of its Material Subsidiaries or any other corporate rescue mechanism under the Companies Act has been instituted by or against the Issuer and/or any of its Material Subsidiaries;

(10) Where there is a revocation, termination, withholding, invalidation or modification of any license, authorisation, approval or consent which impairs or prejudices the Issuer’s ability to comply with the terms and conditions of the Sukuk Wakalah or any Transaction Document or of any other document relating to the issue, offer or invitation of the Sukuk Wakalah;

(11) The Issuer and/or any its Material Subsidiaries is deemed unable to pay any of its debts within the meaning of Section 466(1) of the Companies Act or becomes unable, or admits inability, to pay any of its debts as they fall due or suspends or threatens to suspend making payments with respect to all or any class of its debts;

(12) Any creditor of the Issuer and/or any of its Material Subsidiaries exercises a contractual right to take over the financial management of the Issuer and/or any of its Material Subsidiaries and such event in the opinion of the Sukuk Trustee has a Material Adverse Effect;

(13) The Issuer ceases or threatens to cease the operation of a substantial/ material part of its business;

(14) Any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or

unenforceable which would prevent the Issuer from or entitle the Issuer to refrain from performing any of its obligations thereunder;

(15) The Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;

(16) All or any part of the assets, undertakings, rights or revenue of the Issuer and/or any of its Material Subsidiaries are seized, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

(17) The Issuer fails to maintain the then prevailing Minimum Required Balance in the FSRA;

(18) Any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect; or

(19) Any other dissolution events as advised by the Solicitors and agreed by the Issuer.

Upon the occurrence of a Dissolution Event, the Sukuk Trustee may or shall (if directed to do so by a Special Resolution of the Sukukholders) declare (by giving written notice to the Issuer) that a Dissolution Event has occurred and all sums payable under the Sukuk Wakalah are immediately due and payable, and the Sukuk Trustee shall enforce its rights under the Transaction Documents, including but not limited to, requiring the Obligor to purchase the Sukukholders' interest in the Shariah-compliant Business at the Exercise Price and enter into a Sale Agreement for such purchase and the Buyer to pay the outstanding Deferred Sale Price (subject to Ibra', if any). Proceeds from the Wakalah Investments thereof shall be paid to the Sukukholders to redeem the outstanding Sukuk Wakalah. The Security Trustee may enforce the security granted pursuant to the Security Documents and/or exercise any and all such other rights granted to the Sukukholders under the Transaction Documents. Upon full payment of all amounts due and payable under the outstanding Sukuk Wakalah, the trust over the Wakalah Investments and Wakalah arrangement would then be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

(26) Governing laws : Laws of Malaysia

(27) Provisions on buy- : <u>**Purchase & Cancellation**</u>

back, if applicable

The Issuer or its subsidiaries or agent(s) of the Issuer, may at any time purchase the Sukuk Wakalah at any price in the open market or by private treaty. The Sukuk Wakalah which are purchased/redeemed by the Issuer or its subsidiaries or its agent(s) shall be cancelled by the Issuer and cannot be reissued or resold.

Any of the Sukuk Wakalah acquired in the open market or by private treaty by the Issuer's related corporations (other than the Issuer's subsidiaries) or Interested Persons need not be cancelled but shall not entitle them to participate in the voting of any Sukukholders' resolution nor form part of the quorum of any meeting, subject to any exceptions in the Guidelines on Trust Deeds.

For the purpose of this paragraph, "Interested Person" shall not apply to the following major shareholders who hold the shares whether directly or indirectly for the benefit of the public:

1. a statutory institution who is managing funds belonging to the general public;

2. a closed end fund, unit trust or investment fund (but excluding an investment holding company);

3. a licensed institution as defined under the Financial Services Act 2013 ("**FSA**") or the Islamic Financial Services Act 2013 ("**IFSA**") and a development financial institution as defined under the Development Financial Institutions Act 2002 of Malaysia; and

4. a Takaful/insurance corporation whose activities are regulated by any written law relating to Takaful/insurance and are subject to supervision by BNM and the said Takaful/insurance corporation is managing its Takaful/insurance funds (together with its own shareholders' funds or otherwise). For the purposes of this paragraph, "insurance funds" has the meaning given in Section 2 of the FSA and "Takaful funds" has the meaning given in Section 2 of the IFSA.

