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STRICTLY PRIVATE AND CONFIDENTIAL

**INFRACAP RESOURCES SDN BHD**  
(REGISTRATION NO. 202001033367 (1389688-W))

**INFORMATION MEMORANDUM**

**PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR  
INVITATION TO SUBSCRIBE FOR OR PURCHASE OF SUKUK MURABAHAH  
PURSUANT TO A SUKUK MURABAHAH PROGRAMME OF UP TO RM15.0 BILLION IN  
NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA  
TAWARRUQ ARRANGEMENT)**

**Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers**



**Hong Leong Investment Bank Berhad**  
(Registration No. 197001000928 (10209-W))



**OCBC Bank (Malaysia) Berhad**  
(Registration No. 199401009721 (295400-W))



**United Overseas Bank (Malaysia) Bhd**  
(Registration No. 199301017069 (271809-K))

**Financial Adviser**



**Newfields Advisors Sdn Bhd**  
(Registration No. 199401010372 (296051-V))

**This Information Memorandum is dated 27 January 2021**

## RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of the Infracap Resources Sdn Bhd (Registration No. 202001033367 (1389688-W)) (the “**Issuer**” or “**Infracap Resources**”) and they collectively and individually accept full responsibility for this Information Memorandum which includes the information and the accuracy of the information given and confirm that, after having made all reasonable enquiries in the circumstances, and to the best of their knowledge, information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and that there are no material omissions in this Information Memorandum.

## IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

The Issuer has authorised Hong Leong Investment Bank Berhad (Registration No. 197001000928 (10209-W)), OCBC Bank (Malaysia) Berhad (Registration No. 199401009721 (295400-W)) and United Overseas Bank (Malaysia) Bhd (Registration No. 199301017069 (271809-K)) as the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers to circulate or distribute this Information Memorandum, which is now being provided by the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe for or purchase the sukuk murabahah (“**Sukuk Murabahah**”) pursuant to a Sukuk Murabahah programme of up to RM15.0 billion in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) (“**Sukuk Murabahah Programme**”) by the Issuer.

No representation, warranty or undertaking, express or implied, is given or assumed by the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Joint Principal Advisers, the Joint Lead Arrangers 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 Murabahah or the Sukuk Murabahah Programme and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by the laws of Malaysia.

At the point of issuance of the Sukuk Murabahah, the Sukuk Murabahah shall not be offered, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith including this Information Memorandum be distributed, in Malaysia other than to persons falling within the relevant category of persons specified in Section 2(6) of the Companies Act, 2016 (*Act 777*), as amended from time to time (“**Companies Act**”), and persons to whom an offer or invitation to subscribe the Sukuk Murabahah and to whom the Sukuk Murabahah may be made and to whom the Sukuk Murabahah are issued falling within Part I of Schedule 6 (or Section 229(1)(b)) of the Capital Markets and Services Act, 2007 (*Act 671*), as amended from time to time (“**CMSA**”) and Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, to be read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any law, order, regulation or official directive of Bank Negara Malaysia (“**BNM**”) and/or the Securities Commission Malaysia (“**SC**”) from time to time. After the point of issuance of the Sukuk Murabahah, the Sukuk Murabahah shall not be offered, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith including this Information Memorandum be distributed, in Malaysia other than to persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within the relevant category of persons specified in Section 2(6) Companies Act, and persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within Part I of Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time.

This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other 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.

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 Joint Principal Advisers, the Joint Lead Arrangers 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 country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction), other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any Foreign Jurisdiction and it does not constitute an issue or offer or sale, or an invitation to subscribe for or purchase of the Sukuk Murabahah 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 hereof.

The distribution or possession of this Information Memorandum in or from certain Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer, the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer, the Joint Principal Advisers, the Joint Lead Arrangers 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 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 Murabahah under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Murabahah, (d) the Issuer, the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers and its 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 to, as a result of such subscription or purchase of the Sukuk Murabahah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Murabahah is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk Murabahah 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 Sukuk Murabahah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Murabahah, (g) it is subscribing or accepting the Sukuk Murabahah for its own account, and (h) it, at the point of issuance of the Sukuk Murabahah is a person falling within one of the categories of persons specified in (i) Section 2(6) Companies Act, (ii) Part I of Schedule 6 (or Section 229(1)(b)) of the CMSA, and (iii) Part I of Schedule 7 (or Section 230(1)(b)) of the CMSA, both (ii) and (iii) are read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any law, order, regulation or official directive of BNM and/or the SC from time to time, and after the point of issuance of the Sukuk Murabahah is a person falling within one of the categories of persons specified in Section 2(6) Companies Act and Part I of Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of 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.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Murabahah is not, and should not be construed as, a recommendation by the Issuer, the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers or any other party

to the recipient to subscribe for or purchase the Sukuk Murabahah. 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 Issuer, the Sukuk Murabahah and all other relevant matters, and each recipient should consult its own professional advisers.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Murabahah 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 Murabahah is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Sukuk Murabahah or to advise any investor in the Sukuk Murabahah of any information coming to their attention. The recipient of this Information Memorandum or the potential investors should review, amongst others, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any Sukuk Murabahah.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “INVESTMENT CONSIDERATIONS” IN SECTION 3.0 HEREOF.**

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources believed to be reliable and other publicly available information. 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, estimate and or report thereon derived from such and other third party sources.

This Information Memorandum includes “forward looking statements”. These statements include, among other things, disclosure of the Issuer’s business strategy and expectation concerning its position in the Malaysian economy, future operations and financial position. All these statements are based on estimates and assumptions made by the Issuer and third party consultants that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the the Issuer to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

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

**STATEMENT OF DISCLAIMER ON THE SHARIAH PRONOUNCEMENT**

Datuk Dr. Mohd Daud Bakar, as the Shariah Adviser, has approved the structure and mechanism of the Sukuk Murabahah Programme and its compliance with Shariah principles via the Shariah pronouncement dated 30 December 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 Sukuk Murabahah Programme and the trading of the Sukuk Murabahah and neither the Issuer, the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers nor any other person makes any representation of 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 as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Sukuk Murabahah on any secondary market.

**STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION MALAYSIA**

The issue, offer or invitation in relation to the Sukuk Murabahah in this Information Memorandum is subject to the fulfilment of various conditions precedent including without limitation the endorsement of

the SC's Shariah Advisory Council ("SC SAC") and the lodgement pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 12 November 2020 (as amended, revised and/or substituted from time to time) ("LOLA Guidelines") in relation to the proposed establishment of the Sukuk Murabahah Programme and the issuance of the Sukuk Murabahah thereunder and each recipient of this Information Memorandum acknowledges and agrees that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Murabahah. The endorsement from the SC SAC was obtained via SC SAC's letters dated 31 December 2020 and the lodgement with the SC pursuant to the LOLA Guidelines in relation to the proposed establishment of the Sukuk Murabahah Programme was made on 18 January 2021.

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 the Information Memorandum.

**EACH TRANCHE OR SERIES OF SUKUK MURABAHAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.**

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the most recently published annual audited financial statements and, if published later, the most recently published interim consolidated financial statements (if any) of the Issuer;
- (b) all addenda, supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that 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 which is deemed to be incorporated by reference herein 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; and
- (c) any pricing supplements prepared and issued in relation to an issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been properly 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.

#### **CONFIDENTIALITY**

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to selected persons specifically in reference to the Sukuk Murabahah, falling within one of the categories of persons specified in (a) Section 2(6) Companies Act, (b) Part I of Schedule 6 (or Section 229(1)(b)) of the CMA, and (c) Part I of Schedule 7 (or Section 230(1)(b)) of the CMA, both (b) and (c) are read together with Schedule 9 (or Section 257(3)) of the CMA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time, at the point of issuance of the Sukuk Murabahah; and Section 2(6)

Companies Act and Part I of Schedule 6 (or Section 229(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time, after the point of issuance of the Sukuk Murabahah.

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, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

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

## **PRIVACY NOTICE**

The Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers are committed to comply with the Personal Data Protection Act, 2010 (*Act 709*), as amended from time to time ("**PDPA**") which came into force on 15 November 2013.

The Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers are required to issue the Notice on Personal Data to any person for the use and processing of personal information of such person. The Joint Principal Advisers', the Joint Lead Arrangers' and the Joint Lead Managers' Privacy Policy is available at their respective website as follows:

- (a) <https://www.hlib.com.my/Files/PrivacyPolicy.pdf>;
- (b) <https://www.ocbc.com.my/personal-banking/security-privacy.html>;
- (c) <https://www1.uob.com.my/default/privacy-policy.page>.

In respect of a person which is a body corporate, the consent and authority of their directors, shareholders, authorised signatories and officers are deemed to have been duly obtained to provide the personal data (as defined under the PDPA) as required by the Joint Principal Advisers, the Joint Lead Arrangers and the Joint Lead Managers.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

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## GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Information Memorandum:

<b>“Annex Letter”</b>	The letter to be issued by the SFS, which includes all annexures to be issued from time to time, for and on behalf of the State Government in favour of the Issuer and the Guarantor.
<b>“BNM”</b>	Bank Negara Malaysia.
<b>“Business Day”</b>	A day (other than a Saturday, Sunday or public holiday) on which financial institutions are open for business in Kuala Lumpur and Kuching.
<b>“CMSA”</b>	Capital Markets and Services Act, 2007 ( <i>Act 671</i> ) or any statutory modification, amendment or re-enactment thereof for the time being in force.
<b>“Commodities”</b>	Shariah-compliant commodities, which exclude <i>ribawi</i> items in the category of medium of exchange such as currency, gold and silver.
<b>“Companies Act”</b>	Companies Act, 2016 ( <i>Act 777</i> ) or any statutory modification, amendment or re-enactment thereof for the time being in force.
<b>“Corporate Guarantee”</b>	The corporate guarantee issued by the Guarantor to the Security Trustee in relation to the Sukuk Murabahah Programme.
<b>“COVID-19”</b>	Coronavirus disease 2019.
<b>“CTP”</b>	Commodity trading participant.
<b>“Deferred Sale Price”</b>	In relation to each issuance of the Sukuk Murabahah, the aggregate of the Purchase Price and a mark-up (profit margin), payable on a deferred payment basis.
<b>“Designated Accounts”</b>	Collectively, the Disbursement Account and the Reserve Account(s).
<b>“Disbursement Account”</b>	Has the meaning ascribed to it in the PTC.
<b>“Event(s) of Default”</b>	Has the meaning ascribed to it in the PTC.
<b>“Facility Agent”</b>	Hong Leong Investment Bank.
<b>“Federal Constitution”</b>	Federal Constitution of Malaysia.
<b>“Federal Government”</b>	The Government of Malaysia.
<b>“Financial Adviser” or “Newfields”</b>	Newfields Advisors Sdn Bhd (Registration No. 199401010372 (296051-V)).
<b>“GDP”</b>	Gross domestic product.
<b>“Government Fund” or “Development Fund”</b>	The State Development Fund or its successor or replacement fund, managed by the State Government.
<b>“Guarantor” or “Infracap Holdings”</b>	Infracap Development Holdings Sdn Bhd (Registration No. 202001033053 (1389374-A)).

<b>“Hard Infrastructure Projects”</b>	Projects for the construction of roads, bridges, tunnels, canals, ports, airports, railways and mass transport systems and networks, transportation and logistics hubs and facilities, petrochemical production facilities, and utilities supplies.
<b>“Hong Leong Investment Bank”</b>	Hong Leong Investment Bank Berhad (Registration No. 197001000928 (10209-W)).
<b>“IM” or “Information Memorandum”</b>	This information memorandum dated 27 January 2021 in relation to the Sukuk Murabahah Programme.
<b>“Issuer” or “Infracap Resources”</b>	Infracap Resources Sdn Bhd (Registration No. 202001033367 (1389688-W)).
<b>“Joint Lead Arrangers”</b>	Hong Leong Investment Bank, OCBC Bank and UOBM.
<b>“Joint Lead Managers”</b>	Hong Leong Investment Bank, OCBC Bank and UOBM and/or any other financial institution to be appointed for each issuance of the Sukuk Murabahah.
<b>“Joint Principal Advisers”</b>	Hong Leong Investment Bank, OCBC Bank and UOBM.
<b>“LPD” or “Latest Practicable Date”</b>	18 December 2020.
<b>“LOLA Guidelines”</b>	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 12 November 2020, as amended, revised and/or substituted from time to time.
<b>“MCO” or “Movement Control Order”</b>	In relation to the epidemic of an infectious disease in Malaysia namely COVID-19, the movement control order as provided in the orders, regulations and declarations issued pursuant to the Prevention and Control of Infectious Diseases Act, 1988 ( <i>Act 342</i> ).
<b>“MW”</b>	Megawatt.
<b>“OCBC Bank”</b>	OCBC Bank (Malaysia) Berhad (Registration No. 199401009721 (295400-W)).
<b>“Payee(s)”</b>	The payee(s) as described in Section 5.4 of this Information Memorandum.
<b>“PayNet”</b>	Payments Network Malaysia Sdn Bhd (Registration No. 200801035403 (836743-D)).
<b>“PayNet Procedures”</b>	The Operational Procedures for Securities Services issued by PayNet, as amended, revised and/or substituted from time to time.
<b>“PayNet Rules”</b>	The Participation and Operation Rules for Payment and Securities Services issued by PayNet, as amended, revised and/or substituted from time to time.
<b>“PayNet Rules and Procedures”</b>	Collectively, the PayNet Rules and PayNet Procedures.
<b>“Permitted Investments”</b>	Has the meaning ascribed to it in the PTC.
<b>“Petronas”</b>	Petroleum Nasional Berhad (Registration No. 197401002911 (20076-K))

<b>“Project(s)”</b>	The proposed project(s) as described in Section 5.1 of this Information Memorandum.
<b>“PTC”</b>	The principal terms and conditions of the Sukuk Murabahah Programme as set out in Section 2.0 of this IM.
<b>“Purchase Price”</b>	In relation to each issuance of the Sukuk Murabahah, an amount equivalent to the proceeds from the issuance of the Sukuk Murabahah.
<b>“RAM”</b>	RAM Rating Services Berhad (Registration No. 200701005589 (763588-T)).
<b>“Reserve Account(s)”</b>	Has the meaning ascribed to it in the PTC.
<b>“RM” or “Ringgit”</b>	Malaysian Ringgit, the lawful currency of Malaysia.
<b>“SC”</b>	Securities Commission Malaysia.
<b>“SCORE”</b>	Sarawak Corridor of Renewable Energy.
<b>“Security Trustee”</b>	Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)).
<b>“series”</b>	Each issuance under the relevant tranche of Sukuk Murabahah with different maturity dates which are to be determined prior to its issue date.
<b>“SFS”</b>	The State Financial Secretary of Sarawak, a body corporate incorporated under the State Financial Secretary (Incorporation) Ordinance ( <i>Cap. 36</i> ).
<b>“Shariah Adviser”</b>	Datuk Dr. Mohd Daud Bakar.
<b>“Soft Infrastructure Projects”</b>	<p>(a) Projects for the construction of administrative centres, health care centres, emergency services buildings, special economic zones, agricultural, forestry and fisheries infrastructure, food production facilities, educational and archival buildings, religious and charitable purpose buildings, and cultural, social welfare and recreational facilities; and</p> <p>(b) Projects, the primary focus of which is the development of the digital economy in Sarawak including but not limited to projects relating to the development and operation of digital and communications networks and infrastructure, cyber security, talent development, digital technology research and development, electronic commerce, and digital innovation for entrepreneurship.</p>
<b>“SPV”</b>	Special purpose vehicle.
<b>“State” or “Sarawak”</b>	The state of Sarawak in Malaysia.
<b>“State Government”</b>	The State Government of Sarawak.
<b>“Strategic Investment(s)”</b>	The proposed strategic investment(s) as described in Section 5.2 of this Information Memorandum.
<b>“subsidiaries”</b>	Has the meaning ascribed to it in the Companies Act.
<b>“Sukukholders”</b>	The holders of the Sukuk Murabahah.
<b>“Sukuk Murabahah”</b>	The Sukuk murabahah to be issued pursuant to the Sukuk Murabahah Programme.

<b>“Sukuk Murabahah Programme”</b>	The Sukuk Murabahah programme of up to RM15.0 billion in nominal value for the issuance of Sukuk Murabahah.
<b>“Sukuk Trustee”</b>	Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)).
<b>“Surplus”</b>	Has the meaning ascribed to it in Section 5.3 of this Information Memorandum.
<b>“tranche”</b>	Each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.
<b>“Transaction Documents”</b>	Has the meaning ascribed to it in the PTC.
<b>“Trust Deed”</b>	A trust deed to be entered into between the Issuer and the Sukuk Trustee in relation to the establishment of the Sukuk Murabahah Programme.
<b>“UOBM”</b>	United Overseas Bank (Malaysia) Bhd (Registration No. 199301017069 (271809-K)).
<b>“USD”</b>	United States Dollar, the lawful currency of the United States of America.

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## 1.0 EXECUTIVE SUMMARY

The summary below aims to provide an overview of the information on the Sukuk Murabahah Programme contained in this Information Memorandum. As such, it does not contain all the information that may be important to you and should therefore be read in conjunction with the full text of this Information Memorandum.

### 1.1 Background Information on the Issuer

Infracap Resources is a wholly-owned subsidiary of Infracap Holdings which in turn is a wholly-owned subsidiary of the SFS. The SFS is a body corporate incorporated under the State Financial Secretary (Incorporation) Ordinance (*Cap. 36*). Under this statute, the officer for the time being discharging the duties of State Financial Secretary (who is responsible for all financial matters for the State Government) is also constituted as a body corporate under the name of “State Financial Secretary”.

Infracap Resources was incorporated on 19 October 2020 as a special purpose vehicle for the State Government to undertake the Sukuk Murabahah Programme to, amongst others, finance (in full or in part) all fees, costs and expenses associated with the Projects and finance (in full or in part) the Strategic Investments.

More detailed information on Infracap Resources is set out under Section 4.0 of this Information Memorandum.

### 1.2 Brief Summary of the Sukuk Murabahah Programme

The Sukuk Murabahah will be issued by the Issuer from time to time pursuant to the Sukuk Murabahah Programme. The aggregate outstanding nominal value of the Sukuk Murabahah issued under the Sukuk Murabahah Programme at any point in time shall not exceed RM15.0 billion. Each tranche of Sukuk Murabahah may have one or more series of Sukuk Murabahah. The Sukuk Murabahah Programme has no option to upsize, no call option and no put option.

#### Tenure of the Sukuk Murabahah Programme

The tenure of the Sukuk Murabahah Programme is up to twenty (20) years from the date of first issuance of the Sukuk Murabahah.

#### Tenure of the Sukuk Murabahah

Each series of Sukuk Murabahah shall have a tenure of between one (1) year and up to twenty (20) years from the issue date, provided always that the maturity of each series of Sukuk Murabahah does not extend beyond the tenure of the Sukuk Murabahah Programme.

#### Ranking

All payment obligations under the Sukuk Murabahah shall represent direct, unconditional and secured obligations of the Issuer. The Sukuk Murabahah shall at all times rank *pari passu*, without any discrimination, preference or priority amongst themselves and rank at least *pari passu* in all respects with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law or the Transaction Documents.

#### Mode of Issue

The Sukuk Murabahah may be issued either on a bought deal basis, book-building on a best efforts basis or private or direct placement on a best efforts basis without prospectus, as the Issuer may select. The Sukuk Murabahah shall be issued in accordance with the PayNet Rules and Procedures.

### Profit Rate

The profit rate, if applicable, for the Sukuk Murabahah will be determined prior to each issuance of the Sukuk Murabahah based on fixed profit rate.

### Rating

The Sukuk Murabahah Programme has been assigned a rating of AAA by RAM pursuant to its letter to the SFS dated 15 January 2021.

### Voting

The voting at any meeting of the Sukukholders shall be carried out on a collective basis.

### Description of the Transaction of the Sukuk Murabahah Programme

The Sukuk Murabahah to be issued from time to time under the Sukuk Murabahah Programme shall be effected as described below:

- (a) The Sukuk Trustee (on behalf of the Sukukholders), shall enter into a service agency agreement with Infracap Resources, pursuant to which Infracap Resources is appointed as agent/wakeel of the Sukukholders (in such capacity, the “**Purchase Agent**”) to purchase and sell certain Commodities.
- (b) Pursuant to the facility agency agreement to be entered into between the Sukuk Trustee, Infracap Resources (as Purchase Agent) and the Facility Agent (as Sub-Purchase Agent (as defined below) and Selling Agent (as defined below)), the Purchase Agent will appoint the Facility Agent as its (i) sub-agent/sub-wakeel (in such capacity, the “**Sub-Purchase Agent**”) to act as the sub-agent to purchase the Commodities and (ii) sub-agent/sub-wakeel (in such capacity, the “**Selling Agent**”) to sell the Commodities to the Issuer (as purchaser for itself, and in such capacity, the “**Purchaser**”) on behalf of the Sukukholders.
- (c) Pursuant to a commodities murabahah master agreement to be entered into between Infracap Resources (as Purchaser), Infracap Resources (as Purchase Agent) and the Facility Agent (as Sub-Purchase Agent), the Purchaser shall from time to time, issue a purchase order (“**Purchase Order**”) to the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities. In the Purchase Order, the Purchaser will request the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities on behalf of the Sukukholders and will irrevocably and unconditionally undertake to purchase the Commodities from the Sukukholders via the Selling Agent at a price equivalent to the Deferred Sale Price.
- (d) Upon receiving the Purchase Order from the Purchaser, the Sub-Purchase Agent will purchase on a spot basis, the Commodities, from commodity vendor(s) in the Bursa Suq Al-Sila’ commodity platform and/or other independent commodity brokers, which shall be identified prior to each issuance of the Sukuk Murabahah, through a CTP, at a purchase price which shall be the Purchase Price. The Purchase Price shall be in line with the asset pricing requirements stipulated under the LOLA Guidelines. The Purchase Price shall be payable to such commodity vendor(s) in the Bursa Suq Al-Sila’ commodity platform and/or other independent commodity brokers acceptable to the Shariah Adviser.
- (e) The Issuer shall concurrently with the step provided in sub-paragraph (d) above, issue the Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price directly vide the Sub-Purchase Agent. The Sukuk Murabahah shall evidence the Sukukholders’ ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to Purchaser, the Sukuk Murabahah shall represent

the Sukukholders' entitlement to receive the Deferred Sale Price. The proceeds of the Sukuk Murabahah from the Sukukholders will be payable to the Purchase Agent.

