

## APPENDIX I

### PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSED ISSUE

**PRINCIPAL TERMS AND CONDITIONS FOR THE PROPOSED ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM710 MILLION IN NOMINAL VALUE (“IMTN PROGRAMME”)**

**BACKGROUND INFORMATION**

**(a) ISSUER**

- (i) Name : Ranhill Powertron II Sdn Bhd (“RPII” or the “Issuer”)
- (ii) Address : **Registered Address:**  
Level 15, Wisma Perkeso  
No. 155, Jalan Tun Razak  
50400 Kuala Lumpur
- Business Address:**  
Level 13, Wisma Perkeso  
No. 155, Jalan Tun Razak  
50400 Kuala Lumpur
- (iii) Business Registration No. : 354304-U
- (iv) Date/Place of incorporation : August 7, 1995 / Malaysia
- (v) Date of Listing : Not applicable
- (vi) Status
- Resident/non resident controlled company : Resident controlled company.
  - Bumiputera/non-bumiputera controlled company : Bumiputera controlled company.
- (vii) Principal activities : RPII is principally involved in the design, construction, operation and maintenance of a 190 Megawatt (“MW”) combined-cycle, gas-turbine power plant (“the Plant”) located in Kota Kinabalu Industrial Park, Sepangar Bay, Sabah under a 21-year Power Purchase Agreement (“PPA”) and a supplemental PPA with Sabah Electricity Sdn Bhd (“SESB”) (the “Project”).
- (viii) Board of Directors (as at 1.3.2011) :

Name	Resident Status	I/C No
Tan Sri Hamdan Mohamad	Resident	560308-01-5037

Name	Resident Status	I/C No
Tan Sri Abdul Majid Khan	Resident	431215-12-5367
Amran bin Awaluddin	Resident	690728-10-6125
Dato'Harun bin Ismail	Resident	591231-12-5183
Christopher Ng Chung Yee	Resident	601001-12-5061

- (ix) Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders : The shareholders and shareholding structure of RPII as at 1.3.2011 are as follows:-

	No. of ordinary shares held	No of Redeemable Convertible Non-Cumulative Preference Shares held	% of share-holding
Ranhill Power Sdn Bhd ("RPSB")	8,000,000	188,000,000	80
Sabah Energy Corporation Sdn Bhd ("SEC")	2,000,000	47,000,000	20
<b>TOTAL</b>	<b>10,000,000</b>	<b>235,000,000</b>	<b>100</b>

- (x) Authorised and paid-up share capital : **Authorised share capital as at 1.3.2011:**

RM25,000,000 divided into 22,000,000 ordinary shares of RM1.00 each and 300,000,000 Redeemable Convertible Non Cumulative Preference Shares of RM0.01 each ("RCNCPS").

**Issued and Paid-Up Share Capital as at 1.3.2011:**

10,000,000 Ordinary Shares of RM1.00 each and 235,000,000 RCNCPS of RM0.01 each and the paid up capital of RM12,350,000.

**PRINCIPAL TERMS AND CONDITIONS FOR THE PROPOSED ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM710 MILLION IN NOMINAL VALUE (“ISLAMIC MTN PROGRAMME”)**