For the avoidance of doubt, all Sukuk Wakalah purchased and cancelled shall not be reissued.

(28) Provisions on early redemption, if applicable :

<u>Early Redemption</u>

The Issuer may, at its sole discretion, redeem in part or in whole of the Sukuk Wakalah then outstanding before its stated maturity date on pro rata basis at the early redemption amount to be determined by the Sukuk Trustee (acting upon the instructions of the Sukukholders) subject to the following conditions:

(i) the Issuer shall have issued a notice to the Sukuk Trustee (copied to the Facility Agent) (the "**Early Redemption Notice**") not less than thirty (30) days or such other period as agreed with the Sukuk Trustee prior to the Early Redemption Date (as defined below). The Early Redemption Notice must specify, among others, the Early Redemption Date and the amount intended to be redeemed; and

(ii) in accordance with the manner as prescribed by the Sukuk Trustee (acting upon the instructions of the Sukukholders).

"**Early Redemption Date**" means the date on which the Issuer redeems the Sukuk Wakalah before the stated maturity date of the Sukuk Wakalah at the early redemption amount (to be determined by the Sukuk Trustee (acting upon the instructions of the Sukukholders)).

For the avoidance of doubt any early redemption proposed to be made by the Issuer shall be done on pro rata basis across all Series (as defined in the section entitled "*Voting*" below) of the Sukuk Wakalah Programme then outstanding under the Sukuk Wakalah Programme.

Redemption On Maturity

Unless previously redeemed or purchased and cancelled, the Sukuk Wakalah will be redeemed in whole by the Issuer at their nominal value on their respective maturity dates.

(29) Voting : Voting by the Sukukholders under the Sukuk Wakalah Programme shall be carried out as follows:

Prior to upsizing of the Sukuk Wakalah Programme:

All matters (save in relation to the upsizing of the Sukuk Wakalah Programme) which require the Sukukholders' consent under the Sukuk Wakalah Programme shall be carried out on a collective basis.

Post upsizing of the Sukuk Wakalah Programme:

All matters which require the Sukukholders' consent under the Sukuk Wakalah Programme shall be carried out on a per Series (as defined below) basis. Sukukholders holding a requisite amount under each Series (to be determined under the Trust Deed) shall provide their consent for the relevant matters to be passed under the Sukuk Wakalah Programme and the consent from such Sukukholders in respect of the Sukuk Wakalah then outstanding under the relevant Series shall have been obtained for any such resolution to be carried.

Any Sukuk Wakalah held by the Issuer or any Interested Person of the Issuer shall not be counted for the purpose of voting, subject to any exceptions set out in the Guidelines on Trust Deeds.

"**collective**" shall mean for all Sukuk Wakalah that are outstanding at the time, the Sukukholders' consent under the Sukuk Wakalah Programme is procured.

"**Series**" shall mean, any Sukuk Wakalah with the same issue date.

The passing of resolutions shall be carried out in the following manner:

(i) Ordinary Resolution

"**Ordinary Resolution**" means a resolution passed at a meeting of the Sukukholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a majority consisting of more than fifty percent (50%) of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of more than fifty percent (50%) of the votes given on such poll.

(ii) Special Resolution

"**Special Resolution**" means a resolution passed at a meeting of the Sukukholders duly convened and held in accordance with the provisions of the Trust Deed and carried by a majority consisting of not less than seventy five percent (75%) of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than seventy five percent (75%) of the votes given on such poll.

(30) Permitted Investments, if applicable : Permitted Investments shall comprise investments in Shariah compliant products approved by the SAC of SC, Shariah Advisory Council of BNM or other recognised Shariah authorities. For the purpose of the Sukuk Wakalah, "**Permitted Investments**" shall mean:

(i) Sukuk guaranteed by the Government of Malaysia ("**GOM**");

(ii) Sukuk issued in Malaysia with the approval of the GOM by any authority established under federal or state law;

(iii) Islamic money market instruments (where there is the flexibility of early withdrawal without incurring any penalty) such as Islamic bankers' acceptance issued or Islamic promissory notes or Islamic certificates of deposits issued by any Islamic bank licensed pursuant to the Islamic Financial Services Act 2013 ("**IFSA**") and having a minimum long term rating of A3/A- and short term rating of P1/MARC-1 or its equivalent;

(iv) Other Islamic deposits or accounts with any licensed Islamic bank with minimum rating A3/A- or P1/MARC-1 pursuant to the IFSA;

(v) Other Islamic capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1/MARC-1 or its equivalent; and/or

(vi) Other Islamic money market instruments which are Shariah-compliant and approved by the SC,

provided that such investments which are equities in nature or incorporate loss- sharing mechanism shall not be allowed.