- (f) Thereafter, the Selling Agent (on behalf of the Purchase Agent as wakeel to the Sukukholders) shall sell the Commodities to the Purchaser at the Deferred Sale Price.
- (g) Upon completion of such purchase, the Purchaser shall appoint and instruct the Selling Agent to sell, on a spot basis, the Commodities to the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers acceptable to the Shariah Adviser, which shall be identified prior to each issuance of the Sukuk Murabahah, through a CTP, for a cash consideration equivalent to the Purchase Price. The price equivalent to the Purchase Price shall be payable to the Purchaser for the sale of the Commodities.
- (h) The Sukuk Murabahah may be issued with or without periodic profit payments. During the tenure of the Sukuk Murabahah, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall make periodic payments (in relation to Sukuk Murabahah with periodic profit payments) or a lump sum payment (in relation to Sukuk Murabahah without periodic profit payments) of the Deferred Sale Price to the Sukukholders. Each such payment shall pro tanto reduce the obligation of the Purchaser on the Deferred Sale Price payable for the purchase of the Commodities from the Selling Agent (on behalf of the Purchase Agent as wakeel of the Sukukholders).
- (i) (i) On the maturity date of the relevant Sukuk Murabahah; or (ii) Upon the declaration of an Enforcement Event, whichever is earlier, all amounts then outstanding on the Deferred Sale Price (subject to Ibra', where applicable) shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the Sukukholders as final settlement of the same, whereupon the relevant Sukuk Murabahah shall be cancelled.
- (j) Infracap Holdings, as the Guarantor shall provide an unconditional and irrevocable Corporate Guarantee under the principle of Kafalah, as a continuing obligation, in favour of the Security Trustee for and on behalf of the Sukukholders, under which the Guarantor shall agree to guarantee the Issuer's payment obligation under the Sukuk Murabahah (except payment obligation on Ta'widh (compensation) and other charges in relation to the Sukuk Murabahah).

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### 1.3 Annex Letter

The SFS, for and on behalf of the State Government, will issue an irrevocable Annex Letter, under which the SFS will agree to make certain periodic contributions into the Government Fund and to procure that such monies be paid into the relevant Reserve Account(s) from time to time ("**Contribution Amount**"). Such Contribution Amount(s) will be used by the Issuer for periodic profit payments and principal redemption of the relevant tranche of the Sukuk Murabahah. Each prospective investor should note that the Contribution Amount(s) under the Annex Letter will only comprise an amount that is sufficient to meet the periodic profit payments and principal redemption of the relevant tranche of the Sukuk Murabahah. The form of the Annex Letter is attached as Appendix 1 to this Information Memorandum. For the avoidance of doubt, the Annex Letter will be issued by the SFS in his capacity as the State Financial Secretary appointed pursuant to Article 11 of the Constitution of the State of Sarawak.

Each Contribution Amount referred to in the Annex Letter must be of an amount that is sufficient to meet the corresponding periodic profit payments and principal redemption due under the relevant tranche of the Sukuk Murabahah and such Contribution Amount will be deposited into the relevant Reserve Account(s) at least fourteen (14) Business Days prior to such payment due date. The aggregate periodic payments and principal redemption under all the outstanding tranches of the Sukuk Murabahah from time to time, shall not exceed the corresponding Contribution Amount under the Annex Letter read together with its relevant annexures.

For the avoidance of doubt, the issuance of the Annex Letter is a condition precedent in respect of the issuance of the first tranche of Sukuk Murabahah. In respect of subsequent tranches of the Sukuk Murabahah under the Sukuk Murabahah Programme, it is a condition precedent for the SFS to provide the relevant annexures to the Annex Letter in respect of such issuance of Sukuk Murabahah, to the Issuer and the Guarantor.

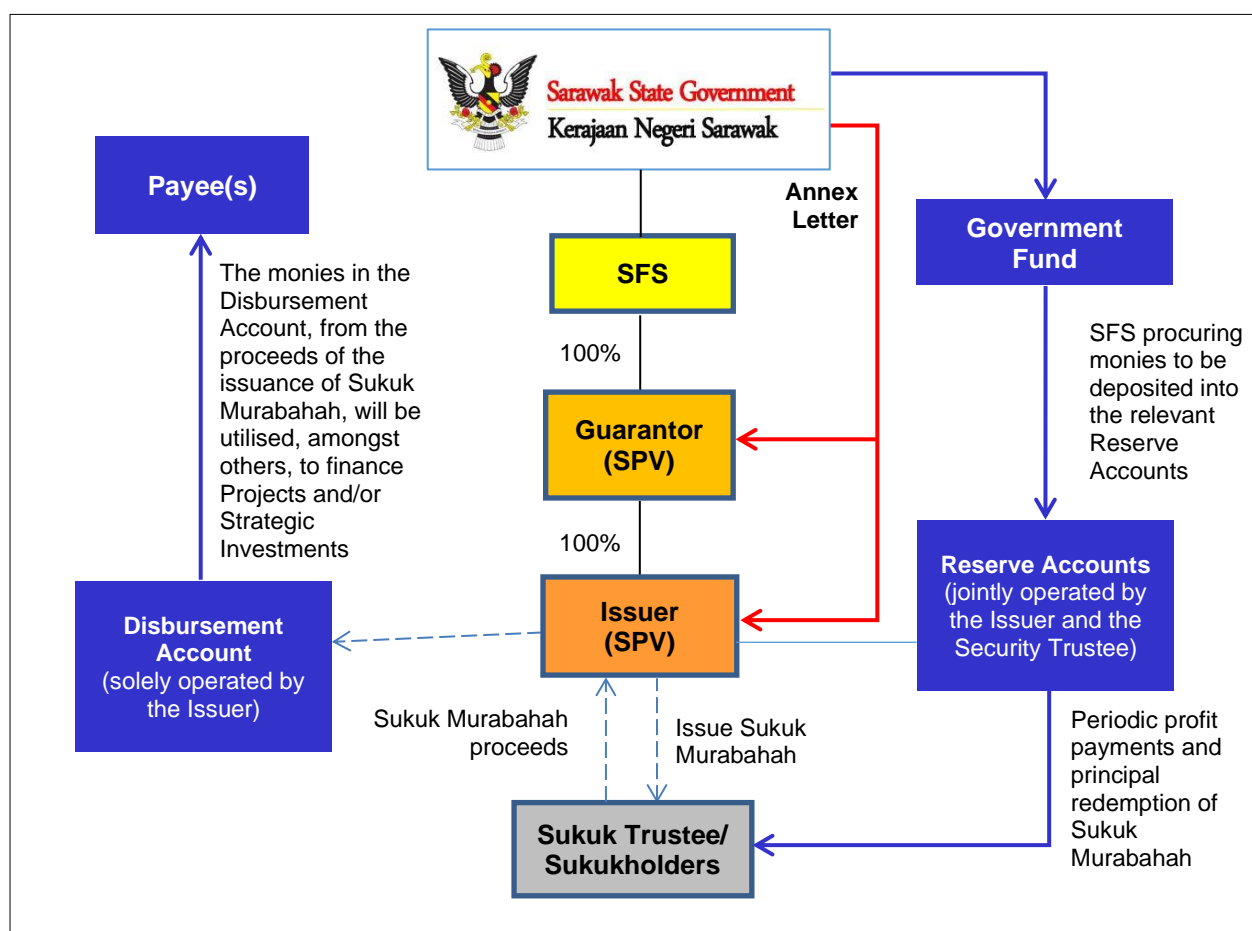
If any amount (other than an Accelerated Contribution Payment (as defined in the PTC)) due under the Annex Letter is not paid into the relevant Reserve Account(s) in accordance with the terms of the relevant Annex Letter, the Sukuk Trustee shall serve a written notice to the Issuer and the Guarantor stating that such amount has not been received in such relevant Reserve Accounts by the due date of the same and requiring that the Issuer and the Guarantor to procure the SFS make payment of such amount under such Annex Letter to be paid into the relevant Reserve Account(s) within seven (7) Business Days from the date of the written notice is served by the Sukuk Trustee on the Issuer and the Guarantor. If the relevant amount is not paid within such seven (7) Business Day period, an Event of Default will be triggered, and the Sukuk Trustee may, or shall, if directed to do so by the Sukukholders pursuant to a special resolution, declare by way of giving a written instruction to the Issuer and the Guarantor that the Event of Default be treated as a Contribution Acceleration Event (as defined in the PTC) and the Issuer and the Guarantor shall procure that an Accelerated Contribution Payment be paid into the relevant Reserve Account(s) within four (4) Business Days from the Contribution Acceleration Event.

If the Accelerated Contribution Payment is not paid into the relevant Reserve Account(s) within four (4) Business Days from the Contribution Acceleration Event, an Enforcement Event occurs. Upon occurrence of an Enforcement Event, the Sukuk Trustee may, or shall if directed to do so by the Sukukholders pursuant to a special resolution, declare all amounts then outstanding on the respective Deferred Sale Price under all the Sukuk Murabahah immediately due and payable. The Sukuk Trustee subsequently may take the necessary proceedings as it may think fit against the Issuer to enforce payment of the Redemption Amount (as defined in the PTC) and all other sums payable under the Sukuk Murabahah Programme and to enforce its rights under the Transaction Documents.

For the avoidance of doubt, in the event that an Event of Default occurs but the Accelerated Contribution Payment due under the Annex Letter is paid into the relevant Reserve Account(s) within four (4) Business Days from the Contribution Acceleration Event, the Sukuk Murabahah will not become immediately due and payable but instead, the Sukuk Murabahah will remain outstanding and amounts standing to the credit of the relevant Reserve Account(s) may be

applied in accordance with the terms of the Transaction Documents. In such event, the Event of Default will be deemed not to be continuing.

For the avoidance of doubt, the Annex Letter does not constitute a guarantee or letter of support by the State Government of the obligations of the Issuer or the Guarantor in respect of each tranche of the Sukuk Murabahah issued under the Sukuk Murabahah Programme. The flow of proceeds in respect of the Annex Letter is described under the diagram below:



Please also see Section 3.3 of this Information Memorandum for the risks relating to the Annex Letter.

### Reserve Accounts

Each Reserve Account in respect of the relevant tranche of Sukuk Murabahah is to capture: (a) the Contribution Amount to be transferred from the Government Fund; and (b) the Accelerated Contribution Payment upon occurrence of a Contribution Acceleration Event in respect of the relevant tranche of Sukuk Murabahah.

Monies in the relevant Reserve Account(s) shall be used for periodic profit payments and principal redemption of the relevant tranche of Sukuk Murabahah. The Reserve Account(s) shall be operated jointly by the Security Trustee and the Issuer save and except upon declaration of an Event of Default whereby the Reserve Account(s) shall be solely operated by the Security Trustee. All balances therein may be placed in Permitted Investments (as defined in the PTC), if requested by the Issuer.

### Disbursement Account

The Disbursement Account is to capture all proceeds from the issuance of the Sukuk Murabahah. Monies in the Disbursement Account shall be used as per item (33)(viii) of the PTC

entitled “*Utilisation of Proceeds*”. The Disbursement Account shall be operated solely by the Issuer, save and except upon declaration of an Event of Default whereby the Disbursement Account shall be solely operated by the Security Trustee. All balances therein may be placed in Permitted Investments.

#### **1.4 Selling Restrictions**

The Sukuk Murabahah are tradable and transferable, subject to the following selling restrictions:

##### Selling Restrictions at Issuance:

The Sukuk Murabahah may only be offered, sold, transferred or otherwise disposed of directly or indirectly to persons falling within the relevant category of persons specified in Section 2(6) of the Companies Act, and persons to whom an offer or invitation to subscribe the Sukuk Murabahah and to whom the Sukuk Murabahah may be made and to whom the Sukuk Murabahah are issued falling 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, to be read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any law, order, regulation or official directive of BNM and/or the SC from time to time.

##### Selling Restrictions after Issuance:

The Sukuk Murabahah 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 Murabahah falling within the relevant category of persons specified in Section 2(6) of the Companies Act, and persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA to be read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time.

#### **1.5 Details on Utilisation of Proceeds**

The proceeds raised from the Sukuk Murabahah shall be utilised for the following Shariah compliant purposes:

- (a) to finance, in part or in full, all fees, costs and expenses associated with the Projects which includes the management cost of the Projects;
- (b) to finance, in full or in part, the Strategic Investments;
- (c) for the redemption of any outstanding Sukuk Murabahah under the Sukuk Murabahah Programme; and
- (d) to finance the transaction costs (including legal fees) in relation to the establishment of the Sukuk Murabahah Programme and issuances of the Sukuk Murabahah.

For the avoidance of doubt:

- (i) all Projects and Strategic Investments (including those to be financed or part financed by the Surplus) shall comply with the Environment, Social and Governance (ESG) principles as prescribed under the United Nations Global Compact and for the avoidance of doubt, such Projects and Strategic Investments shall not exclude; (aa) any investments in companies or assets which maintain affirmative action programmes which are intended to improve the socio-economic status and living conditions of any particular group of people; and (bb) any investments in the energy, transportation, industrial forestry, land management, petrochemical or similar sectors where the

- relevant business or asset in the aforesaid sectors implements appropriate environmental or sustainability policies or programmes;
- (ii) each Project and Strategic Investment (including those to be financed or part financed by the Surplus) shall have the prior approval of the requisite level of authority within the State Government;
- (iii) any investment in shares of companies in relation to the Strategic Investments shall only be limited to:-
  - (aa) the public listed companies under the List of Shariah Compliant Securities issued by the Shariah Advisory Council of SC;
  - (bb) shares of non-listed companies subject to the Shariah Adviser's prior approval; and
- (iv) all Projects and Strategic Investments (including those to be financed or part financed by the Surplus) shall not comprise any mixed activities (Shariah-compliant and Shariah non-compliant activities).

## 1.6 The State of Sarawak

Sarawak is the largest state in Malaysia with around 2.8 million population and is rich with natural resources and commodities such as oil and gas, minerals, timber products and crude palm oil. Presently, Sarawak is the main producer of liquefied natural gas in Malaysia. The primary sectors of agriculture and mining, particularly crude petroleum remain the predominant contributor to the State's economic input.

Sarawak's economy has been transformed in recent years, as the State Government diversifies away from its traditional reliance on mining, agriculture and forestry. Relying on the Sarawak's abundant renewable energy, the State Government has embarked on the development of SCORE and other development activities aiming to provide more employment opportunities and development in rural areas as well as allowing diversification and economic sustainability in the manufacturing sector. The State Government is presently placing emphasis on the respective sector with the objective of achieving a high-income economy by year 2030. SCORE has attracted two (2) aluminium smelters, one (1) polysilicon plant, three (3) ferroalloy plants and other heavy industries, with approved total private investments of RM39.94 billion as of the end of 2018.

Since 2018, the State Government has accelerated its infrastructure development by injection of capital, upgrading infrastructures in both urban and rural areas as well as developing talent. Sizeable spending has been earmarked for further investments in the rural development to be undertaken from 2021 to 2025.

Sarawak has prudent budgeting practices. Its higher-than-expected revenue and rather close to budgeted expenditure have led to the building up of reserves over the years. In this regard, it is expected that the State would have the capacity to absorb any unforeseen deficit given its robust cash balances.

Sarawak has more revenue sources compared to other states in Peninsular Malaysia. These include import and excise duty on petroleum products, export duty on timber-related products as well as dues from ports. The State also has the authority to set and collect state sales taxes. These rights are conferred exclusively on the East Malaysian states, as provided by the Federal Constitution. As such, the State is viewed to have a stronger fiscal-adjustment capacity than their counterparts in Peninsular Malaysia.

More detailed information on the State is set out under Section 6.0 of this Information Memorandum.

## **1.7 Conflict of Interest and Appropriate Mitigating Measures**

### Hong Leong Investment Bank Berhad

After making enquiries as were reasonable in the circumstances, Hong Leong Investment Bank has confirmed that it is not aware of any circumstances, which may give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Joint Principal Advisers, Joint Lead Arrangers, Joint Lead Managers and Facility Agent in relation to the Sukuk Murabahah Programme.

### OCBC Bank (Malaysia) Berhad

After making enquiries as were reasonable in the circumstances, OCBC Bank has confirmed that it is not aware of any circumstances, which may give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers in relation to the Sukuk Murabahah Programme.

### United Overseas Bank (Malaysia) Bhd

After making enquiries as were reasonable in the circumstances, UOBM has confirmed that it is not aware of any circumstances, which may give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers in relation to the Sukuk Murabahah Programme.

### Newfields Advisors Sdn Bhd

After making enquiries as were reasonable in the circumstances, Newfields has confirmed that it is not aware of any circumstances, which may give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Financial Adviser in relation to the Sukuk Murabahah Programme.

### Messrs. Adnan Sundra & Low

After making enquiries as were reasonable in the circumstances, Messrs. Adnan Sundra & Low has confirmed that it is not aware of any circumstances, which may give rise to a conflict of interest or potential conflict of interest situation in its capacity as the solicitors acting for the Joint Principal Advisers and Joint Lead Arrangers in relation to the Sukuk Murabahah Programme.

### Malaysian Trustees Berhad

After making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad has confirmed that it 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 Sukuk Trustee and the Security Trustee in relation to the Sukuk Murabahah Programme.

### Datuk Dr. Mohd Daud Bakar

After making enquiries as were reasonable in the circumstances, Datuk Dr. Mohd Daud Bakar has confirmed that it is not aware of any circumstances, which may give rise to a conflict-of-interest or a potential conflict-of-interest situation in its capacity as, the Shariah Adviser in relation to the Sukuk Murabahah Programme.

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## 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MURABAHAH PROGRAMME

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 2.0.

### Details of Facility / Programme

- (1) **Name of facility** : Sukuk Murabahah programme for the issuance of sukuk murabahah (“**Sukuk Murabahah**”) of up to RM15.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (“**Sukuk Murabahah Programme**”).
- (2) **One-time issue or programme** : 

<input type="checkbox"/>	One-time issue
<input checked="" type="checkbox"/>	Programme
- (3) **Shariah principles (for sukuk)** : Murabahah (via Tawarruq arrangement)
- (4) **Facility description (for ringgit-denominated sukuk, to provide description as cleared by the SC)** : Murabahah (via Tawarruq arrangement)  
The issuance of the Sukuk Murabahah from time to time under the Sukuk Murabahah Programme will be issued based on a Murabahah (via Tawarruq arrangement) structure in the following form:
1. The Sukuk Trustee (on behalf of the investors of the Sukuk Murabahah (“**Sukukholders**”)), shall enter into a service agency agreement with Infracap Resources Sdn Bhd (“**IRSB**” or the “**Issuer**”), pursuant to which IRSB is appointed as agent/wakeel of the Sukukholders (in such capacity, the “**Purchase Agent**”) to purchase and sell certain Shariah-compliant commodities, which exclude *ribawi* items in the category of medium of exchange such as currency, gold and silver (“**Commodities**”).
  2. Pursuant to the facility agency agreement to be entered into between Malaysian Trustees Berhad (the “**Sukuk Trustee**”), IRSB (as Purchase Agent) and Hong Leong Investment Bank Berhad (the “**Facility Agent**”) (as Sub-Purchase Agent and Selling Agent), the Purchase Agent will appoint the Facility Agent as its (i) sub-agent/sub-wakeel (in such capacity, the “**Sub-Purchase Agent**”) to act as the sub-agent to purchase the Commodities and (ii) sub-agent/sub-wakeel (in such capacity, the “**Selling Agent**”) to sell the Commodities to the Issuer (as purchaser for itself, and in such capacity, the “**Purchaser**”) on behalf of the Sukukholders.
  3. Pursuant to a commodities murabahah master agreement to be entered into between IRSB (as Purchaser), IRSB (as Purchase Agent) and the Facility Agent (as Sub-Purchase Agent), the Purchaser shall from time to time, issue a purchase order (“**Purchase Order**”) to the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities. In the Purchase Order, the Purchaser will request the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities on behalf of the Sukukholders and will irrevocably and unconditionally undertake to purchase the Commodities from the Sukukholders via the Selling Agent at a price equivalent to the aggregate of

- (i) the Purchase Price (as defined herein) and (ii) a mark-up (profit margin), payable on a deferred payment basis ("**Deferred Sale Price**").
4. Upon receiving the Purchase Order from the Purchaser, the Sub-Purchase Agent will purchase on a spot basis, the Commodities, from commodity vendor(s) in the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers, which shall be identified prior to each issuance of the Sukuk Murabahah, through a Commodity Trading Participant ("**CTP**"), at a purchase price which shall be an amount equivalent to the proceeds from the issuance of the Sukuk Murabahah ("**Purchase Price**"). The Purchase Price shall be in line with the asset pricing requirements stipulated under the Securities Commission Malaysia's ("**SC**") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework effective on 15 June 2015 and revised on 12 November 2020 ("**LOLA Guidelines**") as may be amended and/or substituted from time to time. The Purchase Price shall be payable to such commodity vendor(s) in the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers acceptable to the Shariah Adviser.
  5. The Issuer shall concurrently with step 4 above, issue the Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price directly vide the Sub-Purchase Agent. The Sukuk Murabahah shall evidence the Sukukholders' ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to Purchaser, the Sukuk Murabahah shall represent the Sukukholders' entitlement to receive the Deferred Sale Price. The proceeds of the Sukuk Murabahah from the Sukukholders will be payable to the Purchase Agent.
  6. Thereafter, the Selling Agent (on behalf of the Purchase Agent as wakeel to the Sukukholders) shall sell the Commodities to the Purchaser at the Deferred Sale Price.
  7. Upon completion of such purchase, the Purchaser shall appoint and instruct the Selling Agent to sell, on a spot basis, the Commodities to the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers acceptable to the Shariah Adviser, which shall be identified prior to each issuance of the Sukuk Murabahah, through a CTP, for a cash consideration equivalent to the Purchase Price. The price equivalent to the Purchase Price shall be payable to the Purchaser for the sale of the Commodities.
  8. The Sukuk Murabahah may be issued with or without periodic profit payments. During the tenure of the Sukuk Murabahah, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall make periodic payments (in relation to Sukuk Murabahah with periodic profit payments) or a lump sum payment (in relation to Sukuk Murabahah without periodic profit payments) of the Deferred Sale Price to the Sukukholders. Each such payment shall pro tanto reduce the obligation of the Purchaser on the Deferred Sale Price payable for the purchase of the Commodities from the Selling Agent (on behalf of the Purchase Agent as wakeel of the Sukukholders).