**(a) Names of parties involved in the proposed transaction (where applicable)**

- |       |   |   |   |
|-------|---|---|---|
| i.    | <b>Joint Principal Adviser(s)/ Joint Lead Arranger(s)</b> | : | Affin Investment Bank Berhad (9999-V) (“Affin Investment”) and Maybank Investment Bank Berhad (15938-H) (“Maybank IB”) (hereafter collectively referred to as “JLAs” or “JLAs/JPs”).  |
| ii.   | <b>Arranger(s)</b>  | : | Not applicable  |
| iii.  | <b>Valuers</b>  | : | Not applicable  |
| iv.   | <b>Solicitors</b>   | : | Messrs Adnan Sundra & Low   |
| v.    | <b>Financial Adviser</b>                                  | : | Not applicable  |
| vi.   | <b>Technical Adviser</b>                                  | : | Not applicable  |
| vii.  | <b>Guarantor</b>  | : | Danajamin Nasional Berhad (“Danajamin or the Guarantor”) in which the Guarantor agrees to provide unconditional and irrevocable Kafalah Guarantee (“Kafalah Guarantee”) to the Tranche 2 Sukukholders (as defined below) (“Al-Kafalah Facility” as further described in item (z)(A) herein) pursuant to the Al-Kafalah Facility Agreement (as defined in item (z)(A) herein). |
| viii. | <b>Trustee</b>  | : | Malaysian Trustees Berhad   |
| ix.   | <b>Facility Agent</b>                                     | : | Maybank IB  |
| x.    | <b>Primary Subscriber(s) and amount subscribed</b>        | : | The primary subscriber(s) and the amount subscribed will be identified closer to the point of issuance, if the Sukuk are to be issued on a bought deal basis.   |
| xi.   | <b>Underwriter(s) and amount underwritten</b>             | : | The Sukuk are to be issued on a non-underwritten basis.   |
| xii.  | <b>Shariah Adviser</b>                                    | : | Maybank Islamic Berhad (acting via its Shariah Committee)   |
| xiii. | <b>Central Depository</b>                                 | : | Bank Negara Malaysia (“BNM”)  |
| xiv.  | <b>Paying Agent</b>                                       | : | BNM   |
| xv.   | <b>Reporting Accountant</b>                               | : | Messrs Deloitte Kassim Chan   |

**xvi. Others (please specify)**

- (1) Issue Agent** : Maybank IB
- (2) Security Agent** : Maybank IB
- (3) Placee(s)** : The Placee(s) will be identified closer to the point of issuance, if the Sukuk are to be issued on private placement.
- (b) Islamic principle used** : Musharakah
- (c) Facility Description** : Up to RM710 million in nominal value Islamic Medium Term Notes (“IMTN”) Programme (“IMTN Programme”) will be issued under the Shariah principle of Musharakah comprising the following tranches:-

**Tranche 1**

IMTN of up to RM360 million in nominal value (“Tranche 1 Sukuk”).

**Tranche 2**

IMTN of up to RM350 million in nominal value (“Tranche 2 Sukuk”); and

(the Tranche 1 Sukuk and Tranche 2 Sukuk shall collectively be referred to as the “IMTN” or “Sukuk”)

**Underlying Musharakah transaction**

In respect of the issuance of the Sukuk, the investors with the Issuer will enter into a Musharakah Agreement as partners (each a “Partner” and collectively the “Musharakah Partners”) from time to time for the purpose of undertaking a venture (“Musharakah Venture”) to invest directly into the Shariah-compliant business of the Issuer (“Business”).

The Issuer will issue Sukuk to investors (“Sukukholders”). Proceeds raised from the Sukuk shall be the capital contribution of the Sukukholders to the Musharakah Venture. Each Sukuk shall represent the respective Sukukholders’ undivided proportionate interest in the Musharakah Venture. The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk issued by the Issuer. Meanwhile, the Issuer will

contribute its Business as capital contribution into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust over all its interest in the Business for the benefit of the Sukukholders and itself.

The Issuer shall be appointed as the manager to manage the Musharakah Venture. The Sukukholders agree that any excess of the profits from the Periodic Distribution Amount (as hereinafter defined) shall be retained by the Issuer as an incentive fee.

Any profits from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to issuance of the Sukuk. Any losses incurred in each Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.

The expected return to the Sukukholders under the Musharakah Venture shall be yield for the Sukuk up to the maturity date of the Sukuk ("Expected Return"). The income from the Musharakah Venture of up to an amount equivalent to the expected rate as stated in item 2(g) of the face value of the Sukuk for the relevant period ("Periodic Distribution Amount") shall be distributed semi annually in each year to the Sukukholders in the form of periodic distribution ("Periodic Distribution").

Any shortfall between the Periodic Distribution Amount and the actual profit generated from the Musharakah Venture distributable to the Sukukholders shall be paid by the Issuer as the advance part payment (the "Advance Part Payment") which shall be set off against the Exercise Price (as defined below) pursuant to the Purchase Undertaking (as defined below) or Sale Undertaking (as defined below), as the case may be.