Permitted Investments shall mature no later than three (3) business days before any payment obligations are due and payable and must be Shariah compliant instruments.

All Permitted Investments shall be denominated in Ringgit Malaysia.

(31) Ta'widh (for ringgit-denominated sukuk) : In the event the Wakeel breaches its fiduciary duty as an investment agent due to its failure to distribute any realised Periodic Distributions and/or Obligor / Buyer delays in the payment of any amounts due and payable to the Sukukholders under the Sale Agreement pursuant to exercise of the Purchase Undertaking, Sale Undertaking and/or the Deferred Sale Price, the Wakeel and/or the Obligor Buyer shall pay to the Sukuk Trustee (acting on behalf of the Sukukholders) Ta'widh (compensation) on such delay in payments at the rate and in the manner prescribed by the SC's Shariah Advisory Council from time to time.

(32) Ibra' (for ringgit-denominated sukuk) : Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full. With respect to the Murabahah contract, Ibra' refers to the release of rights on debts/amount due and payable under the said contract.

The Ibra' shall be subject to the requirements stipulated under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9

March 2015 and revised on 30 June 2020 (as amended from time to time) ("**LOLA Guidelines**").

The Sukukholders in subscribing or purchasing the Sukuk Wakalah, agree to grant Ibra' on the Deferred Sale Price, upon the occurrence of any of the following events:

(1) if the Sukuk Wakalah is redeemed before the Scheduled Dissolution Date ; or

(2) the declaration of a Dissolution Event;

The Ibra' for redemption before the Scheduled Dissolution Date (if applicable) shall be mutually agreed to prior to such early redemption.

The Ibra' for redemption upon declaration of a Dissolution Event shall be calculated as follows:

(i) <u>in the case of Sukuk Wakalah with Periodic Distributions and issued at a discount</u>

the aggregate of unearned Expected Periodic Distribution Amount;

(ii) <u>in the case of Sukuk Wakalah without Periodic Distributions and issued at a discount</u>

the aggregate of unearned Discounted Amount (as defined in the section entitled "*Other terms and conditions - Purchase and selling price/rental (where applicable)*" below);

(iii) <u>in the case of Sukuk Wakalah with Periodic Distributions and issued at par</u>

the aggregate of unearned Expected Periodic Distribution Amount;

(iv) <u>in the case of Sukuk Wakalah with Periodic Distributions and issued at a premium</u>

the aggregate of unearned Expected Periodic Distribution Amount

The Ibra' in relation to (i), (ii), (iii) and (iv) above, shall be calculated from the Dissolution Declaration Date up to the Sukuk Wakalah's respective Scheduled Dissolution Date.

			For the avoidance of doubt, Ibra' will be applicable to the Commodity Murabahah Investment portion of the Wakalah Investments i.e. the Deferred Sale Price, only and shall only be deemed granted upon receipt of the redemption amount of the Sukuk Wakalah. Any double counting shall be disregarded.
(33)	Kafalah (for ringgit-denominated sukuk)	:	Not applicable.
(34)	Waivers from complying with Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and other relevant guidelines of the SC obtained for the facility/programme, if any	:	None.