9. (i) On the maturity date of the relevant Sukuk Murabahah; or  
(ii) Upon the declaration of an Enforcement Event (as defined in the section entitled “Events of default or enforcement events, where applicable, including recourse available to investors”), whichever is earlier, all amounts then outstanding on the Deferred Sale Price (subject to Ibra’ (as defined in the section entitled “Ibra”), where applicable) shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the Sukukholders as final settlement of the same, whereupon the relevant Sukuk Murabahah shall be cancelled.
10. Infracap Development Holdings Sdn Bhd (the “**Guarantor**”) shall provide an unconditional and irrevocable corporate guarantee under the principle of Kafalah, as a continuing obligation, in favour of the Security Trustee for and on behalf of the Sukukholder(s), under which the Guarantor shall agree to guarantee the Issuer’s payment obligation under the Sukuk Murabahah (except payment obligation on Ta’widh (compensation) and other charges in relation to the Sukuk Murabahah).

The transaction diagram and the explanatory notes of the Sukuk Murabahah Programme are as attached as Appendix I.

(5) **Currency** : Ringgit.

(6) **Expected facility/ programme size (for programme, to state the option to upsize)** :

<input checked="" type="checkbox"/>	Up to	MYR15,000,000,000.00
<input type="checkbox"/>	Combined limit with	
<input type="checkbox"/>	Sub-limit of	

(6A) **Option to upsize** :

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No

(7) **Tenure of facility/ programme** :

Year(s) – 20  
Month(s) – Not applicable  
Day(s) – Not applicable

(8) **Availability period of debt or sukuk programme** :

The Sukuk Murabahah may be issued at any time during the period from completion of documentation and compliance of all conditions precedent and other applicable conditions to the satisfaction of the Joint Lead Arrangers, unless waived by the Joint Lead Arrangers, and ending on the maturity of the Sukuk Murabahah Programme. The first issue of the Sukuk Murabahah under the Sukuk Murabahah Programme shall be made within sixty (60) business days from the date of the lodgement of information and documents relating to the Sukuk Murabahah Programme with the SC as required under the SC’s LOLA Guidelines or such other extended date granted by the SC.

(9) **Clearing and settlement platform** :

Real-time Electronic Transfer of Funds and Securities System (RENTAS) operated by Payments Network Malaysia Sdn Bhd (Registration No. 200801035403 (836743-D)) (“**PayNet**”) and includes its successors-in-title



(10)	<b>Mode of issue</b>	:	<input checked="" type="checkbox"/>	Private/direct placement
			<input checked="" type="checkbox"/>	Bought deal
			<input checked="" type="checkbox"/>	Book building
			<input type="checkbox"/>	Tender

(11) **Selling restrictions** : (i) **At Issuance**

<input type="checkbox"/>	Exclusively to persons outside Malaysia
<input checked="" type="checkbox"/>	Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
<input checked="" type="checkbox"/>	Part 1 of Schedule 7 of the CMSA
<input checked="" type="checkbox"/>	Read together with Schedule 9 of CMSA
<input type="checkbox"/>	Schedule 8 of CMSA
<input checked="" type="checkbox"/>	Section 2(6) of the Companies Act 2016
<input type="checkbox"/>	Other

(ii) **After Issuance**

<input type="checkbox"/>	Exclusively to persons outside Malaysia
<input checked="" type="checkbox"/>	Part 1 of Schedule 6 of the CMSA
<input checked="" type="checkbox"/>	Read together with Schedule 9 of CMSA
<input type="checkbox"/>	Schedule 8 of CMSA
<input checked="" type="checkbox"/>	Section 2(6) of the Companies Act 2016
<input type="checkbox"/>	Other

Additional notes on selling restrictions:

**Selling Restrictions at Issuance**

The Sukuk Murabahah under the Sukuk Murabahah Programme may only be offered, sold, transferred or otherwise disposed of directly or indirectly to persons falling within the relevant category of persons specified in Section 2(6) of the Companies Act 2016, as may be amended and/or substituted from time to time ("**Companies Act**"), and persons to whom an offer or invitation to subscribe the Sukuk Murabahah and to whom the Sukuk Murabahah may be made and to whom the Sukuk Murabahah are issued falling within Part 1 of Schedule 6 (or Section 229(1)(b)) of the Capital Markets and Services Act 2007 as amended from time to time ("**CMSA**") and Part 1 of Schedule 7 (or Section 230(1)(b)) of the CMSA, to be read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in Section 2(6) of the Companies Act and subject to any law, order, regulation or official directive of Bank Negara Malaysia ("**BNM**") and/or the SC from time to time.

**Selling Restrictions Thereafter**

The Sukuk Murabahah under the Sukuk Murabahah 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 Murabahah falling within the relevant category of persons specified in Section 2(6) of the Companies Act, and persons to whom an offer or invitation to purchase the Sukuk Murabahah falling within Part 1 of Schedule 6 (or Section 229(1)(b)) of the CMSA to be read together with Schedule 9 (or Section 257(3)) of the CMSA and does not constitute an offer to the public within the categories specified in

Section 2(6) of the Companies Act and subject to any applicable law, order, regulation or official directive of BNM and/or the SC from time to time.

(12)	<b>Tradability and transferability</b>	:	<input checked="" type="checkbox"/>	Tradable & transferable
				MYR 15,000,000,000.00
			<input type="checkbox"/>	Non-tradable & non-transferable
			<input type="checkbox"/>	Restricted transferability

(13)	<b>Details of security/ collateral pledged, if applicable</b>	:	<input type="checkbox"/>	Unsecured
			<input checked="" type="checkbox"/>	Secured/ combination of unsecured and secured, details as follows:

The Sukuk Murabahah Programme shall be secured against the security as set out below:

- (a) A debenture (“**Debenture**”) incorporating a first ranking fixed and, where applicable, floating charge on the assets, rights, undertakings and interests of the Issuer, both present and future;
- (b) A corporate guarantee from the Guarantor (“**Corporate Guarantee**”); and
- (c) An assignment and charge over the Disbursement Account and Reserve Account(s) (each as defined in item (ix) of the section entitled “Other terms and conditions”) (the “**Assignment and Charge**”).

The Debenture, the Corporate Guarantee and the Assignment and Charge shall collectively be referred to as the “**Security Documents**”.

(14)	<b>Details of guarantee, if applicable</b>	:	<input type="checkbox"/>	Not guaranteed
			<input checked="" type="checkbox"/>	Guaranteed, details as follows:

The Guarantor shall provide an unconditional and irrevocable Corporate Guarantee under the principle of Kafalah, as a continuing obligation, in favour of the Security Trustee for and on behalf of the Sukukholder(s), under which the Guarantor shall agree to guarantee the Issuer’s payment obligation(s) under the Sukuk Murabahah (except for any payment obligations under the Ta’widh (compensation) and other charges in relation to the Sukuk Murabahah).

Unlike the other Security Documents under this Sukuk Murabahah Programme which will be enforceable upon a declaration of an Enforcement Event, under the Corporate Guarantee (Kafalah), the Guarantor will also agree that demands may be made from time to time irrespective of whether any steps or proceedings are being or have been taken against the Issuer or are being or have been taken to enforce any other security, guarantee or indemnity.

(15)	<b>Convertibility of issuance and details of the convertibility, if applicable</b>	:	<input checked="" type="checkbox"/>	Non-convertible
			<input type="checkbox"/>	Convertible, details as follows:

(16)	<b>Exchangeability of issuance and details of the exchangeability, if applicable</b>	:	<input checked="" type="checkbox"/>	Non-exchangeable
			<input type="checkbox"/>	Exchangeable, details as follows:
(17)	<b>Call option and details, if applicable</b>	:	<input checked="" type="checkbox"/>	No call option
			<input type="checkbox"/>	Call option, details as follows:
(18)	<b>Put option and details, if applicable</b>	:	<input checked="" type="checkbox"/>	No put option
			<input type="checkbox"/>	Put option, details as follows:
(19)	<b>Details of covenants</b>	:	<b>Positive covenant</b>	
			<input type="checkbox"/>	No positive covenant
			<input checked="" type="checkbox"/>	Positive covenant, details as follows:

Positive covenants, to include but not limited to the following:

- (i) Each of the Issuer and the Guarantor shall promptly perform and carry out all its obligations under the Transaction Documents to which it is a party and ensure that it shall immediately notify the Sukuk Trustee in the event it is unable to fulfill or comply with any provision of the Transaction Documents to which it is a party;
- (ii) Each of the Issuer and the Guarantor shall preserve and maintain in full force and effect all relevant authorisations, consents, rights, licenses, approvals and permits (governmental and otherwise) and will as soon as reasonably practicable obtain any further authorisations, consents, rights, licenses, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets and/or to operate its business;
- (iii) Each of the Issuer and the Guarantor shall at all times, upon written request/demand from the Sukuk Trustee/Security Trustee and within reasonable period, execute all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions of the Transaction Documents to which it is a party;
- (iv) The Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved 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;
- (v) Each of the Issuer and the Guarantor shall take reasonable steps to defend itself against claims from third parties and use all reasonable endeavours to pursue claims against third parties on a best commercial endeavours basis;
- (vi) Each of the Issuer and the Guarantor shall exercise reasonable diligence in carrying on and conducting its business and affairs

in a proper and efficient manner in accordance with sound financial and commercial standards and practices, in particular to ensure that all necessary approvals or relevant licenses are obtained and preserved;

- (vii) The Issuer and Guarantor shall promptly exercise their rights under the Annex Letter (as defined in the section entitled “Conditions precedent”);
- (viii) The Issuer and Guarantor shall ensure that there is no change in their respective shareholding structures during the tenure of the Sukuk Murabahah Programme;
- (ix) The Issuer shall keep proper books and accounting records at all times and to provide the Sukuk Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law;
- (x) The Issuer shall promptly comply with all applicable laws and regulations including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by the SC from time to time;
- (xi) The Issuer and Guarantor shall to the extent required by law, punctually pay and discharge all indebtedness payable by it on or before their due dates;
- (xii) The Issuer shall at all times maintain a paying agent (or its equivalent) who is based in Malaysia and the Issuer shall procure the Facility Agent to notify the Sukuk Trustee, if the paying agent (or its equivalent) does not receive payment from the Issuer on the due dates as required under the Trust Deed, the terms and conditions of the Sukuk Murabahah and the other Transaction Documents;
- (xiii) The Issuer shall ensure that the provisions of the Information Memorandum (as defined in item (viii) of the section entitled “Other terms and conditions”) issued in relation to the Sukuk Murabahah Programme do not contain any matter which is inconsistent with the provisions of the Trust Deed, the terms and conditions of the Sukuk Murabahah and the other Transaction Documents;
- (xiv) The Issuer shall ensure that conditions subsequent (if any) in relation to the issuance of any tranche (as defined in item (ii) of the section entitled “Other terms and conditions”) of the Sukuk Murabahah are complied with in accordance with the terms and conditions of such tranche of Sukuk Murabahah and that any request from the Issuer to add, extend, vary or otherwise modify any such conditions subsequent shall be subject to the approval of the Sukukholders of the relevant tranche of Sukuk Murabahah by way of Special Resolution;
- (xv) The Issuer shall ensure and procure that each Project and Strategic Investment (each as defined in item (viii) of the section entitled “Other terms and conditions”) (including those to be financed or part financed by the Surplus (as defined in item (viii) of the section entitled “Other terms and conditions”)) have obtained the prior approval of the requisite level of authority within the State Government of Sarawak; and

- (xvi) Such other covenants as required under the SC's Guidelines on Trust Deeds (revised and effective on 23 August 2020) ("**Trust Deeds Guidelines**") or as may be advised by the Solicitors and to be mutually agreed by the Issuer and/or the Guarantor (as the case may be) and the Joint Principal Advisers/Joint Lead Arrangers ("**JPA/JLAs**").

#### Negative covenant

<input type="checkbox"/>	No negative covenant
<input checked="" type="checkbox"/>	Negative covenant, details as follows:

Negative covenants, to include but not limited to the following:

- (i) The Issuer shall not engage in any business other than undertaking the fundraising contemplated herein;
- (ii) The Issuer shall not suspend a substantial part of its business in any manner which would have Material Adverse Effect (as defined in the section entitled "Representations and warranties");
- (iii) Neither the Issuer nor the Guarantor will permit any amendment, supplement or variation to its Memorandum and Articles of Association/Constitution in a manner which may be materially prejudicial to the interests of the Sukukholders (where applicable);
- (iv) The Issuer shall not reduce its issued and 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 stock, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner;
- (v) The Issuer shall not change the utilisation of proceeds from the Sukuk Murabahah where the Information Memorandum, any Transaction Documents (as defined in item (xiv) of the section entitled "Other terms and conditions") or terms and conditions of the Sukuk Murabahah sets out a specific purpose for which proceeds are to be utilised;
- (vi) Save and except for loan/advances in the ordinary course of business and which have been disclosed in writing to the Sukuk Trustee, the Issuer shall not make any loans or advances to its shareholders, subsidiaries, associated companies and any other party;
- (vii) Other than the Sukuk Murabahah Programme, the Issuer will not obtain or permit to exist any additional borrowings or financing facilities, without the prior written consent of the Sukuk Trustee (such consent not to be unreasonably withheld), other than loans and other indebtedness owed to the State Government of Sarawak, the SFS or a wholly-owned subsidiary of the State Government of Sarawak or the SFS (collectively, the "**Subordinated Creditor(s)**"), which are subordinated to the Sukuk Murabahah ("**Permitted Subordinated Financing**"). For the avoidance of doubt, such Permitted Subordinated Financing or any part thereof (including but not limited to principal or interest/profit (where applicable)) shall not

be paid, repaid, settled or redeemed (as the case may be) so long as there is any Sukuk Murabahah outstanding;

- (viii) The Issuer will not take steps to wind up or dissolve its business or amalgamate or consolidate or merge with any other entity;
- (ix) The Issuer shall not sell, transfer or dispose of its assets during the tenure of the Sukuk Murabahah Programme, save and except for transactions conducted in its normal course of business;
- (x) The Issuer shall not provide or permit to exist any guarantee to any party, and the Guarantor shall not provide or permit to exist any guarantee to any party save and except for the Corporate Guarantee;
- (xi) The Issuer and Guarantor shall not agree to amend (including any novation by the counterparties of the Annex Letter), vary or terminate, replace or supplement the Annex Letter or waive any rights conferred on them under the Annex Letter in any manner which would be detrimental to the interests of the Sukukholders without the prior written consent of the Sukuk Trustee (such authorisation not to be unreasonably withheld);
- (xii) The Issuer and Guarantor shall not declare or make any distribution whether income or capital in nature including principal and interest/profit or any shareholders' loans and advances to its shareholders during the tenure of the Sukuk Murabahah Programme without the prior written consent from the Sukuk Trustee;
- (xiii) The Issuer and Guarantor shall not do or permit to occur or omit to do any act or omission, or execute or omit to execute any document which may render any of the Transaction Documents illegal, void, voidable or unenforceable;
- (xiv) The Issuer and Guarantor shall not surrender, transfer, assign, relinquish or otherwise dispose any of its rights and interest under the Transaction Documents;
- (xv) The Issuer will not enter into a transaction, whether directly or indirectly with interested persons unless:
  - (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - (b) with respect to transactions involving an aggregate payment or value equal to or greater than RM100 million, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms,

provided that:

- (aa) the Issuer certifies to the Sukuk Trustee that the transaction complies with sub-clause (a) above;

- (bb) where applicable, the Issuer has received and furnished to the Sukuk Trustee the certification referred to in sub-clause (b) above; and
- (cc) the transaction has been approved by the board of directors or shareholders in accordance with the Memorandum and Articles of Association/Constitution of the Issuer (where applicable) as the case may require; and
- (xiv) Such other covenants as required under the Trust Deeds Guidelines or as may be advised by the Solicitors and to be mutually agreed between the Issuer and/or the Guarantor (as the case may be) and the JPAs/JLAs.

#### Financial covenant

<input checked="" type="checkbox"/>	No financial covenant
<input type="checkbox"/>	Financial covenant, details as follows:

#### Information covenant

<input type="checkbox"/>	No information covenant
<input checked="" type="checkbox"/>	Information covenant, details as follows:

The Issuer shall deliver to the Sukuk Trustee the following:

- (i) As soon as they become available (and in any event within one hundred and eighty (180) days after the end of each financial year) a copy of the Issuer's financial statements for that period which shall contain a profit and loss account, a balance sheet and a cash flow statement and be audited and certified without qualification by an independent auditor permitted under applicable laws together with certificates issued by two (2) directors of the Issuer, to the effect that no material adverse change has occurred since the date of such financial statements;
- (ii) As soon as they become available (and in any event within ninety (90) days after the end of each half of the Issuer's financial year) a copy of its half yearly management accounts for that period on a basis consistently applied in accordance with generally acceptable accounting principles in Malaysia together with certificates issued by two (2) directors of the Issuer, to the effect that no material adverse change has occurred since the date of such financial statements;
- (iii) On an annual basis, a certificate signed by (a) two (2) directors of the Issuer, stating that it complies with its obligations under the respective Transaction Documents and the terms and conditions of the Sukuk Murabahah and that there does not exist or has not existed, from the date Sukuk Murabahah are issued, any Event of Default (as defined in the section entitled "Events of default or enforcement events, where applicable, including recourse available to investors") or enforcement, and if such is not the case, to specify the same;
- (iv) As soon as they become available (and in any event within fourteen (14) days after the same has been issued), a copy of

- (a) all notices or other documents received by the Issuer from, or dispatched by the Issuer to any of its directors, relevant authorities or its creditors which may have a Material Adverse Effect; and (b) any other account, report, notice, statement or circular issued or dispatched by the Issuer to its shareholders which are material and substantial to or necessary for Sukukholders to make informed investment decisions;
- (v) As soon as reasonably practicable, such additional relevant financial or other information as the Sukuk Trustee may from time to time reasonably request in writing in order to discharge its duties and obligations as trustee under the Trust Deed and the other Transaction Documents relating to the Issuer's affairs to the extent permitted by law including but not limited to, information relating to the progress of the construction of the Projects or status/details of the Strategic Investment(s);
- (vi) As soon as reasonably practicable, notice of any change in the Issuer's board of directors;
- (vii) As soon as reasonably practicable, notice 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 before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents;
- (viii) Immediately, notice of the occurrence of the following immediately upon becoming aware thereof:
  - (a) any substantial change in the nature of the business of the Issuer or the Guarantor;
  - (b) any change in the name of the Guarantor;
  - (c) any cessation of liability of the Guarantor for the payment of the whole or part of the moneys for which it was liable under the Corporate Guarantee;
  - (d) any change in the withholding tax position or tax jurisdiction of the Issuer; or
  - (e) any other matter that may materially prejudice the interests of the Sukukholders;
- (ix) Immediately, notice of the occurrence of any Event of Default or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfillment of the relevant requirement as contemplated under the relevant Transaction Document would constitute an Event of Default immediately upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee in writing to remedy and/or mitigate the effect of the Event of Default;
- (x) Within a period to be agreed from the end of the reporting period or such other extended period as may be mutually agreed between the Issuer and the Sukuk Trustee, the post-withdrawal report in accordance with the provisions contained



under item (ix) of the section entitled "Other terms and conditions" below; and

- (xi) Such other covenants as required under the Trust Deeds Guidelines or as may be advised by the Solicitors and to be mutually agreed between the Issuer and/or the Guarantor (as the case may be) and the JPAs/JLAs.

(20) Details of designated account(s), if applicable, including –

<input type="checkbox"/>	No Designated account
<input checked="" type="checkbox"/>	Designated account(s) as follows:

(a) names of accounts;

Disbursement Account	Reserve Account(s)
----------------------	--------------------

(b) parties responsible for opening the account;

The Issuer	The Issuer
------------	------------

(c) parties responsible for maintaining/operating the account;

Operated solely by the Issuer  <b><u>Upon declaration of an Event of Default</u></b> Operated solely by the Security Trustee	Operated jointly by the Security Trustee and the Issuer  <b><u>Upon declaration of an Event of Default</u></b> Operated solely by the Security Trustee
---	---

(d) signatories to the account;

Operated solely by the Issuer  <b><u>Upon declaration of an Event of Default</u></b> Operated solely by the Security Trustee	Operated jointly by the Security Trustee and the Issuer  <b><u>Upon declaration of an Event of Default</u></b> Operated solely by the Security Trustee
---	---

(e) sources and utilisation of funds; and

Please refer to item (ix) in the section entitled "Other terms and conditions"	Please refer to item (ix) in the section entitled "Other terms and conditions"
--	--

(f) diagram illustrating the flow of monies and conditions for disbursements

As attached as Appendix VII.