The Issuer shall issue a purchase undertaking to Trustee for and on behalf of the Sukukholders, wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price upon declaration of Dissolution Event ("Purchase Undertaking").

The Trustee (for and on behalf of the Sukukholders) shall issue a sale undertaking to the Issuer, wherein

the Trustee (for and on behalf of the Sukukholders) undertakes to sell the Sukukholders' interest in the Musharakah Venture to the Issuer at an Exercise Price on the respective maturity date of the Sukuk ("Sale Undertaking").

Pursuant to a separate arrangement from Musharakah arrangement thereof, the Guarantor and the Issuer shall enter into the Al-Kafalah Facility under which the Guarantor shall at the request of the Issuer unconditionally and irrevocably guarantee in favour of the Trustee (on behalf of the Sukukholders), the payment obligation of the Issuer under the Exercise Price of the Purchase Undertaking based on the Kafalah Guarantee(s) provided by the Guarantor in relation to the Tranche 2 Sukuk.

The diagram is attached in the Appendix 1.

### **Exercise Price**

The Exercise Price shall be calculated as follows:-

The Musharakah Capital (as defined below) plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture less Unearned Periodic Distribution (as defined below)(if applicable) .

"Musharakah Capital" shall mean the actual proceeds received by the Issuer upon issuance of the Sukuk.

"Unearned Periodic Distribution" shall mean the aggregate amount of all Periodic Distributions falling due after the declaration of a Dissolution Event and shall exclude the Periodic Distributions falling due immediately after the date of declaration of a Dissolution Event. For the avoidance of doubt, any accrued but unpaid profit after the declaration of the Dissolution Event will be payable.

On any payment of the Exercise Price, the Issuer will be entitled to set-off the Exercise Price with any Advance Part Payment made by the Issuer.

- (d) **Issue size (RM)** : The issue size of the IMTN Programme is up to RM710 million in nominal value comprising the following tranches:-

### **Tranche 1**

IMTN of up to RM360 million in nominal value comprising the following series:-

<b>Series</b>	<b>Tenure (year)</b>	<b>Issue Size (nominal amount in RM million)</b>
1	2	10
*2	*3	20
3	4	30
4	5	30
5	6	30
6	7	50
7	8	50
8	9	50
9	10	50
10	11	40
<b>Total</b>		<b>360</b>

### **Tranche 2**

IMTN of up to RM350 million in nominal value comprising the following series:-

<b>Series</b>	<b>Tenure (year)</b>	<b>Issue Size (nominal amount in RM'million)</b>
1	12	50
2	13	50
3	14	50
4	15	50
5	16	50
6	17	50
7	18	50
<b>Total</b>		<b>350</b>

\*Note: Save and except for series 2 under Tranche 1 Sukuk which will be issued at a later date, all series under Tranche 1 Sukuk will be issued on the same date ("First Issue Date"). The maturity date of series 2 of Tranche 1 Sukuk however will not exceed the 3<sup>rd</sup> anniversary of the First Issue Date.

**(e) Issue price (RM)**

: The Sukuk shall be issued at par. The issue price shall be computed in accordance with the formula specified in the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear") dated 17 February



2011 and shall be governed by guidelines pertaining thereto issued from time to time.

**(f) Tenor of the facility/issue**

: The IMTN Programme shall have a tenure of up to eighteen (18) years from the date of first issuance.

Each Sukuk issued shall have a maturity of more than one (1) year and up to eighteen (18) years provided always that the maturity of the Sukuk shall not exceed the tenure of the IMTN Programme.