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(33) Other terms and conditions

(i)	**Identified Asset**	:	The commodities to be transacted under the Commodity Murabahah Investment shall be Shariah-compliant commodities which include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the Commodity Supplier ("**Shariah-compliant Commodities**"). The Trust Assets shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments (which shall comprise investment in the Shariah-compliant Business and the Commodity Murabahah Investment) and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.
(ii)	**Purchase and selling price/rental (where applicable)**	:	In respect of the Commodity Murabahah Investment, the "**Commodity Purchase Price**" shall be determined based on the remaining balance of the Sukuk Proceeds and shall comply with the asset pricing requirements of the SAC of SC stipulated under the LOLA Guidelines. "**Deferred Sale Price**" is defined as a sale price equivalent to the aggregate of (i) the Commodity Purchase Price; and (ii) the profit margin, payable on a deferred payment basis. For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate Expected Periodic Distribution Amount, if applicable, and the nominal value of the Sukuk Wakalah. "**Discounted Amount**" means in the case of Sukuk Wakalah issued at a discount, the difference between the nominal value and the issuance proceeds of the relevant Sukuk Wakalah. The Commodity Purchase Price and the Deferred Sale Price shall be determined prior to the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme.
(iii)	**Dissolution Distribution Amount**	:	<u>Dissolution Distribution Amount:</u> **On the Scheduled Dissolution Date:** (a) <u>in the case of Sukuk Wakalah with Periodic</u>

Distributions

The Dissolution Distribution Amount shall be equivalent to:

(i) the nominal value of the Sukuk Wakalah; plus

(ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date.

(b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the nominal value of the Sukuk Wakalah.

On the Dissolution Declaration Date:

(a) in the case of Sukuk Wakalah with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

(i) the nominal value of the Sukuk Wakalah; plus

(ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date.

(b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the accreted value of the Sukuk Wakalah.

Upon Early Redemption

The Dissolution Distribution Amount shall be mutually agreed to prior to such early redemption.

(iv) Profit/coupon/rental rate : The Sukuk Wakalah may be issued with or without Periodic Distributions.

Not applicable for Sukuk Wakalah without Periodic Distributions

For Sukuk Wakalah with Periodic Distributions, the expected periodic distribution rate ("**Periodic Distribution Rate**") on a fixed rate basis shall be

			determined prior to each issuance of Sukuk Wakalah. The "**Expected Periodic Distribution Amount**" on any relevant Periodic Distribution Date is calculated at the Periodic Distribution Rate on the nominal value of the relevant tranche of the Sukuk Wakalah based on the Periodic Distribution Basis (as defined in the section entitled "*Other terms and conditions - Profit/coupon/rental payment basis*" below).
(v)	**Profit coupon/rental payment frequency**	:	For Sukuk Wakalah with Periodic Distributions, the payment frequency of the Periodic Distributions shall be semi-annual in arrears with the first Periodic Distribution to be made six (6) months from the issue date of the Sukuk Wakalah and the last Periodic Distribution for each Series of the Sukuk Wakalah to be made on the maturity date of such Series ("**Periodic Distribution Date**"). Not applicable for Sukuk Wakalah without Periodic Distributions.
(vi)	**Profit/coupon/rental payment basis**	:	For Sukuk Wakalah with Periodic Distributions, the Periodic Distributions shall be calculated on the basis of the actual/365 days ("**Periodic Distribution Basis**"). Not applicable for Sukuk Wakalah without Periodic Distributions.
(vii)	**Details on utilisation of proceeds by Issuer**	:	The proceeds from the Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be utilised for Shariah-compliant purposes and the Sukuk Wakalah proceeds shall be utilised by the Issuer: (i) to finance its general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes and/or to provide advance via Shariah-compliant manner to its subsidiaries for general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes; and (ii) to defray expenses in relation to the Sukuk Wakalah Programme.
(viii)	**Upsizing of a sukuk programme**	:	The Issuer has the option to upsize the limit of the Sukuk Wakalah Programme from time to time subject to the following being fulfilled prior to the exercise of the option to upsize by the Issuer:

(i) the upsizing will not result in any adverse impact on the rating of the Sukuk Wakalah under the Sukuk Wakalah Programme;

(ii) all information and documents have been submitted for a new lodgement with the SC for the upsizing of the Sukuk Wakalah Programme and the compliance with the relevant requirements under the LOLA Guidelines in relation to such upsizing;

(iii) the relevant regulatory approvals (if applicable) and necessary corporate authorisations of the Issuer being obtained; and

(iv) if applicable, execution of documentation to evidence the upsizing of the Sukuk Wakalah Programme,

and the Sukukholders shall be deemed to have consented to such upsizing of the limit of the Sukuk Wakalah Programme in the Trust Deed. No consent is required from the Sukuk Trustee, the Facility Agent and any other party under the Sukuk Wakalah Programme when the upsizing of the limit of the Sukuk Wakalah Programme is exercised by the Issuer.