(21) Details of credit rating, if applicable : Rated as follows:

Credit Rating Agency	Credit Rating	Final/ Indicative	Name of Tranche/ Series/ Class	Partial rating	Amount Rated
RAM	AAA	Indicative	Not applicable	Not applicable	MYR15.0 billion

- (22) Conditions precedent** : (A) Conditions precedent to the availability of the Sukuk Murabahah Programme, including but not limited to the following:
- (i) Main Documentation:
    - (a) The relevant Transaction Documents have been duly executed and stamped (or, where applicable, endorsed as exempted from stamp duty) and presented for registration (where applicable);
    - (b) All relevant notices and/or acknowledgements and consents to/from relevant counterparties (where applicable) to be delivered and/or obtained in connection with the Sukuk Murabahah Programme shall have been made or received as the case may be, by the Joint Lead Arrangers;
  - (ii) The Issuer and the Guarantor:
    - (a) Where applicable, certified true copies of the Certificates of Incorporation and the Memorandum and Articles of Association/Constitution of the Issuer and the Guarantor;
    - (b) Certified true copies of the latest Return for Allotment of Shares (or Form 24 as prescribed under the Companies Act 1965), Notification of Change in the Registered Address (or Form 44 as prescribed under the Companies Act 1965) and Notification of Change in the Register of Directors, Managers and Secretaries (or Form 49 as prescribed under the Companies Act 1965) of the Issuer and the Guarantor;
    - (c) Certified true copy of the Board Resolutions of the Issuer, amongst others, authorising the establishment of the Sukuk Murabahah Programme and issuances of Sukuk Murabahah thereunder and the execution of the Transaction Documents to which it is a party;
    - (d) Certified true copy of the Board Resolutions of the Guarantor, amongst others, authorising the issuance of the Corporate Guarantee and the execution of the Security Documents to which it is a party;
    - (e) Certificates, each signed by the authorised signatories of the Issuer and the Guarantor respectively, together with a list of the authorised signatories and their respective specimen signatures of each of the Issuer and the Guarantor;
    - (f) Report of the relevant company searches of the Issuer and the Guarantor conducted at the Companies Commission of Malaysia and report of the relevant winding-up searches or the relevant statutory declarations of the Issuer and the Guarantor (in form and substance acceptable to the Joint Lead Arrangers) signed by a director of the Issuer/Guarantor declaring that the Issuer/Guarantor is not wound-up and that no winding-up petition has been presented against the

Issuer/Guarantor as at the date of such statutory declaration;

(iii) General:

- (a) Evidence that arrangements have been made and agreed by the Joint Lead Arrangers for the payment of all transaction fees, costs and expenses in connection with the establishment of the Sukuk Murabahah Programme;
- (b) The Joint Lead Arrangers have received from the Solicitors (acting for the Joint Principal Advisers / Joint Lead Arrangers), a satisfactory legal opinion addressed to them, advising with respect to the legality, validity and enforceability of the Transaction Documents (save for the Annex Letter) in respect of the Issuer and Guarantor and a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent to the establishment of the Sukuk Murabahah Programme have been fulfilled (or waived as the case may be);
- (c) Evidence of confirmation from the Shariah Adviser that the structure and mechanism together with the Transaction Documents of the Sukuk Murabahah Programme is in compliance with Shariah principles;
- (d) Evidence of the endorsement from the SC's Shariah Advisory Council in respect of the Sukuk Murabahah Programme;
- (e) Evidence that the Sukuk Murabahah under the Sukuk Murabahah Programme has obtained the minimum rating as stated in the section entitled "Details of credit rating, if applicable";
- (f) Evidence that the (i) Disbursement Account has been opened in accordance with the Assignment and Charge; and (ii) the TRA (as defined in item (xv) of the section entitled "Other terms and conditions") has been established and the deposit of Ringgit One Hundred Thousand (RM100,000.00) has been made therein;
- (g) Evidence that the relevant information and documents set out in the Lodgement Kit in respect of the Sukuk Murabahah Programme have been lodged with the SC; and
- (h) A certified true copy of the certificate of SFS certifying that the Chief Minister of the State Government of Sarawak has in his capacities as the Chief Minister of the State Government of Sarawak and the Finance Minister of the State Government of Sarawak approved: (i) the designation of each of the Issuer and the Guarantor as agencies to receive funding from the Government Fund (as defined in item (ix) of the section entitled "Other terms and conditions"); and (ii) the issuances of the Sukuk Murabahah under the Sukuk Murabahah Programme, by the Issuer.

(B) Conditions precedent relating to each issuance of Sukuk Murabahah under the Sukuk Murabahah Programme, including but not limited to the following:

- (a) Evidence that the aggregate periodic payments and nominal value of the Sukuk Murabahah under all the outstanding Sukuk Murabahah (including the tranche of Sukuk Murabahah proposed to be issued) from time to time shall not exceed the corresponding Contribution Amount under the Annex Letter (in respect of the first tranche of the Sukuk Murabahah) and under the Annex Letter read together with the relevant annexure to the Annex Letter (in respect of subsequent tranches of the Sukuk Murabahah);
- (b) For any tranche of Sukuk Murabahah (save for the first tranche of Sukuk Murabahah) raised for the purpose of Strategic Investment(s) and/or Project(s), evidence that an addendum to the Information Memorandum has been deposited with the SC containing information on such Strategic Investment(s) and/or Project(s), disclosed to the satisfaction of the relevant Joint Lead Managers for that tranche;
- (c) Evidence that a Reserve Account has been opened in respect of each tranche of Sukuk Murabahah and the relevant notices and/or acknowledgements and consents to/from relevant counterparties (where applicable) to be delivered and/or obtained in connection with the assignment of such Reserve Account shall have been made or received as the case may be, by the Security Trustee;
- (d) Report of the relevant company searches of the Issuer and the Guarantor conducted at the Companies Commission of Malaysia and report of the relevant winding-up searches or the relevant statutory declarations of the Issuer and the Guarantor (in form and substance acceptable to the relevant Joint Lead Managers) signed by a director of the Issuer/Guarantor declaring that the Issuer/Guarantor is not wound-up and that no winding-up petition has been presented against the Issuer/Guarantor as at the date of such statutory declaration;
- (e) Save for the first tranche, for each subsequent tranche of the Sukuk Murabahah, evidence of receipt by the Issuer and the Guarantor of the relevant annexure to the Annex Letter in form and substance agreed by the Joint Lead Arrangers;
- (f) If required, the Joint Lead Arrangers have received a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent for issuance of subsequent tranches of the Sukuk Murabahah (i.e. excluding the first tranche of the Sukuk Murabahah) have been fulfilled (or waived as the case may be);
- (g) Such other conditions precedent for issuance of a tranche of Sukuk Murabahah as may be agreed between the relevant Joint Lead Managers in respect of such tranche of Sukuk Murabahah and the Issuer.

(C) The conditions precedent relating to the issuance of the first tranche of Sukuk Murabahah under the Sukuk Murabahah Programme shall also include the following:

- (a) The Joint Lead Arrangers have received from the Attorney General of Sarawak a satisfactory legal opinion addressed to them and the Sukuk Trustee, advising with respect to, amongst others, the legality, validity and enforceability of the Annex Letter (as defined below), and that it is within the capacity of the SFS to execute the same, and stating that in the considered view of the Attorney General of Sarawak: (i) the Annex Letter issued by SFS will not constitute a guarantee for the purposes of Section 14(2) of the Financial Procedure Act 1957 or Article 111(3) of the Federal Constitution; (ii) the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme by the Issuer will not constitute a borrowing by the State Government of Sarawak for the purposes of Article 111(2) of the Federal Constitution; and (iii) the payments made by the Issuer of the proceeds from the Sukuk Murabahah in respect of the Projects and Strategic Investments will not constitute a borrowing by the State Government of Sarawak from the Issuer, for the purposes of Article 111(2) of the Federal Constitution. “SFS” means, the State Financial Secretary of Sarawak, a body corporate incorporated under the State Financial Secretary (Incorporation) Ordinance (Cap. 36);
- (b) Evidence of receipt by the Issuer and the Guarantor of the Annex Letter in form and substance agreed by the Joint Lead Arrangers; and
- (c) The Joint Lead Arrangers have received from the Solicitors (acting for the Joint Principal Advisers / Joint Lead Arrangers) and Solicitors (acting for the Issuer, the Guarantor and the SFS), a satisfactory legal opinion addressed to them, advising with respect to the validity and enforceability of the Annex Letter and that it is within the capacity of the Issuer and the Guarantor to execute the same and:
  - (aa) the Annex Letter issued by SFS will not constitute a guarantee for the purposes of Section 14(2) of the Financial Procedure Act 1957 or Article 111(3) of the Federal Constitution;
  - (bb) the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme by the Issuer will not constitute a borrowing by the State Government of Sarawak for the purposes of Article 111(2) of the Federal Constitution;
  - (cc) the payments made by the Issuer of the proceeds from the Sukuk Murabahah in respect of the Projects and Strategic Investments will not constitute a borrowing by the State Government of Sarawak from the Issuer, for the purposes of Article 111(2) of the Federal Constitution; and
- (d) The Joint Lead Arrangers have received a confirmation from the Solicitors (acting for the Joint Principal Advisers / Joint Lead Arrangers) addressed to the Joint Lead Arrangers that all the conditions precedent for issuance of the first tranche of the

Sukuk Murabahah have been fulfilled (or waived as the case may be).

Definition

“**Annex Letter**” means, the letter to be issued by SFS which includes any annexure to be issued from time to time, for and on behalf of the State Government of Sarawak in favour of the Issuer and the Guarantor, under which SFS will agree to make certain periodic contributions into the Government Fund and to procure that such monies be paid into the relevant Reserve Account(s) from time to time (“**Contribution Amount**”). Such Contribution Amount(s) will be used by the Issuer for periodic profit payments and principal redemption of the relevant tranche of the Sukuk Murabahah.

Each Contribution Amount referred to in the Annex Letter must be of an amount that is sufficient to meet the corresponding payment due under the Sukuk Murabahah at least fourteen (14) business days before such payment falls due.

For avoidance of doubt, the Annex Letter does not constitute a guarantee or letter of support by the State Government of Sarawak of the obligations of the Issuer or the Guarantor in respect of each tranche of the Sukuk Murabahah issued under the Sukuk Murabahah Programme.

- (23) **Representations and warranties** : Representation and warranties usual and customary to the Issuer and/or the Guarantor for the transaction of such nature including but not limited to the following:
- (i) Each of the Issuer and the Guarantor is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets and has full beneficial ownership of all its property and assets;
  - (ii) All necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise the Issuer and the Guarantor respectively to execute and deliver the Transaction Documents to which it is a party in accordance with their terms;
  - (iii) All necessary authorisations, permits, licences and consents required under the Transaction Documents have been obtained, renewed and fulfilled and remain in full force and effect, if failure to obtain or effect any such authorisations, permits, licences and consents would impair or prejudice the Issuer's and/or the Guarantor's ability to comply with the Transaction Documents to which it is a party;
  - (iv) The Transaction Documents constitute valid and binding obligations of the Issuer and the Guarantor, where applicable, enforceable in accordance with their respective terms and, to the best of the Issuer's or Guarantor's knowledge after due and careful enquiry, that there is no law or regulation or any order or decree of any governmental authority, agency or court to which the Issuer or the Guarantor is subject which would be in conflict with or prevent the Issuer or the Guarantor from

executing, delivering and performing the transactions contemplated in each of the Transaction Documents to which it is a party;

- (v) Neither the execution and delivery of any of the Transaction Documents to which it is a party, nor the performance of any of the transactions contemplated in the Transaction Documents will:
  - (a) contravenes or constitutes a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgement, order, rule, regulation, licence, permit or consent by which the Issuer and/or the Guarantor or any of its assets is bound;
  - (b) causes any limitation on the Issuer and/or the Guarantor or the powers of its board of directors, whether imposed by or contained in the Constitution or in any agreement, instrument, law, ordinance, decree, order, rule, regulation or judgement binding on the Issuer or the Guarantor (as applicable), to be exceeded, or
  - (c) causes the creation or imposition of any security interest or restrictions of any nature on any of its assets save as permitted under the Transaction Documents;
- (vi) No authorisation, approval, consent, permit, licence, exemption, registration, recording, filing or notarisation of the Transaction Documents and no payment of any duty or tax which has not been duly obtained, made or taken is necessary to ensure the validity or enforceability of the liabilities and obligations of the Issuer and/or the Guarantor or the rights of the Joint Lead Arrangers, Facility Agent and Sukuk Trustee under the Transaction Documents in accordance with their terms;
- (vii) No litigation, arbitration or administrative proceeding or claim which might by itself or together with any other such proceedings or claims which may have a Material Adverse Effect on the Issuer or the Guarantor, is presently in progress or pending, to the best of the knowledge, information and belief of the Issuer or the Guarantor after due and careful enquiry threatened against the Issuer or the Guarantor or any of its assets;
- (viii) No Event of Default has occurred and is continuing or would occur as a result of the issuance of the Sukuk Murabahah;
- (ix) The audited consolidated financial statements (including the statements of profit or loss and other comprehensive income and statements of financial position) of the Issuer and the Guarantor are prepared in accordance with generally accepted accounting standards in Malaysia and give a true and fair view of the results of its operations and the state of its affairs;
- (x) The Issuer, the Guarantor and their obligations under the Transaction Documents and the Sukuk Murabahah are subject to commercial law and to legal suits in Malaysia and neither the Issuer or the Guarantor nor any of its properties, assets or revenues has any right of immunity, on the grounds of

sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any court, from set off or counterclaim, from the jurisdiction of any court, or other legal process or proceeding for the giving of any relief or for the enforcement of judgment, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Transaction Documents and the Sukuk Murabahah;

- (xi) No step has been taken by or against the Issuer or the Guarantor nor has any legal proceeding been commenced for the dissolution, liquidation or winding-up of the Issuer or any of the Guarantor or for the appointment of a receiver, receiver and manager, liquidator, judicial manager or similar officer in respect of all or any part of the business or assets of the Issuer or the Guarantor and no demand under Section 466(1)(a) of the Companies Act has been received by the Issuer in respect of which the Issuer or the Guarantor has not taken any action in good faith to set aside such claims within thirty (30) days from the date of service of such claims for payment;
- (xii) No step has been taken by the Issuer or the Guarantor or its financiers/creditors or any of its shareholders or any other person on its behalf nor has any legal proceedings or applications been started or threatened under Section 366 of the Companies Act;
- (xiii) The information supplied do not contain any untrue statement or omit to state any fact the omission of which makes the statements misleading and are not misleading except that, when warranted information is a forecast, the warranty will be to the effect that the forecast has been made on the basis of assumptions which were reasonable at the time when they were made and after due enquiry; and
- (xiv) Any other representations and warranties as advised by the Solicitors and to be mutually agreed between the Issuer and the JPAs/JLAs.

**“Material Adverse Effect”** shall mean, in the reasonable opinion of the Joint Lead Arrangers or Sukuk Trustee, as the case may be, (i) a material adverse effect upon the financial condition and/or business operations of the Issuer or the Guarantor; or (ii) a material adverse effect upon the ability of the Issuer and the Guarantor to perform its respective obligations under the Transaction Documents to which it is a party.

**(24) Events of default or enforcement events, where applicable, including recourse available to investors**

- : Events of default usual and customary for a transaction of this nature (**“Events of Default”**) which shall include but are not limited to the following:
- (i) If the Issuer ceases to be a wholly owned subsidiary of the Guarantor or indirectly wholly owned by SFS;
  - (ii) If the Guarantor ceases to be a wholly owned subsidiary of SFS;
  - (iii) The State Government of Sarawak declares a general moratorium with respect to the payment of principal, premium or interest/profit on any external public indebtedness;



- (iv) The Annex Letter is not (or is claimed by the State Government of Sarawak/SFS not to be) in full force and effect; or the Government Fund or any successor or replacement fund is dissolved, wound up or otherwise ceases to be in existence (and no successor or replacement fund is established in its place);
- (v) Any amount (other than an Accelerated Contribution Payment (as defined below)) due under the Annex Letter to be paid into the relevant Reserve Account is not paid within seven (7) business days from the date written notice is served by the Sukuk Trustee on the Issuer and the Guarantor stating that such amount had not been received in such relevant Reserve Account by the due date of the same and requiring that the Issuer request that SFS make payment of such amount under such Annex Letter;
- (vi) The Issuer defaults in payment of:
  - (a) any principal, premium or profit under the Sukuk Murabahah on the due date; and/or
  - (b) any other sum due under any of the Transaction Documents within a period of three (3) business days from the date on which such payment is due;
- (vii) There has been a breach by the Issuer or the Guarantor of any term or condition of the Sukuk Murabahah or any of the Transaction Documents to which each is a party or the Issuer or Guarantor fails to observe or perform its obligations under the terms and conditions of the Sukuk Murabahah or any of the Transaction Documents to which each is a party, which would have a Material Adverse Effect (other than obligations referred to in (vi) above and (xx) below) and where the Sukuk Trustee reasonably considers that such breach is capable of remedy, the breach is not remedied within thirty (30) days after the Issuer and/or the Guarantor became aware or having been notified by the Sukuk Trustee of such breach;
- (viii) If it becomes unlawful or illegal for the Issuer and/or Guarantor to perform or comply with its respective obligations under the Transaction Documents to which the Issuer and/or Guarantor is a party or any of the Transaction Documents becomes void and/or unenforceable in any material respect;
- (ix) If the Issuer and/or the Guarantor ceases to carry on the whole or substantial part of its business or where there is expiry, withdrawal, revocation, termination, withholding, invalidation or modification of any of its licenses, permits, consents, authorisations or approvals that impairs or prejudices the Issuer's and/or the Guarantor's ability to comply with the Transaction Documents to which it is a party or the terms and conditions of the Sukuk Murabahah;
- (x) Any other indebtedness of the Issuer or the Guarantor becomes due and payable prior to its stated maturity or where security created for any other indebtedness of the Issuer or the Guarantor becomes enforceable provided that no Event of Default shall occur under this sub-clause if:

- (a) the relevant indebtedness is a Permitted Subordinated Financing owed to Subordinated Creditor(s), and such Subordinated Creditor has not declared the indebtedness to be due, declared an event of default or demanded payment of the indebtedness; or
  - (b) the relevant indebtedness is in respect of any derivative transaction which is terminated as a result of an event of default (however described) with respect to the counterparty or a credit support provider for or specified entity of the counterparty, rather than with respect to the Issuer or the Guarantor);
- (xi) Any declaration of a default or any declaration of an event of default under any indebtedness for borrowed monies (including guarantees issued to or by financial institutions, as the case may be) of the Issuer and/or the Guarantor, or where the security created for any other indebtedness of the Issuer and/or the Guarantor becomes enforceable provided that no Event of Default shall occur under this sub-clause if:
  - (a) the relevant indebtedness is owed to any Subordinated Creditor and such creditor has not declared the indebtedness to be due, declared an event of default, or demanded payment of the indebtedness; or
  - (b) the relevant indebtedness is in respect of any derivative transaction which is terminated as a result of an event of default (however described) with respect to the counterparty or a credit support provider for or specified entity of the counterparty, rather than with respect to the Issuer or the Guarantor);
- (xii) If any step or action is taken for the winding-up, administration, dissolution or liquidation of the Issuer and/or the Guarantor (including without limitation, the presentation of a petition for the winding-up of the Issuer and/or the Guarantor where no action is taken in good faith to set aside such petition within thirty (30) days from the date of service of such winding-up petition or the making of any order or the passing of any resolution for the winding-up, dissolution or liquidation of the Issuer and/or the Guarantor);
- (xiii) If the Issuer or the Guarantor fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (xiv) A scheme of arrangement or any other corporate rescue mechanism under the Companies Act 2016 has been instituted by or against the Issuer and/or the Guarantor (other than for the purpose of a scheme of reconstruction, amalgamation, consolidation or merger, unless during or following such reconstruction, amalgamation, consolidation or merger the Issuer and/or the Guarantor becomes or is declared to be insolvent);

- (xv) If an encumbrancer takes possession of or a receiver, receiver and manager, judicial manager, liquidator or other officer acting in a similar capacity has been appointed over the whole or a substantial part of the assets or undertaking of the Issuer or the Guarantor;
- (xvi) If the Issuer and/or the Guarantor makes any representation or warranty which is incorrect in any material respect when made or repeated having regard to the prevailing facts and circumstances;
- (xvii) Where applicable, any change in the Memorandum and Articles of Association/Constitution of the Issuer and/or the Guarantor which would have a Material Adverse Effect;
- (xviii) If the Issuer and/or the Guarantor repudiates any Transaction Documents to which it is a party;
- (xix) If any agency, authority or government body seizes, compulsorily acquires, expropriates or nationalises a substantial part of the assets, undertakings, rights or revenue of the Issuer and/or the Guarantor which would have a Material Adverse Effect;
- (xx) It shall be deemed an Event of Default if:
  - (a) there is any delay in furnishing or failure to furnish the post-withdrawal report in accordance with the provisions contained under item (ix) of the section entitled "Other terms and conditions" below; or
  - (b) there is any breach or failure to adhere to the provisions on utilisation of proceeds from the Sukuk Murabahah as set out in item (viii) of the section entitled "Other terms and conditions" below,

and where the Sukuk Trustee reasonably considers that such delay, failure or breach is capable of remedy, the delay, failure or breach is not remedied within thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of such breach; and
- (xxi) Such other Events of Default as required under the SC's Trust Deeds Guidelines (as events of default) or as may be advised by the Solicitors and to be mutually agreed between the Issuer and/or the Guarantor (as the case may be) and the JPAs/JLAs.

Upon the occurrence of an Event of Default, the Sukuk Trustee may, or shall, if directed to do so by the Sukukholders pursuant to a special resolution, declare by way of giving a written instruction to the Issuer and the Guarantor that the Event of Default be treated as a Contribution Acceleration Event (as defined below) and the Issuer and the Guarantor shall procure that an Accelerated Contribution Payment (as defined below) be paid in accordance with the terms of the relevant Annex Letter.

An enforcement event ("**Enforcement Event**") occurs if a Contribution Acceleration Event has occurred and the Accelerated Contribution Payment is not paid into the relevant Reserve Account

within four (4) business days from the Contribution Acceleration Event.

Upon occurrence of an Enforcement Event, the Sukuk Trustee may, or shall if directed to do so by the Sukukholders pursuant to a special resolution, declare all amounts then outstanding on the respective Deferred Sale Price under all the Sukuk Murabahah immediately due and payable. The Sukuk Trustee subsequently may take the necessary proceedings as it may think fit against the Issuer to enforce payment of the Redemption Amount (as defined below) and all other sums payable under the Sukuk Murabahah Programme and to enforce its rights under the Transaction Documents.

For the avoidance of doubt, in the event that an Event of Default occurs but the Accelerated Contribution Payment due under the Annex Letter is paid into the relevant Reserve Account within four (4) business days from the Contribution Acceleration Event, the Sukuk Murabahah will not become immediately due and payable but instead, the Sukuk Murabahah will remain outstanding and amounts standing to the credit of the relevant Reserve Account may be applied in accordance with the terms of the Transaction Documents. In such event, the Event of Default will be deemed not to be continuing (the “**Specific Remedied Event**”).

“**Accelerated Contribution Payment**” means an amount equal to the aggregate outstanding Deferred Sale Price for the relevant tranche of Sukuk Murabahah.

A “**Contribution Acceleration Event**” occurs where an Event of Default has occurred and the Issuer and the Guarantor have received a written instruction issued by the Sukuk Trustee to procure that the Acceleration Contribution Payment be made.