The outstanding amount (and the available limit) under the IMTN Programme shall be reduced on an annual reducing balance basis with the first reduction commencing on the 2<sup>nd</sup> anniversary from the date of the issuance of the Sukuk under the IMTN Programme (“Amortisation Schedule”) as follows:-

<b>Amortisation Date</b>	<b>Amount of Amortisation (RM' million)</b>	<b>Available Limit (RM' million)</b>
Issue Date (date of first issuance of the Sukuk )	-	710
2 <sup>nd</sup> anniversary from the Issue Date	10	700
3 <sup>rd</sup> anniversary from the Issue Date	20	680
4 <sup>th</sup> anniversary from the Issue Date	30	650
5 <sup>th</sup> anniversary from the Issue Date	30	620
6 <sup>th</sup> anniversary from the Issue Date	30	590
7 <sup>th</sup> anniversary from the Issue Date	50	540
8 <sup>th</sup> anniversary from the Issue Date	50	490
9 <sup>th</sup> anniversary from the Issue Date	50	440
10 <sup>th</sup> anniversary from the Issue Date	50	390
11 <sup>th</sup> anniversary from the Issue Date	40	350
12 <sup>th</sup> anniversary from the Issue Date	50	300
13 <sup>th</sup> anniversary from the Issue Date	50	250

14 <sup>th</sup> anniversary from the Issue Date	50	200
15 <sup>th</sup> anniversary from the Issue Date	50	150
16 <sup>th</sup> anniversary from the Issue Date	50	100
17 <sup>th</sup> anniversary from the Issue Date	50	50
18 <sup>th</sup> anniversary from the Issue Date	50	0

Any amount amortised in accordance with the Amortisation Schedule shall be cancelled and will not be re-issued.

- (g) **Coupon/Profit or equivalent rate (%) (please specify)** : The expected profit rate of the Sukuk shall be determined prior to issuance.
- (h) **Coupon/profit payment frequency and basis** : Frequency  
Payable semi-annually in arrears from the date of issue of the Sukuk with the first payment being made six (6) months from the date of each issuance of the Sukuk of the IMTN Programme.  
Basis  
Actual over actual number of days.
- (i) **Yield to Maturity (“YTM”) (%)** : The YTM for the Sukuk shall be determined at the point of each issuance.
- (j) **Security/Collateral (if any)** : Tranche 1 Sukuk  
The Tranche 1 Sukuk will be issued on a standalone basis. The payment of the Exercise Price pursuant to the Purchase Undertaking is secured against the same list of security granted in favour of the financier for the BG-I Facilities (“BG-i Financier”) and Danajamin, as the Guarantor (as further described below) and provider of the Advance Facility (as described below) (“Advance Facility Provider”) which security shall rank *pari-passu* in terms of priority and security:-  
(i) A debenture to create a first ranking fixed and floating charge over all of RPII’s assets, both present and future;

- (ii) First assignment and charge of the Lease Agreement and the lease on the Project land and building excluding switchyard areas and parts which are to be transferred to SESB pursuant to the Lease Agreement (as defined in item(z)(Z) herein) and the PPA;
- (iii) Assignment over all the rights, interest and benefit of the RPII in and all applicable licences and permits related to the Project (to the extent that the licences and permits are assignable);
- (iv) Assignment of all the rights, interest and benefit of RPII under the project agreements ("Project Agreements") including but not limited to the rights to revenue streams under the PPA and such step-in rights available to the Tranche 1 Sukukholders under the terms of the relevant Project Agreements;
- (v) A charge and assignment of all the rights, benefit and interest of RPII in and to the Designated Accounts (as defined in item (z)(F) herein);
- (vi) Assignment of all insurance/takaful policies taken in relation to the Project and the proceeds there from with the Security Agent being named as co-insured on all relevant insurance/takaful policies taken out or to be taken out by the Issuer under the relevant Project Agreements including the following insurance/takaful type:-
  - Industrial All-Risks & Machinery Breakdown
  - Loss of Revenue, and
  - Public Liability Insurance/Takaful

The amount of sum insured is subject to the independent takaful adviser's (currently MIT Insurance Brokers Sdn Bhd) recommendation at each anniversary, which amount shall be acceptable to the Facility Agent (in relation to the PPA and all the supplemental agreements thereto, to share the security interest in the proceeds of the relevant insurances/takaful with SESB in accordance with the priority set out therein);

- (vii) Assignment of all the rights, interest and benefit of RPII under any performance bonds and performance guarantees issued in favour of RPII under the Project Agreements to the extent they are assignable (in relation to the PPA and all the supplemental agreements thereto, to share the security interest in the proceeds of the relevant performance bonds with SESB in accordance with the priority set out therein);
- (viii) Any other security as may be advised by the solicitors to the JLAs ("Legal Counsel") and agreed with the Issuer.