(ix)	**Listing status and types of listing, where applicable**	:	The Sukuk Wakalah may be listed on Bursa Malaysia Securities Berhad (under an Exempt Regime (as defined in the Listing Requirements)).
(x)	**Status**	:	The Sukuk Wakalah, pursuant to the relevant Transaction Documents, shall constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents.
(xi)	**Form and Denomination**	:	The Sukuk Wakalah shall be issued in accordance with:

(a) the Participation and Operation Rules for Payments and Securities Services issued by PayNet; and

(b) the Operational Procedures for Securities Services issued by PayNet, as amended or replaced from time to time,

(collectively, "**PayNet Rules and Procedures**").

Form

The Sukuk Wakalah shall be represented by a global certificate to be deposited with BNM and may be exchanged for definitive bearer form only in certain limited circumstances.

Denomination

The denomination of the Sukuk Wakalah shall be RM1,000.00 or in multiples of RM1,000.00 at the time of issuance.

(xii) Issue : The Sukuk Wakalah may be issued in multiples of RM1,000.00 but subject to the PayNet Rules and Procedures and other standard conditions including, without limitation, the following:

(i) a minimum issue size of RM10,000,000.00 for each issue; and

(ii) the issue notice shall be given to the Facility Agent at least seven (7) business days (for the first issue) or five (5) business days (for subsequent issues) prior to and excluding the date of proposed issue, or such shorter period to be agreed by the Facility Agent.

(xiii) Issue Tenure : Each Sukuk Wakalah shall have a tenure of more than one (1) year and up to twenty (20) years.

The Sukuk Wakalah shall have a tenure of at least one (1) year, as may be determined by the Issuer prior to each issuance, provided that no Sukuk Wakalah shall mature after the expiry of the Sukuk Wakalah Programme.

(xiv) Permitted Security Interest : In the case of the Issuer

(a) such security interests created to secure the Sukuk Wakalah pursuant to the Transaction Documents;

(b) liens arising in the ordinary course of operations and by operation of law and not by way of contract; and

(c) such other security interest as may be agreed mutually between the Issuer and the PA/LA and documented in the Transaction Documents.

(xv) Transaction Documents : The Transaction Documents in respect of the Sukuk Wakalah Programme shall include the following documents:

(i) the Programme Agreement;

(ii) the Trust Deed;

(iii) the Security Documents;

(iv) the Securities Lodgement Form;

(v) the relevant Islamic transaction documents as may be advised by the Solicitors and the Shariah Adviser; and

(vi) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the Sukuk Wakalah Programme and the Sukuk Wakalah, including any supplemental document(s) thereof,

and references to a "**Transaction Document**" shall mean each or any one of them

(xvi)	**Sukuk Trustees' Reimbursement Account for Sukukholders' Actions ("TRA")**	:	The Sukuk Trustee (on behalf of the Issuer) shall open and maintain a Shariah-compliant TRA with an Islamic bank to be appointed by the Issuer which is acceptable to the Sukuk Trustee with a sum of RM30,000.00. The TRA shall be operated by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event or enforcement events in the manner as provided in the Trust Deed. This sum of money shall be maintained in the TRA at all times throughout the tenure of the Sukuk Wakalah Programme. The monies in the TRA may be invested in Permitted Investments, Islamic based account, Shariah-compliant instruments or Shariah-compliant securities in the manner prescribed in the Trust Deed, with any income from such investment to be accrued to the Issuer. These monies shall be returned to the Issuer upon full redemption of the Sukuk Wakalah if no Dissolution Event or enforcement takes place under the Sukuk Wakalah Programme.
(xvii)	**Taxation**	:	All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer

			shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
(xviii)	**No Payment of Interest**	:	For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is agreed and declared that nothing in this principal terms and conditions and the Transaction Documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions of the Sukuk Wakalah or the Transaction Documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
(xix)	**Jurisdiction**	:	The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
(xx)	**Other Conditions**	:	The Sukuk Wakalah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, and/or BNM or their successors in title having jurisdiction over matters pertaining to the Sukuk Wakalah.