“**Redemption Amount**” means the amount equal to the Deferred Sale Price at the issue date less (i) the aggregate of the periodic payments paid (if any); and (ii) the Ibra’ (if any).

(25) **Governing laws** : Laws of Malaysia.

(26) **Provisions on buy-back, if applicable** :

<input type="checkbox"/>	No provision on buy-back
<input checked="" type="checkbox"/>	Provisions on buy-back, details as follows:

The Issuer, its subsidiary(ies) or its agent(s) may at any time purchase the Sukuk Murabahah for its or their own account at any price in the open market or by way of a private treaty, provided where such Sukuk Murabahah are purchased by the Issuer or its subsidiary(ies) or by agent(s) of the Issuer who is/are acting in respect of such purchase, such Sukuk Murabahah shall be cancelled and cannot be resold or reissued.

Where such Sukuk Murabahah are purchased by any interested person or related corporations (other than subsidiary) of the Issuer, such Sukuk Murabahah need not be cancelled but will not entitle such interested person or related corporations to vote at any meetings of the Sukukholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the Sukukholders whenever such determination is required hereunder.

- (27) **Provisions on early redemption, if applicable** :
- |                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | No provision on early redemption                    |
| <input type="checkbox"/>            | Provisions on early redemption, details as follows: |
- (28) **Voting** :
- Voting at any meeting of the Sukukholders shall be carried out on a collective basis.
- Any Sukuk Murabahah held by the Issuer or the Issuer's interested person (as defined in the Trust Deeds Guidelines) or related corporation shall not be counted for the purpose of voting, subject to any exceptions set out in the Trust Deeds Guidelines.
- (29) **Permitted investments, if applicable** :
- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | No permitted investments                   |
| <input checked="" type="checkbox"/> | Permitted investments, details as follows: |
- The Issuer shall be permitted from time to time to utilise funds held in the Reserve Account(s) to make Permitted Investments or make other investments subject to a maximum tenure of twelve (12) months and provided such funds utilised from the Reserve Account(s) for the Permitted Investments shall be remitted to the relevant Reserve Account at least three (3) business days before the next payment obligation of the Issuer under the Sukuk Murabahah becomes due and payable.
- For the avoidance of doubt, the Issuer shall be permitted from time to time to utilise funds held in the Disbursement Account to make Permitted Investments.
- Permitted Investments shall comprise investments in Shariah-compliant products approved by the SC's Shariah Advisory Council or BNM's Shariah Advisory Council and shall include the following:
- Sukuk issued by and/or guaranteed by the Government of Malaysia ("**GOM**");
  - Sukuk issued in Malaysia by any authority established by the GOM or any state government;
  - Treasury bills, money market instruments and other debt instruments issued by BNM or the GOM under Shariah principles; and
  - Mudharabah, wadiah and other deposits, Islamic acceptance bills, bankers' acceptance or promissory notes or certificates of deposit issued by any bank licensed pursuant to the Islamic Financial Services Act 2013 (the banks must have a long-term rating of at least A3 or its equivalent and a short-term rating of at least P1 or its equivalent), and investment in Islamic money market instruments.
- (30) **Ta'widh** :
- In the event of delay in payments of the Deferred Sale Price under the Sukuk Murabahah Programme, the Issuer shall pay to the Sukukholder(s) ta'widh (compensation) on such delayed payments at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time.

- (31) **Ibra'** : The Sukukholder(s) in subscribing or purchasing the Sukuk Murabahah consent to grant an Ibra' (as defined below), if the Sukuk Murabahah is redeemed upon declaration of an Enforcement Event.

In case of declaration of an Enforcement Event under the Sukuk Murabahah Programme, the Ibra' (if any) shall be the unearned profit due and calculated from the date of declaration of such Enforcement Event up to the Sukuk Murabahah's respective maturity date(s).

**"Ibra'"** means an act of releasing absolutely or conditionally Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligation or liabilities towards the Sukukholders. The release may be either partially or in full.

- (32) **Kafalah** : Please refer to the section entitled "Details of guarantee, if applicable".

(33) **Other terms and conditions**

- (i) **Tenure of the Sukuk Murabahah Programme** : In addition to the section entitled "Tenure of facility/ programme" in the "Principal Terms and Conditions":  
  
The Sukuk Murabahah Programme shall have a tenure of up to twenty (20) years from the date of first issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.

- (ii) **Tenure of the Sukuk Murabahah** : Each series (as defined below) of the Sukuk Murabahah shall have a tenure of between one (1) year and up to twenty (20) years from the issue date, provided always that the maturity of each series of Sukuk Murabahah does not extend beyond the tenure of the Sukuk Murabahah Programme.

In relation to this Sukuk Murabahah Programme, reference to:

**"series"** means, each issuance under the relevant tranche of Sukuk Murabahah with different maturity dates which are to be determined prior to its issue date; and

**"tranche"** means, each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.

- (iii) **Purchase and selling price/ rental (where applicable) – compliance with asset pricing requirement** : **Purchase Price**  
  
The purchase price shall be determined prior to each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme and shall be an amount equivalent to the proceeds from the issuance of the Sukuk Murabahah ("**Purchase Price**"). The Purchase Price shall be in line with the asset pricing requirements under the LOLA Guidelines.

**Selling Price**

The selling price shall be an amount equivalent to the aggregate of the Purchase Price and a markup (profit margin), payable on a deferred payment basis ("**Deferred Sale Price**").

- (iv) **Profit/ coupon/ rental rate** : The profit rate, if applicable, for the Sukuk Murabahah will be determined prior to each issuance of the Sukuk Murabahah based on fixed profit rate.

- (v) **Profit/ coupon/ rental payment frequency** : **Sukuk Murabahah with periodic profit payments**
- In arrears on a semi-annual basis or such other periodic intervals to be agreed between the Issuer and the Joint Lead Arrangers/Joint Lead Managers prior to the issuance of each Sukuk Murabahah.
- Sukuk Murabahah without periodic profit payments**
- Not applicable.
- (vi) **Profit/ coupon/ rental payment basis** : **Sukuk Murabahah with periodic profit payments**
- The periodic profit payment shall be calculated on the basis of the actual number of days elapsed over a 365-day year.
- Sukuk Murabahah without periodic profit payments**
- Not applicable.
- (vii) **Identified assets** : Shariah-compliant commodities, which shall 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 trading platform, Bursa Suq Al-Sila' and/or such other independent commodity trading platforms acceptable to the Shariah Adviser.
- (viii) **Utilisation of proceeds** : Proceeds raised from the Sukuk Murabahah shall be utilised for Shariah compliant purposes:
- (i) to finance, in full or in part, all fees, costs and expenses associated with the Projects (as defined below) which includes the management cost of the Projects;
  - (ii) to finance, in full or in part the Strategic Investments (as defined below);
  - (iii) for the redemption of any outstanding Sukuk Murabahah under this Sukuk Murabahah Programme; and
  - (iv) to finance the transaction costs (including legal fees) in relation to the establishment of the Sukuk Murabahah Programme and issuances of the Sukuk Murabahah.
- The Sukuk Murabahah proceeds are to be remitted into the Disbursement Account.
- “Projects”** means, the development, design, construction, management, operation and maintenance of the following proposed projects:
- (P1) in respect of proceeds raised from issuance of the first tranche of the Sukuk Murabahah, part of such proceeds will be utilised for any of the following Projects:
    - (a) Kapit Airport;
    - (b) Betong Airport;
    - (c) Petrochemical Hub in Tanjung Kidurong, Bintulu;
    - (d) Limbang/ Lawas Roads;
    - (e) Integrated Administrative Complex, Lawas;
    - (f) Integrated Administrative Complex, Limbang;

- (g) Wisma Residen Bintulu at Jepak, Bintulu;
- (h) State Archive Building;
- (i) Sarawak Healthcare Centre;
- (j) Digital Economy Projects; and
- (k) Kuching Urban Transportation System (KUTS), Autonomous Rail Transit (ART); and

(P2) in respect of proceeds raised from subsequent tranches of the Sukuk Murabahah, part of such proceeds may be utilised for Projects to be identified prior to each issuance of the relevant tranche of the Sukuk Murabahah and to be disclosed in the respective addendum to the Information Memorandum (as defined below).

**“Information Memorandum”** means, the information memorandum to be issued by the Issuer in connection with the Sukuk Murabahah Programme.

In the event any of the Project(s) listed in paragraph P1 above is not being funded, or is partly funded from proceeds of issuance from the first tranche of the Sukuk Murabahah, such Project(s) may be listed again in any addendum to the Information Memorandum if part of the proceeds from issuance of any subsequent tranche of the Sukuk Murabahah is intended to be utilised for such Project(s).

**“Strategic Investments”** refers to investments in strategic assets in line with the socio-economic, industrial and commercial development policies of the State Government of Sarawak, for the benefit of the State of Sarawak and the people of Sarawak, including but not limited to the acquisition of assets or strategic stakes in the agricultural, mining, energy, industrial, healthcare, financial, communications, digital economy, research and development, education, and services sectors. For the avoidance of doubt, such Strategic Investments shall be limited to investments in shares of companies incorporated in Malaysia and assets located or situated in Malaysia.

(S1) In respect of proceeds raised from subsequent tranches of the Sukuk Murabahah, part of such proceeds may be utilised for Strategic Investments which will be identified prior to each issuance of the relevant tranche of the Sukuk Murabahah and to be disclosed in the respective addendum to the Information Memorandum.

For the avoidance of doubt:

(aa) all Projects and Strategic Investments (including those to be financed or part financed by the Surplus) shall comply with the Environment, Social and Governance (ESG) principles as prescribed under the United Nations Global Compact and for the avoidance of doubt, such Projects and Strategic Investments shall not exclude; (i) any investments in companies or assets which maintain affirmative action programmes which are intended to improve the socio-economic status and living conditions of any particular group of people; and (ii) any investments in the energy, transportation, industrial forestry, land management, petrochemical or similar sectors where the relevant business or asset in the aforesaid sectors implements appropriate environmental or sustainability policies or programmes;



- (bb) each Project and Strategic Investment (including those to be financed or part financed by the Surplus) shall have the prior approval of the requisite level of authority within the State Government of Sarawak;
- (cc) any investment in shares of companies in relation to the Strategic Investment shall only be limited to the public listed companies ("**Listed Companies**") under the List of Shariah Compliant Securities issued by the Shariah Advisory Council of SC ("**List of Shariah Compliant Securities**"). In the event of investment in shares of companies which are non-listed ("**Non-Listed Companies**"), the investment into such companies are subject to the Shariah Adviser's prior approval; and
- (dd) all Projects and Strategic Investments (including those to be financed or part financed by the Surplus) shall not comprise any mixed activities (Shariah-compliant and Shariah non-compliant activities).

Where there is any surplus or non-utilisation of the remaining proceeds from issuance of any particular tranche of Sukuk Murabahah identified for Projects and/or Strategic Investments (as set out in the Information Memorandum for the first tranche of Sukuk Murabahah and in the addendum to the Information Memorandum for subsequent tranches of Sukuk Murabahah) (the "**Surplus**"), such Surplus (if, in aggregate amounts to less than or equals to 20% of the nominal value of any particular tranche) may be utilised for any Projects falling under the description of "**Hard Infrastructure Projects**" or "**Soft Infrastructure Projects**" below and/or any Strategic Investments (the scope of which is set out above). In the event the Surplus is more than 20% of the nominal value of any particular tranche, the prior approval of the then outstanding Sukukholders of that particular tranche shall be obtained via special resolution before such Surplus may be utilised for any Project or Strategic Investment not earlier disclosed in the Information Memorandum (in relation to the first tranche of the Sukuk Murabahah) or in the addendum to the Information Memorandum (in relation to the subsequent tranches of the Sukuk Murabahah), subject to the Shariah Adviser's concurrence.

**"Hard Infrastructure Projects"** means, projects for the construction of roads, bridges, tunnels, canals, ports, airports, railways and mass transport systems and networks, transportation and logistics hubs and facilities, petrochemical production facilities, and utilities supplies; and

**"Soft Infrastructure Projects"** means: (i) projects for the construction of administrative centres, health care centres, emergency services buildings, special economic zones, agricultural, forestry and fisheries infrastructure, food production facilities, educational and archival buildings, religious and charitable purpose buildings, and cultural, social welfare and recreational facilities; and (ii) projects the primary focus of which is the development of the digital economy in Sarawak including but not limited to projects relating to the development and operation of digital and communications networks and infrastructure, cyber security, talent development, digital technology research and development, electronic commerce, and digital innovation for entrepreneurship.

Each Project and Strategic Investment may include all accessory infrastructure, buildings, plants, energy and communications facilities,

systems, software, and vehicles that are an essential part of the systems being constructed under such Project or Strategic Investment, as the case may be.

The Issuer shall within seven (7) business days from the date of such utilisation, notify the Sukuk Trustee of any new Project(s) and new Strategic Investment(s) financed or part financed by the Surplus, and any Sukukholder who wishes to have such information may request for the same from the Sukuk Trustee from time to time.

(ix) **Details of Designated Accounts**

- : The Issuer shall open and maintain a Disbursement Account and Reserve Account(s) (collectively, the “**Designated Accounts**”) with a licensed financial institution to be mutually agreed between the Issuer and the Joint Lead Arrangers/Joint Lead Managers (the “**Security Account Bank**”). For the avoidance of doubt, the Designated Accounts shall be Shariah compliant accounts.

Disbursement Account

The Disbursement Account is to capture all proceeds from the issuance of the Sukuk Murabahah.

Monies in the Disbursement Account shall be used as per item (viii) herein entitled “Utilisation of Proceeds”.

The Disbursement Account shall be operated solely by the Issuer, save and except upon declaration of an Event of Default whereby the Disbursement Account shall be solely operated by the Security Trustee. All balances therein may be placed in Permitted Investments.

Trigger Event

No withdrawal from the Disbursement Account will be allowed in the event the Contribution Amount is not deposited in the relevant Reserve Account within the timeframe stipulated in respect thereof in the Transaction Documents. The Security Trustee shall in such event give notice, as soon as reasonably possible, to the Security Account Bank to stop withdrawals from the Disbursement Account.

Upon such trigger event being remedied, the Issuer will notify the Security Account Bank and the Security Trustee of such remedial action.

On the Security Account Bank’s receipt of notice from the Security Trustee, withdrawals from the Disbursement Account may resume within a period to be agreed in the relevant Transaction Document, subject to any relevant operational and administrative requirements as set out in the Transaction Documents.

Payee

In relation to utilisation towards:

- (a) Projects (including those to be financed or part financed by the Surplus), all withdrawals shall be for payments made by the Issuer: (aa) to the respective government departments/agencies, statutory bodies, government-linked corporations or special purpose vehicle companies (wholly-owned by the SFS and specifically incorporated to monitor and/or manage funding of some of the Projects) who will be

responsible for making payments to the contractors, vendors, service providers and other stakeholders; or (bb) directly to the contractors, vendors, service providers and other stakeholders for the works related to the Projects or for reimbursement of sums disbursed for the Projects; and

- (b) Strategic Investments (including those to be financed or part financed by the Surplus), all withdrawals shall be for payments made by the Issuer to companies (including but not limited to government-linked corporations) and statutory bodies, which are owned or controlled (as applicable) by the State Government of Sarawak, who will be responsible for making payments to vendors/sellers, and/or investee companies for the Strategic Investments,

and each of such government department/agency, contractor, vendor, service provider and other stakeholder in relation to Projects and each of such company and statutory body, vendor/seller and/or investee companies in relation to Strategic Investments, shall hereinafter be referred to as a **"Payee"**.

#### **Post-withdrawal report**

The Issuer undertakes to submit a post-withdrawal report (the form of which shall be as set out in the relevant Transaction Document) on a quarterly basis (such submission to be made within a period to be agreed from the end of the reporting period or such other extended period as may be mutually agreed between the Issuer and the Sukuk Trustee) on withdrawals made by the Issuer for payments to: (a) any Payee in relation to Projects; and/or (b) any Payee in relation to Strategic Investments.

Such post-withdrawal report shall contain, amongst others: (a) in relation to Projects, the name of a Payee, contract amount, date of letter of award/contract, name of project (including package description, where applicable), brief description of scope of work, and the details of any such variation (where applicable), amount paid during the reporting period as well as the accumulated amounts paid to date; and (b) in relation to Strategic Investments, the name of the Payee, name of investment, investment value, date of agreement (where applicable), brief description of investment, amount paid during the reporting period as well as the accumulated amounts paid to date.

From time to time, the Sukuk Trustee may (acting reasonably), with reasonable notice to the Issuer, request copies of documents related to the Projects and/or Strategic Investments, including but not limited to, copies of progress claims, independent certified engineers certifications and remittance advices and such other documents to be reasonably requested by the Sukuk Trustee in order to discharge its duties and obligations under the Transaction Documents.

#### **Reserve Account(s)**

Each Reserve Account is to capture: (a) the Contribution Amount to be transferred from the State Development Fund or its successor or replacement fund (the **"Government Fund"**); and (b) the Accelerated Contribution Payment upon a Contribution Acceleration Event in respect of the relevant tranche of Sukuk Murabahah.

Monies in the relevant Reserve Account shall be used for periodic profit payments and principal redemption of the relevant tranche of Sukuk Murabahah.

The Reserve Account(s) shall be operated jointly by the Security Trustee and the Issuer, save and except upon declaration of an Event of Default whereby the Reserve Account(s) shall be solely operated by the Security Trustee. For the avoidance of doubt, once the Reserve Account(s) is/are solely operated by the Security Trustee following a declaration of an Event of Default, the Security Trustee shall remain the sole operator of the Reserve Account(s) even after the occurrence of a Specific Remedied Event.

All balances therein may be placed in Permitted Investments, if requested by the Issuer.

#### Profit from Permitted Investments

For the avoidance of doubt, any profit earned from the Permitted Investments may be credited to an account separate and distinct from the Designated Accounts, to be held in the Issuer's name and such profit earned from the Permitted Investments shall only be used by the Issuer for its operational and administrative expenses and for any State of Sarawak projects.

- |      |                              |   |   |
|------|------------------------------|---|---|
| (x)  | <b>Status</b>                | : | All payment obligations under the Sukuk Murabahah shall represent direct, unconditional and secured obligations of the Issuer. The Sukuk Murabahah shall at all times rank pari passu, without any discrimination, preference or priority amongst themselves and rank at least pari passu in all respects with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law or the Transaction Documents. |
| (xi) | <b>Form and Denomination</b> | : | <p>The Sukuk Murabahah shall be issued in accordance with:</p> <p>(a) the "Participation and Operation Rules for Payments and Securities Services" issued by PayNet; and</p> <p>(b) the "Operational Procedures for Securities Services" issued by PayNet, as amended or replaced from time to time.</p>  |

#### Form

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

#### Denomination

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

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|--------|------------------------------------|---|---|
| (xii)  | <b>Redemption on Maturity</b>      | : | Unless previously redeemed or purchased and cancelled, the Sukuk Murabahah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.  |
| (xiii) | <b>Repurchase and Cancellation</b> | : | The Issuer or any of its subsidiaries or agents may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty, but there repurchased Sukuk Murabahah shall be cancelled and cannot be resold. |

- (xiv) **Transaction Documents** : The Transaction Documents shall include the following documents:
- (i) the Programme Agreement;
  - (ii) the Sukuk Trust Deed;
  - (iii) the Securities Lodgement Form;
  - (iv) all documents in relation to the Commodity Murabahah transaction;
  - (v) the Annex Letter;
  - (vi) the Security Documents; and
  - (vii) any other relevant documentation which may be advised by the Solicitors and mutually agreed by the Issuer and Joint Lead Arrangers.
- (xv) **Sukuk Trustees' Reimbursement Account for Sukukholders' Actions ("TRA")** : The Issuer shall set up, or procure the setting up of a "Sukuk Trustee's Reimbursement Account for Sukukholders' Actions" with the requisite sum to be deposited and maintained therein, in accordance with the requirements under the Trust Deeds Guidelines.
- (xvi) **Taxation** : All payments by the Issuer, Guarantor and SFS shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of any authority having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make payment of 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.
- (xvii) **Cost and Expenses** : All legal fees, stamp duties (if any) and reasonable expenses incurred in connection with the establishment of the Sukuk Murabahah Programme, including professional fees and fees payable to the SC, where applicable, shall be for the account of the Issuer.

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### **3.0 INVESTMENT CONSIDERATIONS**

*Each prospective investor should carefully consider, among other things, the risks described below, as well as the other information contained in this Information Memorandum, before making an investment decision. This section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may affect the Issuer, the Guarantor, the State or the Sukuk Murabahah. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Issuer, the Guarantor, the State or the Sukuk Murabahah. Each prospective investor should carefully conduct its independent evaluation and analysis on the Issuer, the Guarantor, the State and the risks associated with investing in the Sukuk Murabahah. In addition, the Issuer's ability to meet its obligations under the Sukuk Murabahah is wholly dependent upon funds transferred by the State Government from the Government Fund into the relevant Reserve Account(s) pursuant to the Annex Letter. As such, the Sukuk Murabahah indirectly carries all the risks of the State.*

#### **3.1 Risks Relating to the Issuer and the Guarantor**

##### **3.1.1 *The Issuer and the Guarantor, and to a large extent their activities, are materially affected by the legal and regulatory environment in Malaysia***

Each of the Issuer and the Guarantor are subject to regulation by governmental and regulatory authorities in Malaysia (including governmental and regulatory authorities of Sarawak). As a result, the prospects and activities of the Issuer and the Guarantor are substantially affected by regulations, decisions and policies of governmental and regulatory authorities in Malaysia, including in particular, the State.

##### **3.1.2 *The Issuer and the Guarantor have no business operations or substantial assets or income and are dependent upon the State Government***

The Issuer and the Guarantor were incorporated as special purpose vehicles of the State Government established for the purposes of the issuance of the Sukuk Murabahah pursuant to the Sukuk Murabahah Programme. As such, the Issuer and the Guarantor are newly formed entities and neither has any significant operating history or track records or significant income or assets.

The Issuer will rely indirectly on the State Government for sufficient funds to meet all payments due and payable under the Sukuk Murabahah. The Issuer will have no assets or sources of income. The Issuer will remain dependent on the contributions made by the State Government pursuant to the Annex Letter to meet its periodic profit payments and principal redemptions under the Sukuk Murabahah, and the Guarantor will also be reliant on financial support from the State Government to meet its obligations pursuant to the Corporate Guarantee. Both Issuer and Guarantor will also rely on the State Government to meet all operating and administration expenses in running the day-to-day operations of both entities throughout the tenure of the Sukuk Murabahah Programme.