*Note: The above security arrangement represents the ultimate pool of securities for the IMTN Programme. Pending the redemption of the Syndicated Term Financing Facilities (as defined under item (z)(T) herein and as a condition precedent to the IMTN Programme issuance as provided for in item (v)(B)(x) herein, the IMTN Programme shall be supported by (i) to (vii) above (save for the Security Documents which can only be perfected after the redemption of the Syndicated Term Financing Facilities) provided always such creation is approved by the existing financiers and the necessary letter(s) of undertaking is/are obtained from the security agent prior to the release of the redemption sums wherein each of the financiers under the Syndicated Term Financing Facilities undertakes to disclaim each of their interests in all their security interests under the Syndicated Term Financing Facilities' existing security documents.*

*In addition to the Al-Kafalah Facility, Danajamin may make available to the Issuer an advance facility for the purposes of making good the shortfall between the expected profit payment and the actual amount available for payment of such profit on a particular profit payment date in relation to the Tranche 2 Sukuk ("Advance Facility") only. The Advance Facility, which is a credit line granted to the Issuer, is not a committed facility and is granted at the sole discretion of Danajamin.*

*As the BG-i Facilities (as defined in item (z)(T) herein) will remain available to the Issuer after the issuance of the Sukuk, the above security shall be shared on pari-passu basis in terms of priority and security among the BG-i Financier, with the Tranche 1 Sukukholders under the IMTN Programme and Danajamin, as the Guarantor under the Al-Kafalah Facility and the Advance Facility Provider. Consent*

*shall be sought from the BG-i Financier in relation to the above security sharing arrangement, upon which an agreement ("Security Agency and Sharing Agreement") shall be entered into between the Security Agent (for an on behalf of the Trustee (for the Tranche 1 Sukukholders), the BG-i Financier, Danajamin as the Guarantor and the Advance Facility Provider) and the Issuer to evidence, inter alia the said security sharing arrangement.*

## **Tranche 2 Sukuk**

Nil. However, the Issuer's obligation to pay the Exercise Price under the Purchase Undertaking in respect of the Tranche 2 Sukuk shall be guaranteed by the Kafalah Guarantee(s) as further elaborated under item (z)(A) below.

There will be a security sharing arrangement ("Shared Security") in relation to security furnished by the Issuer for the Tranche 1 Sukuk for the payment of Exercise Price pursuant to Purchase Undertaking on the basis that the right of the Sukukholders of Tranche 1 pursuant to the Shared Security shall at all times rank *pari-passu* with the interest of Danajamin, as the Guarantor and the Advance Facility Provider and the BG-i Financier in terms of priority and security.

(The Sukukholders of Tranche 1, Danajamin (as the Guarantor and Advance Facility Provider) and the BG-i Financier are hereinafter referred to as the "Secured Parties").

**(k) Details on utilisation of proceeds :**

The proceeds raised from the issuance of the Sukuk under the IMTN Programme shall be utilised for the following Shariah compliant purposes:-

<b>Purpose</b>	<b>Amount (Up to) (RM' million)</b>
(i) To refinance the existing outstanding amount under the Syndicated Term Financing Facilities <sup>1</sup> with the list of financiers as listed below, to finance the balance of the capital expenditure required for the Project and to fund the	610

FSRA (as set out in item (z)(F)(2) required under the Sukuk;	
(ii) Advance to the shareholders of RPII by way of an inter company advance ("Inter Company Advance"); and	90
(iii) The balance, to finance all costs/expenses incurred in relation to the IMTN Programme exercise (including the initial guarantee fees) and working capital requirements.**	10
<b>TOTAL</b>	<b>710</b>