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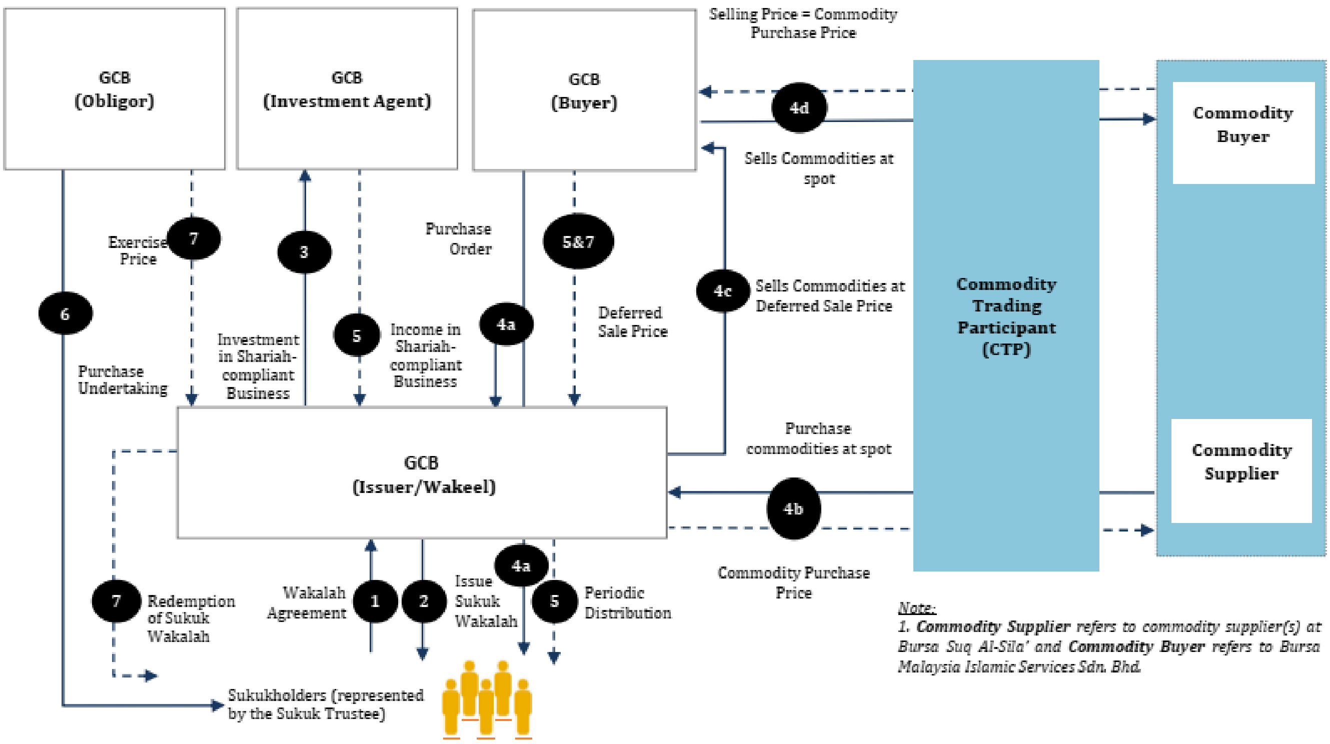
APPENDIX 3

TRANSACTION DIAGRAM AND EXPLANATORY NOTES FOR THE SUKUK WAKALAH PROGRAMME



Step 1	Pursuant to a Wakalah agreement ("**Wakalah Agreement**") entered into between the Sukuk Trustee (acting on behalf of the investors of the Sukuk Wakalah ("**Sukukholders**")) and GCB, the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint GCB to act as its agent ("**Wakeel**") to perform services which will include investing the Sukuk Proceeds (as defined below) into the Wakalah Investments (as defined below) and manage it.
Step 2	GCB shall, from time to time, issue the Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds ("**Sukuk Proceeds**"). GCB, in its capacity as the Wakeel, shall declare a trust over the Trust Assets (as defined below) for the benefit of the Sukukholders. The Sukuk Wakalah shall represent the Sukukholders' undivided and proportionate beneficial interest in the Trust Assets. The "**Trust Assets**" shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents. The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of: (i) Shariah-compliant general business of GCB ("**Shariah-compliant**