#### **3.2 Risks Relating to the State of Sarawak**

##### **3.2.1 *The financial condition of the State Government may deteriorate***

The ability of the Issuer to meet its obligations to repay the principal amount of the Sukuk Murabahah and the periodic profit payments thereon and to meet its obligations under the Sukuk Murabahah and other Transaction Documents to which it is a party will solely be dependent on funding from the State Government. In turn, the State Government's revenue is substantially dependent on its ability to derive revenue from the State's natural resources. In particular, oil and gas sales contribute significantly to the revenue generated by the State Government. In addition, the State Government also receives dividends and interest/profit payments from its investments and income from taxes levied by it on sales of crude palm oil. While the Petroleum Development Act, 1974 (*Act 144*) provides that the Federal Government must compensate the State Government for exploiting the State's petroleum resources, and

the Federal Constitution provides for import duty and excise duty on petroleum products as additional sources of revenue assigned to the State Government, there can be no assurance that the State Government will be able to sustain its revenue from the State's natural resources at current levels as long-term demand for such commodities may diminish and the market price of such commodities may fall. Furthermore, no assurance can be given that the State's reserves of natural resources will not significantly reduce.

The Sukukholders are exposed, amongst other things, to the credit worthiness of the State Government. If the financial condition of the State Government deteriorates, for example, as a result of its inability to derive sufficient revenue to meet its operating and development needs or any material adverse change to the revenues that the State Government generates from the State's natural resources (including, for the avoidance of doubt, as a result of a fall in the market price of oil or gas), or for any other reason, the State Government may not be able to support the Guarantor and/or the obligations of any other designated finance vehicles of the State Government including, among others, the Issuer. This could have a material adverse effect on the ability of the Guarantor to meet its payment obligations under the Corporate Guarantee to meet any payment obligations under the Corporate Guarantee and the Issuer's ability to meet its payment obligations under the Sukuk Murabahah.

While the State Government seeks to limit this risk through, amongst others, its prudent budgeting practices which have led to consistent fiscal surpluses for the past years and developing long term development plans to diversify away from its reliance on natural resources (including the SCORE), there can be no assurance that the abovementioned factors will not lead to deterioration of the financial condition of the State Government or the State Government's revenue.

### **3.2.2 *Political, economic and social developments in Sarawak and Malaysia or economic downturns may materially and adversely affect the State Government***

The business, prospects, results of operations and financial condition of the State Government, may be adversely affected by political, economic and social developments in Sarawak and Malaysia, as well as economic downturns and conditions in the global capital markets and the general economy in Asia and elsewhere. Any adverse change in political, economic or social conditions in Sarawak or Malaysia, or in the Federal Government's and/or the State Government's policies, or any political instability in Sarawak or Malaysia arising from these changes, may have a material adverse effect on the business, prospects, results of operations and financial condition of the State Government. Furthermore, any changes in the composition of the Federal Government and/or the State Government could result in a change in their respective policies. Any change to the policies of the Federal Government and/or the State Government may have a material adverse effect on the business, prospects, results of operations and financial condition of the State Government. Other political and economic uncertainties which may affect political, economic or social conditions in Sarawak or Malaysia include, but are not limited to, the risks of war, terrorism, riots, expropriation, nationalism, renegotiations or nullifications of existing contracts, changes in interest/profit rates and methods of taxation.

### **3.2.3 *COVID-19 in Sarawak and Malaysia and the implementation of the Movement Control Order could materially and adversely affect the State Government***

In 2020, the world faced a global pandemic with countries implementing restrictions on travel and imposed quarantines and/or lockdowns to contain the outbreak of an infectious disease named COVID-19. Malaysia implemented the MCO on 18 March 2020 in order to contain the widespread of COVID-19 within Malaysia. The MCO includes, amongst others, restrictions on travel, movement and business activities, home quarantines and state or district lockdowns for a period of time when necessary.

The COVID-19 in Malaysia and the MCO have a negative impact on the Malaysian economy and the business activities in Malaysia. Malaysia real economic growth weakened sharply in the first quarter of 2020 to 0.7 per cent year-on-year, contracted by 17.1 per cent year-on-year in the second quarter of 2020, and the contraction has diminished and recorded a smaller

contraction of 2.7 per cent year-on-year in the third quarter of 2020. The contraction during the second quarter of 2020 was the lowest growth ever recorded since the Asian Financial Crisis in 1998. Most of the contraction during the first, second and third quarter of 2020 stemmed from the impact of the COVID-19 in Malaysia (including recovery from such impact) alongside with the Movement Control Order.

The COVID-19 and the MCO have adversely impacted the State Government's business, prospects, results of operations and financial condition in 2020 and it may continue to adversely affect the State Government in the future.

### **3.3 Risks Relating to the Annex Letter**

#### **3.3.1 *The Sukuk Murabahah are not general or direct obligations of the State Government and the Annex Letter does not constitute a guarantee or letter of support by the State Government and there may be limitations on its enforceability***

Under the Annex Letter to be issued by the SFS (for and on behalf of the State Government) in favour of the Issuer and the Guarantor, the State Government will agree to make payment of the Contribution Amount(s) into the Government Fund, and to procure that such monies are paid into the relevant Reserve Account(s).

The Sukukholders will be dependent on the State Government satisfying its obligations under the Annex Letter. Notwithstanding the foregoing, the Sukuk Murabahah will not constitute general or direct obligations of the State Government and the Annex Letter does not constitute a guarantee or letter of support by the State Government of the obligations of the Issuer or the Guarantor in respect of the Sukuk Murabahah.

If the State Government fails to make the requisite contributions pursuant to the terms of the Annex Letter or to procure that such monies are paid to the relevant Reserve Account(s), proceedings may be brought by the Issuer and/or the Guarantor or a receiver (as agent of the Issuer) against the State Government in respect of such contributions under the Annex Letter. Each prospective investor should note that as the Security Trustee only has an indirect ability to initiate enforcement of the Annex Letter by appointing a receiver, there could be delays in such enforcement and the right to enforce may be challenged. Each prospective investor should also note that any claim under the Annex Letter would be for damages for breach of contract and not a debt claim for a pre-agreed or set amount. Where a judgment is obtained from a Malaysian court against the State Government, the State Government is obliged to satisfy monetary judgments made against it but no execution proceedings can be brought against the State Government in Malaysia. Accordingly, if a judgment is obtained against the State Government, such judgment cannot be enforced by any court in Malaysia against the assets of the State Government. As a result, the assets of the State Government are not available to the Sukukholders. Any failure of such a judgment to be successfully enforced against the State Government in respect of the Annex Letter may materially and adversely affect the ability of Sukukholders to receive payments under the Sukuk Murabahah.

### **3.4 Considerations Relating to the Sukuk Murabahah**

#### **3.4.1 *Shariah certification***

The Shariah Adviser has issued a pronouncement confirming, among others, that the structure and mechanism of the Sukuk Murabahah Programme are Shariah-compliant as of the date of such pronouncement. However, there can be no assurance that the structure and mechanism of the Sukuk Murabahah Programme will be deemed to be Shariah-compliant by any other Shariah board or Shariah scholar. Prospective investors should obtain their own independent Shariah advice as to the Shariah compliance of among others, the structure and mechanism of the Sukuk Murabahah Programme and tradability of the Sukuk Murabahah in the secondary market. No representation, warranty or undertaking, express or implied, is given by the Issuer, the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers as to the status of the Sukuk Murabahah's compliance with Shariah and the Issuer, the Joint Principal Advisers,



Joint Lead Arrangers and Joint Lead Managers shall not be liable for any consequences of such reliance and/or assumption of any such compliance.

### **3.4.2 *Change of law***

The structure, transaction and the issue of the Sukuk Murabahah are based on Malaysian laws and regulations in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Malaysian laws and regulations, or administrative practice, after the date of this Information Memorandum; nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Sukuk Murabahah.

### **3.4.3 *The Sukuk Murabahah may not be a suitable investment for all investors***

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Murabahah, the merits and risks of investing in the Sukuk Murabahah and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (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 Murabahah and the impact the Sukuk Murabahah 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 Murabahah;
- (d) understand thoroughly the terms of the Sukuk Murabahah 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, interest/profit rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Sukuk Murabahah are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the Sukuk Murabahah which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Sukuk Murabahah will perform under changing conditions, the resulting effects on the value of the Sukuk Murabahah and the impact this investment will have on the prospective investor's overall investment portfolio.

### **3.4.4 *Investors should pay attention to any modification and waivers***

The terms and conditions of the Sukuk Murabahah contain provisions for calling meetings of Sukukholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Sukukholders, including Sukukholders who did not attend and vote at the relevant meeting and Sukukholders who voted in a manner contrary to the majority.

### **3.4.5 *Market value of the Sukuk Murabahah may be subject to fluctuations***

Trading prices of the Sukuk Murabahah are subject to fluctuations and may be influenced by numerous factors, including the operating results and/or the financial conditions of the Issuer and the Guarantor, the political, economic, social and/or financial conditions of the State and Malaysia, and any other factors that can affect the capital markets or the industry which the Issuer is operating in. Consequently, any sale of the Sukuk Murabahah by the investors in any

secondary market which may develop 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 Murabahah.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market prices of the Sukuk Murabahah.

#### **3.4.6 *No prior market for the Sukuk Murabahah***

The Sukuk Murabahah comprises a new issue of securities for which there is no existing market for the Sukuk Murabahah and there can be no assurance that a secondary market for the Sukuk Murabahah will develop, or if a secondary market does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the life of the Sukuk Murabahah. Accordingly, no assurance can be given as the liquidity of, or trading market for, the Sukuk Murabahah and an investor in the Sukuk Murabahah must be prepared to hold the Sukuk Murabahah for an indefinite period of time or until their maturity. Further, no assurance can be given on the ability of the Sukukholders to sell the Sukuk Murabahah, or the prices at which the Sukukholders would be able to sell the Sukuk Murabahah.

Additionally, each prospective investor should take note that the Sukuk Murabahah will not be listed on the Bursa Malaysia Securities Berhad or any other stock exchange and there are selling restrictions governing the Sukuk Murabahah as described in Section 1.4 of this Information Memorandum.

#### **3.4.7 *An investment in the Sukuk Murabahah is subject to profit rate risk***

Sukukholders may be exposed to unforeseen losses due to fluctuations in profit rates. Generally, a rise in profit rates may cause a fall in the prices of the Sukuk Murabahah, resulting in a capital loss for such Sukukholders. However, the Sukukholders may reinvest the profit payments at higher prevailing profit rates. Conversely, when profit rates decline, the prices at which the Sukuk Murabahah are traded may rise and such Sukukholders may enjoy a capital gain but profit payments received may be reinvested at a lower prevailing profit rates.

#### **3.4.8 *An investment in the Sukuk Murabahah is subject to inflation risk***

The Sukukholders may suffer erosion on the return of their investments due to inflation. Such Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk Murabahah. An unexpected increase in inflation could reduce the actual return to such Sukukholders.

#### **3.4.9 *Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (a) the Sukuk Murabahah are legal investments for it, (b) the Sukuk Murabahah can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Sukuk Murabahah. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Sukuk Murabahah under any applicable risk-based capital or similar rules.

#### **3.4.10 *Malaysian taxation***

Under present Malaysian law, all profit payments in respect of the Sukuk Murabahah are exempted from withholding tax. However, there is no assurance that this present position will continue and in the event that such exemption is revoked, modified or rendered otherwise inapplicable, such profit payments shall be subject to withholding tax at the then prevailing withholding tax rate. However, notwithstanding the foregoing, the Issuer shall be obliged

pursuant to the terms of the Sukuk Murabahah, in the event of any such withholding, to pay such additional amounts to the parties entitled thereto so as to ensure that the parties entitled thereto receive the full amount which they would have received had no such withholding been imposed.

#### **3.4.11 Rating of the Sukuk Murabahah**

A rating of AAA has been assigned to the Sukuk Murabahah Programme by RAM pursuant to its letter to the SFS dated 15 January 2021. A rating is not a recommendation to purchase, hold or sell the Sukuk Murabahah and may not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Sukuk Murabahah.

Although the Issuer will endeavour to maintain the credit rating, there is no assurance that the rating will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely if the circumstances in the future so warrant. In the event that the rating initially assigned to the Sukuk Murabahah is subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk Murabahah. Any reduction or withdrawal of the rating will not constitute an event of default under the Sukuk Murabahah. Any reduction or withdrawal of the rating may have an adverse effect on the liquidity and market price of the Sukuk Murabahah. There is no obligation on the part of the Issuer, Guarantor, Joint Principal Advisers, Joint Lead Arrangers, Joint Lead Managers or the Sukuk Trustee or any other person or entity to maintain or procure maintenance of the rating for the Sukuk Murabahah.

#### **3.4.12 The list of Projects in respect of proceeds raised from issuance of the first tranche of the Sukuk Murabahah**

The list of Projects in respect of proceeds raised from issuance of the first tranche of the Sukuk Murabahah (for the purpose of this sub-section, hereinafter known as “**Listed Projects**”) is provided in Section 5.1 of this Information Memorandum. The Listed Projects are projects proposed by the State Government, to be funded by the proceeds raised from issuance of the first tranche of the Sukuk Murabahah. As at the date of this Information Memorandum, such Listed Projects may have yet to be approved by the requisite level of authority within the State Government. Accordingly, the Listed Projects may have yet to be awarded to the relevant contractors, vendors, services providers and/or other stakeholders for the works related to the relevant Listed Projects, by the State Government and the State Government may have yet to enter into the relevant agreement and/or contracts in respect of such works related to the Listed Projects. Further, the Joint Principal Advisers, Joint Lead Arrangers, Joint Lead Managers and the Financial Adviser did not verify the Listed Projects.

However, notwithstanding the foregoing, it is not necessary for all of the Listed Projects to be funded by the proceeds raised from issuance of the first tranche of the Sukuk Murabahah, pursuant to the terms of the Sukuk Murabahah. Further, any of the Listed Projects not funded or partly funded by the proceeds from issuance of the first tranche of the Sukuk Murabahah, may be funded by the proceeds raised from issuance of subsequent tranche of the Sukuk Murabahah.

#### **3.4.13 No due diligence conducted on Projects and/or Strategic Investments to be funded by the Sukuk Murabahah**

It is not a condition precedent for each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme, to conduct a due diligence exercise on the Projects and/or Strategic Investments to be funded by each issuance of the Sukuk Murabahah. As such, the Joint Principal Advisers, Joint Lead Arrangers, Joint Lead Managers and the Financial Adviser have or will not inspect, investigate, review and/or verify the details of the relevant Projects and/or Strategic Investments to be financed by the issuance of the Sukuk Murabahah, which includes,

amongst others, the value of the relevant Projects and/or Strategic Investments, the status of the relevant Projects and the financial performance of the relevant Strategic Investments.

However, notwithstanding the foregoing, the repayment of the periodic profit payments and principal redemption of the relevant tranche of Sukuk Murabahah due and payable, is not dependent on the income, profits, yield and/or returns (where applicable) of the Projects and/or Strategic Investments. Instead, in respect of such repayment, the Sukukholders will be dependent on the State Government making payment of the Contribution Amount(s) into the relevant Reserve Account(s) pursuant to the Annex Letter. Please also see Section 3.3 of this Information Memorandum for the risks relating to the Annex Letter.

**3.4.14 *Surplus or non-utilisation of the remaining proceeds from issuance of any particular tranche of Sukuk Murabahah identified for Projects and/or Strategic Investments***

The details of the mechanism in the event of a surplus or non-utilisation of the remaining proceeds from issuance of any particular tranche of Sukuk Murabahah identified for Projects and/or Strategic Investments is provided for in item (33)(viii) of the PTC (*Utilisation of Proceeds*) and Section 5.3 of this Information Memorandum. Each prospective investor should note that the Surplus wherein the aggregate amounts to less than or equals to 20 per cent of the nominal value of any particular tranche of Sukuk Murabahah, may be utilised for any Projects falling under the description of Hard Infrastructure Projects or Soft Infrastructure Projects and/or any Strategic Investments. Further, in the event that the Surplus is more than 20 per cent of the nominal value of any particular tranche of Sukuk Murabahah, the prior approval of the then outstanding Sukukholders of that particular tranche of Sukuk Murabahah shall be obtained via special resolutions before such Surplus may be utilised for any Project or Strategic Investments not earlier disclosed.

**3.4.15 *Profit from Permitted Investments***

Each prospective investor should note that any profit earned from the Permitted Investments may be credited into an account separate and distinct from the Designated Accounts, to be held in the Issuer's name. Such profit earned from the Permitted Investments shall only be used by the Issuer for its operational and administrative expenses and for any State's projects. Accordingly, such account which may contain the aforesaid profit earned from Permitted Investments is not secured in favour of the Sukukholders. However, the Security Trustee has an indirect recourse over the said accounts pursuant to the debenture to be entered into by the Issuer and the Security Trustee, incorporating a first ranking fixed and, where applicable, floating charge on the assets, rights, undertakings and interests of the Issuer, both present and future.

**3.4.16 *The utilisation of proceeds from issuances of Sukuk Murabahah towards Strategic Investments may materially and adversely affect the financial condition of the State Government***

The proceeds raised from issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme may be utilised for Strategic Investments. The Strategic Investments involves investments in shares of companies incorporated in Malaysia and assets located or situated in Malaysia. The value of any equity investments depends on the growth of the company issuing such securities. Failure of the aforesaid company to achieve the expected earnings may result in a decline in the value of such securities which in turn, may materially and adversely affect the financial condition of the State Government. In respect of any investments in assets, the value of such assets is subject to fluctuations and may be influenced by numerous factors. Consequently, any sale of such assets by the investors in any market may be at prices that may be higher or lower than the initial purchase price. Depreciation in value of such assets, may materially and adversely affect the financial condition of the State Government.

**3.4.17 *The Payees may include, amongst others, SPV companies wholly owned by the SFS***

In respect of utilisation of proceeds from issuance(s) of the Sukuk Murabahah towards Projects and/or Strategic Investments, the Issuer will withdraw from the Disbursement Account to make

payments to certain Payees as provided for in item (33)(ix) of the PTC (*Details of Designated Accounts*) and Section 5.4 of this Information Memorandum. Each prospective investor should note that in respect of Projects, the Payees may include government departments/agencies, statutory bodies or SPV companies (wholly owned by the SFS and specifically incorporated to monitor and/or control some of the Projects) who will be responsible for making payments to the contractors, vendors, service providers and other stakeholders.

**3.4.18 *The compliance of Environment, Social and Governance principles as prescribed under the United Nations Global Compact in respect of all Projects and Strategic Investments***

The details of the utilisation of proceeds is provided for in item (33)(viii) of the PTC (*Utilisation of Proceeds*) and Section 1.5 of this Information Memorandum. All Projects and Strategic Investments (including those to be financed or part financed by the Surplus) shall comply with the Environment, Social and Governance (hereinafter known as “**ESG**”) principles as prescribed under the United Nations Global Compact and for the avoidance of doubt, such Projects and Strategic Investments shall not exclude; (a) any investments in companies or assets which maintain affirmative action programmes which are intended to improve the socio-economic status and living conditions of any particular group of people; and (b) any investments in the energy, transportation, industrial forestry, land management, petrochemical or similar sectors where the relevant business or asset in the aforesaid sectors implements appropriate environmental or sustainability policies or programmes. However, there is no assurance that the Projects and Strategic Investments will indeed comply or meet the prospective investor’s own ESG principles or requirements. Each prospective investor should note that it is not a condition precedent for each issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme, to obtain a third party certification on the compliance of the abovementioned ESG principles as prescribed under the United Nations Global Compact in respect of all Projects and Strategic Investments. There is also no mechanism for monitoring that the Projects and Strategic Investments continue to comply or meet such ESG principles or requirements.

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### **3.5 General Considerations**

#### **3.5.1 *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 war and acts of terrorism, riot and disorders, natural catastrophes and others. Force majeure events do not include economic downturn, non-availability of or insufficient or lack of financing on the part of the Issuer, the Guarantor and the State Government. The occurrence of a force majeure event may have a material impact on the State Government.

#### **3.5.2 *Forward-Looking Statements***

Certain statements in this Information Memorandum are forward-looking in nature. Such forward-looking statements in the Information Memorandum involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, the Guarantor and the State Government to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. All forward-looking statements are based on estimates and assumptions made by the Issuer, the Guarantor and third party consultants that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer, the Guarantor and the State Government to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. 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, the Guarantor or any other person that future results will be achieved in the amounts or by the dates indicated.

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## **4.0 DESCRIPTION OF THE ISSUER AND THE GUARANTOR**

### **4.1 The Issuer**

#### **4.1.1 Corporate Information of the Issuer**

##### **A. Registered Office and Principal Place of Business**

The registered office and principal place of business of Infracap Resources is at 18th Floor, Wisma Bapa Malaysia, Petra Jaya, 93502 Kuching, Sarawak, Malaysia.

##### **B. Principal Activities**

Infracap Resources carries on the functions of a special purpose vehicle for State Government and do all acts and things as it may think fit to undertake the Sukuk Murabahah Programme to, amongst others, finance (in full or in part) all fees, costs and expenses associated with the Projects and finance (in full or in part) the Strategic Investments.

##### **C. Share Capital**

As of 18 December 2020, the issued and fully paid-up share capital of Infracap Resources is RM1.00 comprising 1 ordinary share.

##### **D. Shareholder**

As of 18 December 2020, the sole shareholder of Infracap Resources is Infracap Development, which in turn is wholly owned by the SFS.

##### **E. Subsidiaries, Associated Companies and Joint Ventures**

As of 18 December 2020, Infracap Resources does not have any subsidiaries, associated companies and/or joint ventures.