<sup>1</sup> The existing outstanding borrowings under Syndicated Term Financing Facilities were earlier extended by the following syndicated financiers to part finance the Project:-

	<b>Financier</b>	<b>Amount up to (RM)</b>
1	Maybank Islamic Berhad	114,513,051.54
2	Bank Islam Malaysia Berhad	137,445,841.42
3	Bank Kerjasama Rakyat Malaysia Berhad	137,445,841.42
4	Bank Pembangunan Malaysia Berhad	91,580,265.62
5	Affin Bank Berhad	77,876,000.00
	<b>TOTAL</b>	<b>558,861,000.00</b>

*Note:*

*The above outstanding amount is as at 24 March 2011. The said amount will be subjected to further changes should further drawdown be made by RPII thereunder to finance the remaining construction cost, maintenance and operations of the Plant.*

*\* The Inter Company Advance may only be set off against the relevant amount for redemption of the RCNCPS held by the shareholders of RPII if the retained earnings of RPII are sufficient to redeem such RCNCPS and the said Inter Company Advance will be fully settled by such redemption by the shareholders of RPII.*

*RPSB's portion of the Inter Company Advance of up to RM72 million is based on its current shareholding of 80% in RPII. RPSB shall advance proceeds of up to RM52.0 million received from the Inter Company Advance to Ranhill Berhad ("RB"), who in turn will utilise to partly or fully repay its Bridging Loan Facility ("BL") of up*

to RM43.0 million and the remaining balance, if any, may be utilised to pay the accrued interest for USD220.0 million Guaranteed Notes issued by Ranhill (L) Ltd. Any unutilised balance shall be utilised for working capital and general corporate purposes of RB.

The BL was earlier extended by Affin Investment and Malayan Banking Berhad to RB on equal basis. As at 24 March 2011, the outstanding amount under the BL stands at approximately RM42.64 million.

The remaining amount of up to RM20.0 million of RPSB's portion in the Inter Company Advance will be utilised by RPSB to repay its current borrowings with the following banks:-

(i) Affin Bank Berhad of up to RM14.1 million including accrued interest pursuant to the revolving credit and overdraft facilities; and

(ii) The balance, to RHB Bank Berhad of up to RM5.7 million including accrued interest pursuant to the overdraft facility.

Any unutilised balance shall be utilised for working capital and general corporate purposes of RPSB.

The JLAs understand from the Issuer that SEC may utilise its portion of the Inter Company Advance of up to RM18 million (based on its current shareholding of 20% in RPII) for its general corporate purposes.

\*\* Any unutilised balance shall be transferred into the Revenue Account.

(l) **Sinking fund (if any)** : Not applicable.

(m) **Rating**  
 • **Credit rating assigned (Please specify if this is an indicative rating)** :

Tranches	Nominal Value (Up to RM million)	Indicative rating assigned
Tranche 1	360	AA <sub>IS</sub>
Tranche 2	350	AAA <sub>IS(fg)</sub>
<b>TOTAL</b>	<b>710</b>	

• **Name of Rating Agency** : Malaysian Rating Corporation Berhad ("MARC")

(n) **Form and Denomination** : Form  
 The Sukuk shall be represented at all times by Global Certificates (exchangeable for definitive certificates only in limited circumstances) to be deposited with BNM and shall be traded under the Real Time Electronic Transfer of Funds and Securities ("RENTAS") maintained by MyClear.

Denomination

The Sukuk shall be issued in bearer form and in respect of the Sukuk, in denominations of RM1,000.00 or in multiples of RM1,000.00 thereof or such other denomination as determined/allowed by BNM.

- (o) **Mode of Issue** : The Sukuk shall be issued without prospectus by way of private placement and/or bought deal as the Issuer may select. The Sukuk shall be issued under Fully Automated System for Issuing/Tendering ("FAST") and traded under RENTAS.
- (p) **Selling Restriction** : The Sukuk may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within the following:
- (i) at the point of issuance of the Sukuk, Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 as amended from time to time (the "CMSA");
  - (ii) after the issuance of the Sukuk, Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA;
- and to the relevant category of the persons specified in Section 4(6) of the Companies Act, 1965, as amended from time to time.
- (q) **Listing Status** : The Sukuk will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.
- (r) **Minimum Level of Subscription (RM or %)** : 100% of the size of each issuance.
- (s) **Other regulatory approvals required in relation to the Issue, Offer or Invitation and whether or not obtained** : None.
- (t) **Identified assets** : Not applicable.