	Business"). The investment will be in the whole of the Shariah-compliant general business of GCB; and (ii) Shariah-compliant commodities ("**Shariah-compliant Commodities**") purchased and sold under the Shariah principle of Murabahah ("**Commodity Murabahah Investment**"). The investments described in items (i) and (ii) above shall collectively be referred to as the "**Wakalah Investments**".
Step 3	Shariah-compliant Business Pursuant to an investment agreement between the Wakeel and GCB, as the investment agent ("**Investment Agent**"), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The ownership of the identified Shariah-compliant Business allocated for the relevant Wakalah Investments shall be based on pro rata basis which refers to joint ownership over an asset or business on undivided and proportionate basis. Thus, entitling the Sukukholder(s) to the share of income in the identified Shariah-compliant Business based on their proportionate ownership.The Shariah-compliant Business shall be managed by the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment. For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each tranche of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that (i) the Shariah-compliant Business shall at all times be a component of the Wakalah Investments, and (ii) the Sukukholders shall via the trust deed provide their upfront consent to the Issuer to create further trusts over the Shariah-compliant Business ("**Future Trusts**") to facilitate any transactions undertaken in connection with any proposed Islamic financing facilities to be obtained by the Issuer, so long as the interest in the Future Trusts do not overlap with the interest of the Sukukholders in the Shariah-compliant Business under the Wakalah Investments.
Step 4	Commodity Murabahah Investment The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment. The Commodity Murabahah Investment shall be effected as follows: (a) Pursuant to a commodity Murabahah master agreement between GCB as the buyer ("**Buyer**"), the Wakeel and the Sukuk Trustee, the Buyer shall issue a purchase order ("**Purchase Order**") to the Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an irrevocable and unconditional undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price (as defined below).

	(b) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) via the commodity trading participant ("**CTP**") will purchase the Shariah-compliant Commodities on spot basis from a commodity supplier in the Bursa Suq Al-Sila' commodity trading platform or such other independent commodity broker acceptable to the Shariah Adviser ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds ("**Commodity Purchase Price**"). (c) Upon acquiring the Shariah-compliant Commodities, the Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant Commodities to the Buyer for a price equivalent to the Commodity Purchase Price plus the profit margin and shall be payable on deferred payment basis ("**Deferred Sale Price**"). For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic Distribution Amount, if any, and the nominal value of the relevant Sukuk Wakalah. (d) Upon the purchase of the Shariah-compliant Commodities, the Buyer via the CTP, will immediately sell the Shariah-compliant Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. or such other independent commodity broker acceptable to the Shariah Adviser on spot basis for cash, equivalent to the Commodity Purchase Price.
Step 5	In respect of Sukuk Wakalah with Periodic Distributions (as defined herein), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions on each Periodic Distribution Date ("**Periodic Distributions**"). In respect of Sukuk Wakalah without Periodic Distributions, returns generated from the Wakalah Investments up to the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one-off basis upon the maturity date ("**Scheduled Dissolution Date**") or upon the declaration that a Dissolution Event has occurred ("**Dissolution Declaration Date**"). On (i) each Periodic Distribution Date; (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable under the relevant tranche of Sukuk Wakalah shall be waived by the Sukukholders and retained by GCB as an incentive fee for its services as Wakeel in managing the Wakalah Investments.
Step 6	GCB (as the Obligor) shall issue a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the Sale Agreement. The Sukuk Trustee (for the benefit of the Sukukholders) shall issue a sale undertaking ("**Sale Undertaking**") in favour of GCB under which the Sukuk Trustee shall sell the Shariah-compliant Business to GCB as Issuer upon early redemption at the Exercise Price and enter into a sale agreement for such sale.

	The "**Exercise Price**" for the purchase of the Shariah-compliant Business shall be the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s), the Dissolution Declaration Date or early redemption, as the case may be.
Step 7	Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra' if applicable) and any returns generated from the Wakalah Investments shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount, on the Scheduled Dissolution Date, the Dissolution Declaration Date or early redemption, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and retained by the Wakeel as incentive fee. Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.

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