#### **4.1.2 Information on the Directors of the Issuer**

##### **A. Board of Directors**

As of 18 December 2020, the directors of Infracap Resources are as follows:

<b>Name</b>	<b>Date of appointment</b>	<b>Nationality</b>
Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman	19 October 2020	Malaysian
Hasmawati binti Sapawi	19 October 2020	Malaysian
Hajah Elean binti Masa'at	19 October 2020	Malaysian
Angeline Chia Poh Lin	19 October 2020	Malaysian

## B. Directors' Profiles

As of 18 December 2020, the directors of Infracap Resources and their respective profiles are set out below:

Name	Profile
Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman	<p>Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman ("<b>Datuk Amar</b>") was appointed to the Issuer's board of directors on 19 October 2020. Datuk Amar graduated with a Bachelor of Science (Business Administration) from Syracuse University, New York, USA in 1985 and obtained a Master in Business Administration from the University of Wisconsin, USA in 1986.</p> <p>Datuk Amar started his career in Interfinance Berhad, Kuching in 1983 and joined Arab-Malaysian Merchant Bank Berhad, Kuala Lumpur as an Investment Manager in 1987 before joining American International Assurance Co. Ltd. in 1992 as an Investment Manager. In 1993, he held the post of Chief Executive Officer in Amanah Saham Sarawak Berhad until he joined the State Government as the Deputy State Financial Secretary in 2002. Presently, he is the State Financial Secretary since 2004.</p> <p>Datuk Amar sits on the board of directors of several State Statutory Bodies and State Government-linked companies, among others Sarawak Economic Development Corporation ("<b>SEDC</b>"), Regional Corridor Development Authority ("<b>RECODA</b>"), Land Custody Development Authority ("<b>LCDA</b>"), Sarawak Oil Palms Berhad, Syarikat SESCO Berhad, Borneo Housing Mortgage Finance Berhad, X-Fab Silicon Foundries SE and SACOFA Sdn Bhd.</p>
Hasmawati binti Sapawi	<p>Hasmawati binti Sapawi ("<b>Puan Hasmawati</b>") was appointed to the Issuer's board of directors on 19 October 2020. Puan Hasmawati graduated with a Bachelor of Economics (Hons) from Concordia University, Montreal, Canada in 1992 and obtained a Master of Business Administration from Monash University, Melbourne, Australia in 1997 and a Masters of Environmental Management (Development Planning) from Universiti Malaysia Sarawak, Malaysia in 2000.</p> <p>Puan Hasmawati started her career as an economist in the Investment Division at Land Custody &amp; Development Authority ("<b>PELITA</b>") from November 1992 to December 2005 before serving in the State Financial Secretary's Office of Sarawak in 2006. Presently she is the Director of Corporate Services &amp; Investment Division at the State Financial Secretary Office (Sarawak) handling corporate finance and investment activities.</p> <p>Puan Hasmawati also sits on the board of directors of several State Government-linked companies, among others Sarawak Oil Palms Berhad, Sarawak Plantation Berhad, Dayang Enterprise Holdings Berhad, Syarikat SESCO Berhad, Amanah Saham Sarawak Berhad,</p>



	Borneo Housing Mortgage Finance Berhad, Malaysia LNG Tiga Sdn Bhd, Shell MDS Sdn Bhd and Sarawak Media Group Sdn Bhd.
Hajah Elean binti Masa'at	<p>Hajah Elean binti Masa'at ("<b>Puan Elean</b>") was appointed to the Issuer's board of directors on 19 October 2020. Puan Elean obtained a Master of Business Administration in Information Management from Phoenix International University in 2003 and admitted as a Chartered Accountant from Malaysian Institute of Accountants in 2001 and obtained a Certificate in Practicing Management from New Zealand Institute Management in 2002.</p> <p>Puan Elean has been the State Accountant General of Sarawak since January 2019. Prior to this, she was the Deputy State Accountant General and has over 26-years of experience in the government sector.</p> <p>Puan Elean sits on the board of directors of State Government-linked companies, among others Sarawak Medical Centre Sdn Bhd and Aquarsar Holdings Sdn Bhd.</p>
Angeline Chia Poh Lin	<p>Angeline Chia Poh Lin ("<b>Madam Angeline</b>") was appointed to the Issuer's board of directors on 19 October 2020. Madam Angeline graduated with a Bachelor Degree in Accounting, Curtin University, Australia in 1991.</p> <p>Madam Angeline started her career in Pricewaterhouse as audit assistant (from 1991 to 1994) before joining Arab-Malaysian Securities Bhd as Investment Analyst in 1995. She then joined the investment banking division of Perdana Merchant Bank Bhd (from 1995 to 1999) and was involved in initial public offerings, mergers &amp; acquisitions, valuation and corporate finance work. She joined Permodalan Assar Sdn Bhd in 2000 as Corporate Finance Manager involved in corporate finance matters and left in 2005 to join SGOS Capital Holdings Sdn Bhd ("<b>SGOS</b>") as Senior Manager. She is presently the General Manager of SGOS.</p> <p>Madam Angeline sits on the board of directors of State Government-linked companies, among others Delegation Sdn Bhd, Equisar Sdn Bhd, SSG Capital Resources Sdn Bhd, Aquarsar Capital Sdn Bhd and Infrasar Ventures Sdn Bhd.</p>

#### 4.1.3 Existing Borrowings of the Issuer

As of 18 December 2020, Infracap Resources has no existing borrowings.

## 4.2 The Guarantor

### 4.2.1 Corporate Information of the Guarantor

#### A. Registered Office and Principal Place of Business

The registered office and principal place of business of Infracap Holdings is at 18th Floor, Wisma Bapa Malaysia, Petra Jaya, 93502 Kuching, Sarawak, Malaysia.

#### B. Principal Activities

Infracap Holdings is primarily involved in investment holding activities.

#### C. Share Capital

As of 18 December 2020, the issued and fully paid-up share capital of Infracap Holdings is RM1.00 comprising 1 ordinary share.

#### D. Shareholders

As of 18 December 2020, the sole shareholder of Infracap Holdings is the SFS.

#### E. Subsidiaries, Associated Companies and Joint Ventures

As of 18 December 2020, Infracap Holdings has one (1) subsidiary, Infracap Resources.

### 4.2.2 Information on the Directors of the Guarantor

#### A. Board of Directors

As of 18 December 2020, the directors of Infracap Holdings are as follows:

Name	Date of appointment	Nationality
Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman	15 October 2020	Malaysian
Hasmawati binti Sapawi	15 October 2020	Malaysian
Hajah Elean binti Masa'at	15 October 2020	Malaysian
Angeline Chia Poh Lin	15 October 2020	Malaysian

#### B. Directors' Profiles

As of 18 December 2020, the directors of Infracap Holdings and their respective profiles are set out below:

Name	Profile
Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman	Datuk Amar Haji Ahmad Tarmizi bin Haji Sulaiman (" <b>Datuk Amar</b> ") was appointed to the Guarantor's board of directors on 15 October 2020. Datuk Amar graduated with a Bachelor of Science (Business Administration) from Syracuse University, New York, USA in 1985 and obtained a Master in Business Administration from the University of Wisconsin, USA in 1986.

	<p>Datuk Amar started his career in Interfinance Berhad, Kuching in 1983 and joined Arab-Malaysian Merchant Bank Berhad, Kuala Lumpur as an Investment Manager in 1987 before joining American International Assurance Co. Ltd. in 1992 as an Investment Manager. In 1993, he held the post of Chief Executive Officer in Amanah Saham Sarawak Berhad until he joined the State Government as the Deputy State Financial Secretary in 2002. Presently, he is the State Financial Secretary since 2004.</p> <p>Datuk Amar sits on the board of directors of several State Statutory Bodies and State Government-linked companies, among others Sarawak Economic Development Corporation (“<b>SEDC</b>”), Regional Corridor Development Authority (“<b>RECODA</b>”), Land Custody Development Authority (“<b>LCDA</b>”), Sarawak Oil Palms Berhad, Syarikat SESCO Berhad, Borneo Housing Mortgage Finance Berhad, X-Fab Silicon Foundries SE and SACOFA Sdn Bhd.</p>
Hasmawati binti Sapawi	<p>Hasmawati binti Sapawi (“<b>Puan Hasmawati</b>”) was appointed to the Guarantor’s board of directors on 15 October 2020. Puan Hasmawati graduated with a Bachelor of Economics (Hons) from Concordia University, Montreal, Canada in 1992 and obtained a Master of Business Administration from Monash University, Melbourne, Australia in 1997 and a Masters of Environmental Management (Development Planning) from Universiti Malaysia Sarawak, Malaysia in 2000.</p> <p>Puan Hasmawati started her career as an economist in the Investment Division at Land Custody &amp; Development Authority (“<b>PELITA</b>”) from November 1992 to December 2005 before serving in the State Financial Secretary's Office of Sarawak in 2006. Presently she is the Director of Corporate Services &amp; Investment Division at the State Financial Secretary Office (Sarawak) handling corporate finance and investment activities.</p> <p>Puan Hasmawati also sits on the board of directors of several State Government-linked companies, among others Sarawak Oil Palms Berhad, Sarawak Plantation Berhad, Dayang Enterprise Holdings Berhad, Syarikat SESCO Berhad, Amanah Saham Sarawak Berhad, Borneo Housing Mortgage Finance Berhad, Malaysia LNG Tiga Sdn Bhd, Shell MDS Sdn Bhd and Sarawak Media Group Sdn Bhd.</p>
Hajah Elean binti Masa’at	<p>Hajah Elean binti Masa’at (“<b>Puan Elean</b>”) was appointed to the Guarantor’s board of directors on 15 October 2020. Puan Elean obtained a Master of Business Administration in Information Management from Phoenix International University in 2003 and admitted as a Chartered Accountant from Malaysian Institute of Accountants in 2001 and obtained a Certificate in Practicing Management from New Zealand Institute Management in 2002.</p>

	<p>Puan Elean has been the State Accountant General of Sarawak since January 2019. Prior to this, she was the Deputy State Accountant General and has over 26-years of experience in the government sector.</p> <p>Puan Elean sits on the board of directors of State Government-linked companies, among others Sarawak Medical Centre Sdn Bhd and Aquarsar Holdings Sdn Bhd.</p>
Angeline Chia Poh Lin	<p>Angeline Chia Poh Lin ("<b>Madam Angeline</b>") was appointed to the Guarantor's board of directors on 15 October 2020. Madam Angeline graduated with a Bachelor Degree in Accounting, Curtin University, Australia in 1991.</p> <p>Madam Angeline started her career in Pricewaterhouse as audit assistant (from 1991 to 1994) before joining Arab-Malaysian Securities Bhd as Investment Analyst in 1995. She then joined the investment banking division of Perdana Merchant Bank Bhd (from 1995 to 1999) and was involved in initial public offerings, mergers &amp; acquisitions, valuation and corporate finance work. She joined Permodalan Assar Sdn Bhd in 2000 as Corporate Finance Manager involved in corporate finance matters and left in 2005 to join SGOS Capital Holdings Sdn Bhd ("<b>SGOS</b>") as Senior Manager. She is presently the General Manager of SGOS.</p> <p>Madam Angeline sits on the board of directors of several State Government-linked companies, among others Delegation Sdn Bhd, Equisar Sdn Bhd, SSG Capital Resources Sdn Bhd, Aquarsar Capital Sdn Bhd and Infrasar Ventures Sdn Bhd.</p>

#### **4.2.3 Existing Borrowings of the Guarantor**

As of 18 December 2020, Infracap Holdings has no existing borrowings.

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## **5.0 PROJECTS AND STRATEGIC INVESTMENTS**

### **5.1 Projects**

The Projects entail the development, design, construction, management, operation and maintenance of the following proposed projects:

- (a) in respect of proceeds raised from issuance of the first tranche of the Sukuk Murabahah, part of such proceeds will be utilised for any of the following projects:
  - (i) Kapit Airport;
  - (ii) Betong Airport;
  - (iii) Petrochemical Hub in Tanjung Kidurong, Bintulu;
  - (iv) Limbang / Lawas Roads;
  - (v) Integrated Administrative Complex, Lawas;
  - (vi) Integrated Administrative Complex, Limbang;
  - (vii) Wisma Residen Bintulu at Jepak, Bintulu;
  - (viii) State Archive Building;
  - (ix) Sarawak Healthcare Centre;
  - (x) Digital Economy Projects; and
  - (xi) Kuching Urban Transportation System (KUTS), Autonomous Rail Transit (ART); and
- (b) in respect of proceeds raised from subsequent tranches of the Sukuk Murabahah, part of such proceeds may be utilised for projects to be identified prior to each issuance of the relevant tranche of the Sukuk Murabahah and to be disclosed in the respective addendum to the Information Memorandum.

In the event that any of the Projects listed in paragraph 5.1(a) above is not being funded, or is partly funded from proceeds of issuance from the first tranche of the Sukuk Murabahah, such Projects may be listed again in any addendum to the Information Memorandum if part of the proceeds from issuance of any subsequent tranche of the Sukuk Murabahah is intended to be utilised for such Projects. Please also see Section 3.4.12 of this Information Memorandum for the risks relating to the list of Projects in respect of proceeds raised from issuance of the first tranche of the Sukuk Murabahah.

For the avoidance of doubt, each Project may include all accessory infrastructure, buildings, plants, energy and communications facilities, systems, software, and vehicles that are an essential part of the systems being constructed under such Project.

### **5.2 Strategic Investments**

The Strategic Investments entail the investments in strategic assets in line with the socio-economic, industrial and commercial development policies of the State Government, for the benefit of the State and the people of Sarawak, including but not limited to the acquisition of assets or strategic stakes in the agricultural, mining, energy, industrial, healthcare, financial, communications, digital economy, research and development, education, and services sectors. For the avoidance of doubt, such Strategic Investments shall be limited to investments in shares of companies incorporated in Malaysia and assets located or situated in Malaysia.

For the avoidance of doubt, proceeds raised from issuance of the first tranche of the Sukuk Murabahah will not be utilised for any prior identified Strategic Investments. However, there may be utilisation for purpose of Strategic Investments from the Surplus of proceeds from issuance of the first tranche of the Sukuk Murabahah.

In respect of proceeds raised from subsequent tranches of the Sukuk Murabahah, part of such proceeds may be utilised for Strategic Investments which will be identified prior to each issuance of the relevant tranche of the Sukuk Murabahah and to be disclosed in the respective addendum to the Information Memorandum.

For the avoidance of doubt, each Strategic Investment may include all accessory infrastructure, buildings, plants, energy and communications facilities, systems, software, and vehicles that are an essential part of the systems being constructed under such Strategic Investment.

### 5.3 Surplus

Where there is any surplus or non-utilisation of the remaining proceeds from issuance of any particular tranche of Sukuk Murabahah identified for Projects and/or Strategic Investments (as set out in the Information Memorandum for the first tranche of Sukuk Murabahah and in the addendum to the Information Memorandum for subsequent tranches of Sukuk Murabahah) (the “**Surplus**”), such Surplus (if, in aggregate amounts to less than or equals to 20 per cent of the nominal value of any particular tranche) may be utilised for any Projects falling under the description of Hard Infrastructure Projects or Soft Infrastructure Projects and/or any Strategic Investments. In the event the Surplus is more than 20 per cent of the nominal value of any particular tranche, the prior approval of the then outstanding Sukukholders of that particular tranche shall be obtained via special resolution before such Surplus may be utilised for any Project or Strategic Investment not earlier disclosed in the Information Memorandum (in relation to the first tranche of the Sukuk Murabahah) or in the addendum to the Information Memorandum (in relation to the subsequent tranches of the Sukuk Murabahah), subject to the Shariah Adviser’s concurrence. Please also see Section 3.4.14 of this Information Memorandum for the risks relating to Surplus or non-utilisation of the remaining proceeds from issuance of any particular tranche of Sukuk Murabahah identified for Projects and/or Strategic Investments.

The Issuer shall within seven (7) Business Days from the date of such utilisation, notify the Sukuk Trustee of any new Project(s) and new Strategic Investment(s) financed or part financed by the Surplus, and any Sukukholder who wishes to have such information may request for the same from the Sukuk Trustee from time to time.

### 5.4 Payees

The Disbursement Account captures all proceeds from the issuance of the Sukuk Murabahah and it is operated solely by the Issuer, save and except upon declaration of an Event of Default whereby the Disbursement Account is operated solely by the Security Trustee. The Issuer may make withdrawals from the Disbursement Accounts to, amongst others, finance, in part of in full, all fees, costs and expenses associated with the Projects (which includes the management cost of the Projects), and Strategic Investments.

#### (a) Projects

In relation to utilisation towards Projects (including those to be financed or part financed by the Surplus), all withdrawals from the Disbursement Account shall be for payments made by the Issuer:

- (i) to the respective government departments or agencies, statutory bodies, government-linked corporations or special purpose vehicle companies (wholly-owned by the SFS and specifically incorporated to monitor and/or manage funding of some of the Projects) who will be responsible for making payments to the contractors, vendors, service providers and other stakeholders for the works related to the Projects; or
- (ii) directly to the contractors, vendors, service providers and other stakeholders for the works related to the Projects or for reimbursement of sums disbursed for the Projects.

#### (b) Strategic Investments

In relation to utilisation towards Strategic Investments (including those to be financed or part financed by the Surplus), all withdrawals from the Disbursement Account shall be for payments made by the Issuer to companies (including but not limited to

government-linked corporations) and statutory bodies, which are owned or controlled (as applicable) by the State Government, who will be responsible for making payments to vendors or sellers, and/or investee companies for the Strategic Investments.

For the avoidance of doubt, each of abovementioned government department or agency, contractor, vendor, service provider and other stakeholder in relation to Projects and each of abovementioned company and statutory body, vendor or seller and/or investee companies in relation to Strategic Investments, is referred to as a **"Payee"**.

(c) Post-withdrawal Report

The Issuer undertakes to submit a post-withdrawal report (the form of which shall be as set out in the relevant Transaction Document) on a quarterly basis (such submission to be made within a period to be agreed from the end of the reporting period or such other extended period as may be mutually agreed between the Issuer and the Sukuk Trustee) on withdrawals made by the Issuer for payments to any Payee in relation to Projects and/or any Payee in relation to Strategic Investments.

Such post-withdrawal report shall contain, amongst others:

- (i) in relation to Projects, the name of a Payee, contract amount, date of letter of award or contract, name of project (including package description, where applicable), brief description of scope of work, and the details of any such variation (where applicable), amount paid during the reporting period as well as the accumulated amounts paid to date; and
- (ii) in relation to Strategic Investments, the name of the Payee, name of investment, investment value, date of agreement (where applicable), brief description of investment, amount paid during the reporting period as well as the accumulated amounts paid to date.

From time to time, the Sukuk Trustee may (acting reasonably), with reasonable notice to the Issuer, request copies of documents related to the Projects and/or Strategic Investments, including but not limited to, copies of progress claims, independent certified engineers certifications and remittance advices and such other documents to be reasonably requested by the Sukuk Trustee in order to discharge its duties and obligations under the Transaction Documents.

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## 6.0 THE STATE OF SARAWAK

### 6.1 General

Sarawak is the largest state in Malaysia, with an area of approximately 124,450 square kilometres. The State is strategically located in South East Asia and it has large tracts of land which is suitable for development. The State is divided into twelve (12) administrative divisions, namely Kuching, Samarahan, Sri Aman, Betong, Sarikei, Sibul, Mukah, Bintulu, Kapit, Miri, Serian and Limbang. The capital city of Sarawak is Kuching and has a population of approximately 570,407. The population of Sarawak is approximately 2.8 million.

### 6.2 Performance Highlights

The Issuer and the Guarantor believe that the key performance highlights of the State Government include, amongst other things, (i) its operating performance which has been strong, with consistent fiscal surpluses; (ii) the State's natural resource-heavy economy which may make Sarawak more resilient to economic contraction; and (iii) its large holdings of cash and liquid assets which provide ample coverage for debt servicing, and which help the State Government to fund its current operating and developmental expenditures in addition to servicing its debt requirements.

### 6.3 Economy

Sarawak's real GDP growth is underpinned by resource-based industries, which provided a cushioning effect during the recession in the late 1990s. Sarawak's real GDP is primarily contributed by the services, manufacturing and mining and quarrying sectors. Sarawak recorded a real GDP growth of 2.5 per cent in 2019. Export of crude petroleum increased from 5.5 million tonnes in 2018 to 6.1 million tonnes in 2019 and accordingly the export value of crude petroleum increased from RM12.1 billion in 2018 to RM12.9 billion in 2019.

#### Real GDP and Real GDP growth of Sarawak

	2017	2018	2019
Real GDP (RM million)	130,169	132,981	136,279
Real GDP growth (%)	4.5	2.2	2.5

#### Sarawak economic growth by sectors

Sectors	2017		2018		2019	
	Value	Chg <sup>1</sup>	Value	Chg <sup>1</sup>	Value	Chg <sup>1</sup>
	RM mil	%	RM mil	%	RM mil	%
Agriculture	16,728	0.6	16,556	(1.0)	16,518	(0.2)
Mining & Quarrying	30,214	3.3	29,689	(1.7)	29,602	(0.3)
<b>Primary Sector</b>	<b>46,942</b>	<b>2.3</b>	<b>46,245</b>	<b>(1.5)</b>	<b>46,120</b>	<b>(0.3)</b>
Manufacturing	34,811	3.7	35,579	2.2	36,615	2.9
Construction	4,355	19.9	4,401	1.1	4,463	1.4
<b>Secondary Sector</b>	<b>39,166</b>	<b>5.3</b>	<b>39,980</b>	<b>2.1</b>	<b>41,078</b>	<b>2.7</b>
Utilities, Transport, Storage & Communication	9,806	7.2	10,414	6.2	11,033	5.9
Wholesale & Retail Trade, Accommodation & Restaurants	13,577	6.7	14,638	7.8	15,598	6.6



Sectors	2017		2018		2019	
	Value	Chg <sup>1</sup>	Value	Chg <sup>1</sup>	Value	Chg <sup>1</sup>
	RM mil	%	RM mil	%	RM mil	%
Finance & Insurance, Real Estate & Business Services	8,426	6.3	8,952	6.2	9,353	4.5
Other Services	3,768	4.2	3,928	4.2	4,101	4.4
Government Services	7,964	5.2	8,354	4.9	8,682	3.9
<b>Tertiary Sector</b>	<b>43,541</b>	<b>6.2</b>	<b>46,286</b>	<b>6.3</b>	<b>48,767</b>	<b>5.4</b>
Add: Import Duties	520	16.6	470	(9.6)	314	(33.2)
<b>Total Real GDP</b>	<b>130,169</b>	<b>4.5</b>	<b>132,981</b>	<b>2.2</b>	<b>136,279</b>	<b>2.5</b>

<sup>1</sup> Changes i.e. increase or (decrease) compared to the previous financial year.