- (u) **Purchase and selling price/rental (where applicable)** : Not applicable.
- (v) **Conditions Precedent** : Usual and customary condition precedents for a facility of such nature, which shall include but not limited to the following:-

A. Main Documentation

- (i) Satisfactory completion and execution of all legal documentation including but not limited to the Transaction Documents (as defined in item (z)(H) herein)(save for the Security documents which can only be perfected after the redemption of the Syndicated Term Financing Facilities), duly endorsed as exempted under Stamp Duty Exemption (No 23) Order 2000 and presented for registration;
- (ii) All relevant notices and acknowledgements shall have been made or received as the case may be.

B. The Issuer

Receipt from the Issuer of:

- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (ii) Certified true copies of the most recent Forms 24, 44 and 49 of the Issuer;
- (iii) Certified true copies of the board resolution of the Issuer authorising, among others, the issuance of the IMTN Programme and the execution of all relevant documents thereto;
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures who will sign all Transaction Documents and will thereafter be giving notices in relation to the IMTN Programme;
- (v) Delivery of the most recent audited financial statements of RPII in form and substance acceptable to the JLAs;

- (vi) Delivery of an operating and maintenance budget and in form and substance acceptable to the JLAs;
- (vii) Delivery of the relevant insurance/takaful report from insurance/takaful broker acceptable to the JLAs that the insurance/takaful cover is adequate and in compliance with the Issuer's obligations under the Project Documents;
- (viii) Delivery of certified true copies of insurance/takaful policies evidencing RPII's receipt of insurance/takaful required by the Transaction Documents and Project Agreements;
- (ix) The project base case financial model and the first annual budget in form and substance acceptable to the JLAs;
- (x) Delivery of evidence satisfactory to the JLAs that all security interests with respect to the Security have been created, filed, presented for registration, powers of attorney (if any) lodged at the High Court of Malaya (save for the Security which can only be perfected after the full redemption of the Syndicated Term Financing Facilities), recorded and/or perfected as applicable, and all necessary consents for the creation of the Security have been obtained and are in full force and effect;
- (xi) A report of the relevant company search of the Issuer; and
- (xii) A report of the relevant winding up search conducted on the Issuer with confirmation from the Insolvency Department of Malaysia that the Issuer has not been wound up.

#### C. General

- (i) Evidence that the approval from the SC in respect of the IMTN Programme has been obtained;
- (ii) Delivery of the certified true copy of the IPP generation license;

- (iii) Confirmation from the rating agency that the Tranche 1 and Tranche 2 have been accorded a minimum rating of AA<sub>IS</sub> and AAA<sub>IS(fg)</sub> respectively;
- (iv) Evidence that all the Designated Accounts (as defined in item (z)(F) herein) have been opened and the mandates for operations of such accounts (a) are in accordance with the terms of the Issuer's Board of Directors' resolution and (b) a copy of the same has been given to the Security Agent;
- (v) Receipt of satisfactory legal opinion from the Legal Counsel for the JLAs advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and that all the conditions precedents in relation to the Transaction Documents have been duly fulfilled;
- (vi) Evidence that the Shariah approval has been obtained in respect of the IMTN Programme;
- (vii) Evidence on completion of satisfactory legal and financial due diligence exercise on the Issuer and receipt of the relevant due diligence report and confirmation/opinion from the Legal Counsel of the JLAs;
- (viii) Receipt of evidence that the Issuer's external auditor/Reporting Accountant has reviewed the cash flows projections and assumptions;
- (ix) Evidence that all relevant consents have been obtained from SESB to undertake the proposed IMTN Programme, including the assignment of all the rights, interest and benefit of RPII under the PPA and to deposit all revenue from the PPA into the Revenue Account;
- (x) Evidence that consent has been obtained from the BG-i Financier for RPII (i) to undertake the Sukuk issuance (ii) the sharing on a pari passu basis of security under the IMTN Programme and (iii) approval to use any assets of the Issuer for the IMTN Programme;