Source: State and Department of Statistics, Malaysia

Sarawak's economy is export-orientated with a strong primary industry sector which includes mining and quarrying, oil and gas and agriculture. The primary sector accounted for approximately 33.8 per cent of Sarawak's real GDP in 2019. The secondary industries of construction and manufacturing, which include the production of liquefied natural gas, accounted for approximately 30.1 per cent of real GDP in 2019. Another significant contributor to the economy is the tertiary sector, which contributed approximately 35.8 per cent of the real GDP in 2019. The main contributors to the tertiary sector are private services, such as the wholesale and retail trade industries, utilities, transport and communication industries, as well as financial and business services.

#### 6.4 Natural Resources

In comparison with other states in Malaysia, Sarawak is one of the richest states in terms of natural resources. There are more than 8,000 species of flora and more than 20,000 species of fauna in Sarawak. Sarawak has a coastline of 1,051 kilometres, which yields approximately 180,000 tonnes of marine fish per year. Sarawak has the capacity to produce approximately 4,700 MW of hydropower by 2030, including the Bakun Hydropower station which has an installed capacity of 2,400 MW and the Murum Hydropower station which has an installed capacity of 944 MW.

The State, through Petronas, produces oil and gas, including liquefied natural gas. In 2019, the State produced 27.3 million metric tonnes of liquefied natural gas, of which 91 per cent is exported. In terms of agricultural potential, the State has 4.0 million hectares of land for agriculture development. In 2019, Sarawak produced approximately 4.2 million tonnes of crude palm oil; 54,400 tonnes of rubber and 33,000 tonnes of pepper (white and black).

Another important and abundant natural resource in Sarawak is its forest, which produces timber and a multitude of other forest products. In 2019, Sarawak produced 4.1 million cubic metres of saw logs, 0.5 million cubic metres of sawn timber, and 1.4 million cubic metres of plywood.

Source: State

#### 6.5 Balance of Trade

Sarawak registered a trade surplus of RM56,009 million or an increase of 1.6 per cent in 2019, compared to RM55,108 million in 2018. Exports of oil and gas accounted for 54.7 per cent of the State's total exports in 2019. Other principal exports include palm oil, which accounted for 9.1 per cent of the State's total exports in 2019, and petroleum products, which accounted for 0.7 per cent. Imports of capital goods remain crucial in the development of Sarawak. Capital goods accounted for 31.8 per cent of Sarawak's total imports in 2019, a decrease of 0.1 per

cent compared with 2018. Imports of intermediate goods, which are reflected by imports of mineral fuels and lubricants, animal and vegetable oils and fats, chemicals and manufactured goods, together, accounted for 37.0 per cent of Sarawak imports in 2019.

*Source: State*

## 6.6 Budgetary Performance

The State has absolute discretion in the preparation of the annual budget. Pursuant to the Federal Constitution, the Federal Government undertakes expenditure in the State in respect of matters for which the Federal Government is responsible. This includes education, defence, security and health and funding for development.

Based on the 2019 unaudited budgetary performance, the State revenue stood at RM7,266 million and the State has spent RM3,426 million for operating expenditure and appropriated a sum of RM5,975 million to the Development Fund Account.

	Actual 2017	Actual 2018	Unaudited 2019
	RM mil	RM mil	RM mil
Revenue	6,864	7,201	7,266
Operating Expenditure	(2,311)	(2,641)	(3,426)
Operating Surplus	4,553	4,560	3,840
Appropriation to Development Fund Account	(3,500)	(4,450)	(5,975)
Overall Surplus/ (Deficit)	1,053	110	(2,135)
Current GDP	138,804	146,264	149,724
Real GDP	130,169	132,981	136,279
Overall Surplus/ (Deficit) as a % over current GDP	0.8	0.1	(1.4)
Overall Surplus/ (Deficit) as a % over revenue	15.3	1.5	(29.4)

*Source: State*

The overall deficit in 2019 is mainly attributable to the delay in receipt of the state sales tax from Petronas of RM2,957 million, which was fully received in September 2020.

## 6.7 Revenue

The division of revenue between Malaysia and each state is set out in the Tenth Schedule of the Federal Constitution. Under the Federal Constitution, there are several rights relating to the assignment of taxes and sources of revenue, which are unique to the states of Sabah and Sarawak and are included in the *State Lists* of Sabah and Sarawak. These additional sources of revenue include import and excise duties on petroleum products, export duties on timber products, state sales taxes as well as port dues.

Pursuant to the Petroleum Development Act, 1974 (*Act 144*) and an agreement between the State, the Federal Government and Petronas executed in 1975, Petronas is obliged to make cash payments equal to 5.0 per cent of the selling price of petroleum extracted in Sarawak to the State in return for the ownership and exploitation of rights, powers, liberties and privileges vested in Petronas.

In addition, the State has imposed the state sales tax for petroleum products under State Sales Tax Ordinance 1998, passed in accordance with the Federal Constitution. The formula for the State sales tax is based on 5.0 per cent of the sale value of petroleum products exported from Sarawak.

The State's revenue sources under the State's consolidated revenue accounts are divided into four categories, namely:

- (a) Tax Revenue, which includes forest royalties, State sales tax and raw water levies;
- (b) Non-Tax Revenue, which includes cash compensation in lieu of oil and gas rights, dividends from investments, interests from fixed deposits, land premiums and compensation in lieu of import and excise duties on petroleum products;
- (c) Non-Revenue Receipts, which includes recovery of overpayments and proceeds of disposal of assets; and
- (d) Federal Grants and Reimbursements, which includes grants and reimbursements as provided under the Federal Constitution.

The State revenue increased by 0.9 per cent from RM7,201 million for 2018 to RM7,266 million (unaudited) for 2019. The increase was mainly due to higher cash compensation in lieu of oil and gas rights.

### State Revenue

Sources	Actual 2017	Actual 2018	Unaudited 2019
	RM mil	RM mil	RM mil
Tax Revenue	1,511	1,537	1,522
Non-Tax Revenue	5,089	5,405	5,450
Federal Grants and Reimbursements	232	238	254
Non-revenue receipts	32	21	40
<b>Total</b>	<b>6,864</b>	<b>7,201</b>	<b>7,266</b>

### Summary of Revenue

Sources	Actual 2017	Actual 2018	Unaudited 2019
	RM mil	RM mil	RM mil
Oil and Gas	1,558	1,753	1,974
Forestry	522	600	536
Dividends	1,823	1,864	1,740
Interest	1,177	1,172	1,037
State Sales Tax	719	591	659
Land Premium	266	347	416
Federal Grant	232	238	254
Revenue from other sources	567	636	650
<b>Total</b>	<b>6,864</b>	<b>7,201</b>	<b>7,266</b>

Source: State

## 6.8 Expenditures

The State's total spending is divided into operating and development expenditure as follows:

	Actual 2017	Actual 2018	Unaudited 2019
	RM mil	RM mil	RM mil
Operating Expenditure	2,311	2,641	3,426
Development Expenditure	4,289	8,326	6,637
<b>Total</b>	<b>6,600</b>	<b>10,967</b>	<b>10,063</b>

Source: State

In 2019, the operating expenditure and development expenditure is about 34.0 per cent and 66.0 per cent of the total expenditure.

#### Development Expenditure by Sectors

Sectors	Actual 2017		Actual 2018		Unaudited 2019	
	RM mil	%	RM mil	%	RM mil	%
Commerce and Industry	2,240	52.2	4,723	56.7	2,534	38.2
Agriculture and Land Development	185	4.3	187	2.2	352	5.3
Transport and Communication	320	7.5	330	4.0	687	10.4
Social and Community Development	940	21.9	1,572	18.9	2,173	32.7
General Administration	381	8.9	584	7.0	719	10.8
Public Utilities	223	5.2	230	2.8	122	1.8
Digital Economy Initiatives	-	-	700	8.4	50	0.8
<b>Total</b>	<b>4,289</b>	<b>100.0</b>	<b>8,326</b>	<b>100.0</b>	<b>6,637</b>	<b>100.0</b>

Source: State

#### 6.9 Reserves

The State's cash reserves decreased from approximately RM27,092 million as at 31 December 2018 to RM23,969 million (unaudited) as at 31 December 2019. The State cash reserves were held in fixed deposits and other money market investments.

Source: State

#### 6.10 Liabilities

As at 31 December 2019, the State's unaudited liabilities comprised borrowings of approximately RM2,011 million from the Federal Government, which represents funding passed through the State, which the State lends to various state agencies to meet their programmes and activities. These borrowings are on a long-term basis and are expected to be repaid by the various state agencies accordingly.

Meanwhile, the State through its state-owned off-shore and on-shore companies, has outstanding facilities, net of sinking fund amounts, of approximately USD1,100.8 million (equivalent to RM4,505 million\*) and RM1,005 million respectively as at 31 December 2019, which are issued for the purpose of financing the State's development initiatives. This debt burden is offset by State's large revenue base, substantial fiscal reserves and strong debt servicing aptitude.

Note:

\* RM4.0925: USD1.00 based on the exchange rate quoted on BNM's website as at 31 December 2019.

Source: State

## **7.0 OTHER INFORMATION**

### **7.1 Material Contracts**

As at the LPD, the Issuer and the Guarantor have not entered into any contracts since the date of its respective incorporation.

### **7.2 Material Litigation**

As at the LPD, neither the Issuer nor the Guarantor is engaged in any litigation or arbitration, either as plaintiff or defendant and their respective directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Issuer or the Guarantor.

### **7.3 Commitments and Contingencies**

As at the LPD, the directors of the Issuer and the Guarantor are not aware of any contingent liabilities, which upon becoming enforceable, may have a substantial impact on the financial position and/or the business of the Issuer and the Guarantor.

As at the LPD, the directors of the Issuer and the Guarantor are not aware of any capital commitments other than in the ordinary course of the Issuer's and the Guarantor's principal activities, which may have a substantial impact on the financial position and/or the business of the Issuer and the Guarantor.

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## **APPENDIX 1**

### **Form of Annex Letter**

## ANNEX LETTER

To: Infracap Resources Sdn. Bhd. (the “**Issuer**”)  
18th Floor, Wisma Bapa Malaysia, Petra Jaya  
93502 Kuching, Sarawak,  
Malaysia

Infracap Development Holdings Sdn Bhd (the “**Guarantor**”)  
18th Floor, Wisma Bapa Malaysia, Petra Jaya  
93502 Kuching, Sarawak,  
Malaysia

[Date]

1. We refer to the proposed issuances from time to time (each an “**Issuance**” and collectively, “**Issuances**”) by the Issuer of up to RM15.0 billion in nominal value in aggregate, of Islamic medium term notes (“**Sukuk Murabahah**”) under a Sukuk Murabahah programme of up to RM15.0 billion in nominal value (the “**Sukuk Murabahah Programme**”), unconditionally and irrevocably guaranteed by the Guarantor. The Sukuk Murabahah are to be constituted by a trust deed to be dated on or around the date of this Annex Letter and made between the Issuer, the Guarantor and Malaysian Trustees Berhad, (the “**Sukuk Trustee**”), (the “**Trust Deed**”).
2. The issuance and delivery of this Annex Letter is a condition precedent in respect of the first Issuance under the Sukuk Murabahah Programme. The issuance and delivery of each duly executed Supplemental Deposit Schedule is a condition precedent for each Issuance of a Subsequent Tranche (as defined below) under the Sukuk Murabahah Programme from time to time.
3. We hereby confirm to you that, in consideration of the Issuer issuing the Sukuk Murabahah, we agree to make the following contributions into the State Development Fund or its successor or replacement fund (the “**Government Fund**”), and to procure that such monies are paid to the relevant reserve account(s) (the “**Reserve Account(s)**”) opened or to be opened with [•] (the “**Account Bank**”) in the name of the Issuer pursuant to the assignment and charge to be dated on or around the date of this Annex Letter and made between the Issuer and Malaysian Trustees Berhad (the “**Security Trustee**”) in respect of the Sukuk Murabahah:
  - (i) on or prior to each Deposit Date (as defined below), or if such day is not a Business Day (as defined in the Trust Deed), the Business Day immediately prior to such day, the amount as set out against such Deposit Date (the “**Contribution Amount**”). Each Contribution Amount must be of an amount that is sufficient to meet the corresponding payment due under the Sukuk Murabahah at least fourteen (14) Business Days before such payment falls due; and
  - (ii) upon the occurrence of a Contribution Acceleration Event (as defined below), an amount equal to the Accelerated Contribution Payment shall be paid immediately into the relevant Reserve Accounts. If the Accelerated Contribution Payment is not paid into the relevant Reserve Accounts within four (4) Business Days from the

Contribution Acceleration Event, an Enforcement Event (as defined in the Trust Deed) will occur under the Sukuk Murabahah.

4. We acknowledge that each Deposit Date set out in Schedule 1 (*Deposit Schedule*) is intended to correspond with a date which is at least fourteen (14) Business Days before each payment is due under the Sukuk Murabahah.
5. We note that the Issuer may, from time to time, issue further tranches under the Sukuk Murabahah Programme (a "**Subsequent Tranche**"), all of which are guaranteed by the Guarantor. In connection therewith, the Issuer and the Guarantor may deliver to us, a duly completed and executed Supplemental Request (as defined below), requesting that a supplementary deposit schedule be appended to this Annex Letter ("**Supplemental Deposit Schedule**"). The Supplemental Deposit Schedule will set out deposit dates to correspond with a date which is at least fourteen (14) Business Days before each payment is due under a Subsequent Tranche of the Sukuk Murabahah.
6. Upon our acceptance and counter-signature of such Supplemental Request, the Supplemental Deposit Schedule shall immediately be deemed to be the supplemental deposit schedule to this Annex Letter for all intents and purposes.

In this Annex Letter read together with all Supplemental Deposit Schedules:

A "**Contribution Acceleration Event**" occurs where an Event of Default (as defined in the Trust Deed) has occurred and the Issuer and the Guarantor have received a written instruction issued by the Sukuk Trustee to procure that the Acceleration Contribution Payment be made.

A "**Deposit Date**" means (i) each deposit date as set out in Schedule 1 (*Deposit Schedule*) to this Annex Letter; and (ii) each deposit date set out in a Supplemental Deposit Schedule pursuant to a Supplemental Request issued by the Issuer and the Guarantor which has been accepted and countersigned by us.

A "**Supplemental Request**" means a document in the form substantially set out in Schedule 2 (*Form of Supplemental Request*).

The "**Accelerated Contribution Payment**" means an amount equal to the aggregate outstanding Deferred Sale Price (as defined in the Trust Deed) for the relevant tranche of Sukuk Murabahah.

7. In addition, the State Government of Sarawak (the "**State**") has agreed to ensure that the Issuer, the Guarantor and their respective subsidiaries at all times have funds to satisfy their respective operating expenses and Relevant Taxes.

"**Relevant Taxes**" means any tax, duties, assessments or governmental charges of whatever nature (including, without limitation, any corporation tax, income tax, value added tax, capital gains tax, capital duty, stamp duty, if any).

8. We hereby agree that this Annex Letter (including all Supplemental Deposit Schedules) is irrevocable and may not be withdrawn, waived or modified without your prior written consent (such consent not to be unreasonably withheld).
9. This Annex Letter (including all Supplemental Deposit Schedules) shall be governed by and shall be construed in all respects in accordance with the laws of Malaysia.



10. We agree that in relation to any dispute arising out of or in connection with this Annex Letter (which includes all Supplemental Deposit Schedules) (including a dispute relating to the existence, validity or termination of this Annex Letter (including all Supplemental Deposit Schedules)) or the consequences of its nullity (a “**Dispute**”), the parties irrevocably submit to the exclusive jurisdiction of the Courts of Malaysia, and waive any objection to any legal action or proceeding (the “**Proceedings**”) in any other court outside Malaysia on the grounds of venue or on the grounds that the Proceedings have been brought in an inconvenient forum.
11. We agree that the documents which start any Proceedings in relation to a Dispute and any other documents required to be served in relation to a Proceeding may be served on us by being delivered to us at 18th Floor, Wisma Bapa Malaysia, Petra Jaya, 93502 Kuching, Sarawak. Nothing in this paragraph shall affect the right of the Issuer or the Guarantor to serve process in any other manner permitted by law.
12. We consent generally in respect of any Proceedings to the giving of any relief or any order or judgment which is made or given in such Proceedings.
13. To the fullest extent permitted by law, we irrevocably and unconditionally waive and agree not to claim any sovereign or other immunity from the jurisdiction of the Courts of Malaysia in relation to any Dispute (including to the extent that such immunity may be attributed to us), and agree to ensure that no such claim is made on our behalf.
14. To the extent that the State and/or State Financial Secretary, Sarawak is concerned, this Annex Letter (including all Supplemental Deposit Schedules) sets out the entire agreement among the parties with respect to the subject matter hereof, namely, the Issuances, and this Annex Letter (including all Supplemental Deposit Schedules) supersedes and replaces any agreement or understanding that may have existed between the parties prior to the date of this Annex Letter in respect of such subject matter.
15. This Annex Letter (including all Supplemental Deposit Schedules) is strictly limited to the points above and there is no express or implied guarantee or support with regard to any document or agreement in general.

Yours faithfully

---

**State Financial Secretary, Sarawak**  
**For and on behalf of the State Government of Sarawak**

We agree to be bound by the terms of this Annex Letter (including all Supplemental Deposit Schedules).

For and on behalf of:

**Infracap Resources Sdn. Bhd.** as Issuer

\_\_\_\_\_  
(duly authorised)

\_\_\_\_\_  
(duly authorised)

For and on behalf of:

**Infracap Development Holdings Sdn Bhd** as Guarantor

\_\_\_\_\_  
(duly authorised)

\_\_\_\_\_  
(duly authorised)

## DEPOSIT SCHEDULE

**Deposit Amount**

[illegible]

**SCHEDULE 2**  
**FORM OF SUPPLEMENTAL REQUEST**

To: State Financial Secretary, Sarawak,  
for and on behalf of the State Government of Sarawak

From: Infracap Resources Sdn. Bhd. (the “**Issuer**”)  
Infracap Development Holdings Sdn Bhd (the “**Guarantor**”)

Dated:

**RM15.0 BILLION SUKUK MURABAHAH ISSUED BY THE ISSUER – ANNEX LETTER  
SUPPLEMENTAL REQUEST**

1. We refer to the Annex Letter dated [ ]. Terms defined in the Annex Letter shall have the same meaning in this Supplemental Request unless given a different meaning in this Supplemental Request.
2. The Issuer is proposing to issue a Subsequent Tranche on [date] under the Sukuk Murabahah Programme.
3. Pursuant to paragraph 5 of the Annex Letter, we hereby request that a supplementary deposit schedule as set out in the Appendix to this Supplemental Request be appended to the Annex Letter.
4. This Supplemental Request may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this request.
5. This Supplemental Request is governed by and shall be construed in all respects in accordance with the laws of Malaysia.

For and on behalf of:

**Infracap Resources Sdn. Bhd.** as Issuer

\_\_\_\_\_  
(duly authorised)

\_\_\_\_\_  
(duly authorised)

For and on behalf of:

**Infracap Development Holdings Sdn Bhd** as Guarantor

\_\_\_\_\_  
(duly authorised)

\_\_\_\_\_  
(duly authorised)

[illegible]

## **SUPPLEMENTAL REQUEST CONFIRMATION**

We confirm that we have accepted the Supplemental Request and agree that the supplementary deposit schedule as set out in the Appendix to the Supplemental Request be deemed to form part of the Annex Letter as a supplemental deposit schedule to the Annex Letter with immediate effect.

---

**State Financial Secretary, Sarawak**  
**For and on behalf of the State Government of Sarawak**

Date:

**Issuer**

**Infracap Resources Sdn Bhd**  
(Registration No. 202001033367 (1389688-W))

18th Floor, Wisma Bapa Malaysia  
Petra Jaya, 93502 Kuching  
Sarawak

**Guarantor**

**Infracap Development Holdings Sdn Bhd**  
(Registration No. 202001033053 (1389374-A))

18th Floor, Wisma Bapa Malaysia  
Petra Jaya, 93502 Kuching  
Sarawak

**Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers**

**Hong Leong Investment Bank Berhad**  
(Registration No. 197001000928 (10209-W))

Level 28, Menara Hong Leong  
No 6, Jalan Damanlela, Bukit Damansara  
50490 Kuala Lumpur

**OCBC Bank (Malaysia) Berhad**  
(Registration No. 199401009721 (295400-W))

19th Floor, Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

**United Overseas Bank (Malaysia) Bhd**  
(Registration No. 199301017069 (271809-K))

Level 18, Menara UOB  
Jalan Raja Laut  
50350 Kuala Lumpur

**Facility Agent**

**Hong Leong Investment Bank Berhad**  
(Registration No. 197001000928 (10209-W))

Level 28, Menara Hong Leong  
No 6, Jalan Damanlela, Bukit Damansara  
50490 Kuala Lumpur

**Sukuk Trustee / Security Trustee**

**Malaysian Trustees Berhad**  
(Registration No. 197501000080 (21666-V))

Level 11, Tower Three  
RHB Centre, Jalan Tun Razak  
50400 Kuala Lumpur

**Shariah Adviser**

**Datuk Dr. Mohd Daud Bakar**

Level 13A, Menara Tokyo Marine  
189, Jalan Tun Razak  
50400 Kuala Lumpur

**Central Depository and Paying Agent**

**Bank Negara Malaysia**

Jalan Dato' Onn  
50480 Kuala Lumpur

**Financial Adviser**

**Newfields Advisors Sdn Bhd**  
(Registration No. 199401010372 (296051-V))

Suite 16.1, Level 16, Menara Weld  
No. 76, Jalan Raja Chulan  
50200 Kuala Lumpur

**Legal Counsel to the Issuer / Guarantor / SFS**

**Rahmat Lim & Partners**

Suite 33.01, Level 33  
The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

**Rating Agency**

**RAM Rating Services Berhad**  
(Registration No. 200701005589 (763588-T))

Level 8, Mercu 2, KL Eco City,  
No. 3, Jalan Bangsar,  
59200 Kuala Lumpur.

**Solicitors to the Joint Principal Advisers / Joint Lead Arrangers**

**Adnan Sundra & Low**

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