- (xi) Evidence that consent has been obtained from the security agent on behalf of the existing financiers for the Syndicated Facilities for (i) Issuer to undertake the Sukuk issuance and (ii) the creation of the security interests over the existing securities of the Syndicated Facilities and (iii) the use of any assets of the Issuer for the Sukuk issuance;
- (xii) Receipt of an irrevocable and unconditional letter of undertaking from the security agent acting on behalf of each of the existing financiers (other than the BG-i Financier) for the Syndicated Facilities addressed to the Trustee that each of the existing financiers for the Syndicated Facilities will disclaim their interests inter alia, in the existing securities immediately upon receipt of the redemption sums from the proceeds of the Sukuk;
- (xiii) Evidence of the approval from Sabah Energy Corporation Sdn Bhd ("SEC") via the resolution of the board of directors of RPII (which has been unanimously passed by all directors (including the nominee directors from SEC) authorising the Inter Company Advance;
- (xiv) Receipt of the redemption statements from the respective facility agents of the Syndicated Term Financing Facilities and the BL on the outstanding redemption sum due together with the accounts details where the redemption amount shall be remitted to;
- (xv) Evidence that consent(s) has been obtained from the existing financiers/lenders of RPSB, if applicable, for the making of an inter company advance by RPSB to RB;
- (xvi) The first issuance of the Sukuk under the IMTN Programme is allowed upon completion of construction of the Plant and commencement of Initial Operation Date of the Facility (as defined in the PPA);
- (xvii) Satisfactory documentary evidence that the Kafalah Guarantee for the Tranche 2 Sukuk has been issued in favour of the trustee; and

(xviii) Such other conditions precedent as set out in the relevant Transaction Documents to be advised by the Legal Counsel for the JLAs and mutually agreed between the JLAs and the Issuer.

**(w) Representations and Warranties**

: Including but not limited to the following:

- (i) The Issuer is a company duly established and existing under Malaysian law and it has the power and authority to enter into the business in which it is or proposes to be engaged and has the power under its Memorandum and Articles to enter into, exercise its rights under and perform its obligations under the Transaction Documents;
- (ii) The Issuer's entry into, exercise of its rights and obligations under the Transaction Documents and Project Agreements do not violate any law, the Issuer's charter or by-laws or existing agreements;
- (iii) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect and no further approvals, or other third party consents are required other than those already obtained;
- (iv) The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer;
- (v) There are no change of law or other governmental action has occurred which shall make it improbable for RPII to perform covenants and obligations on its part to be performed under the Transaction Documents;
- (vi) The financial statements have been prepared in accordance with generally approved accounting standards in Malaysia;
- (vii) There has been no event or occurrence which constitutes a violation of the law or contravention of or default under any agreement, which may have a material adverse effect;

- (viii) There is no change in its business, condition (financial or otherwise), performance or results of the operations of the Issuer and the Project since the date of the information memorandum for the IMTN Programme which may have a Material Adverse Effect;
- (ix) There is no litigation or arbitration which is current or, to the Issuer's knowledge, threatened against the Issuer, which if adversely determined would have a material adverse effect on the ability of the Issuer to comply with the Transaction Documents;
- (x) The Issuer has maintained and will continue to maintain adequate insurance/takaful cover as required in the Issuer's ordinary course of business and under the Project Agreements and such insurances/takafuls are in full force and effect; and
- (xi) Such other representations and warranties as may be advised by the Legal Counsel of the JLAs and to be mutually agreed between the JLAs and the Issuer.

**(x) Dissolution Events**

: Usual and customary dissolution events for facility of such nature, which shall include but not limited to the following:

- (i) The Issuer fails to pay any amount due and payable under the Sukuk;
- (ii) Failure to pay fees when due and payable under the IMTN Programme, and such failure continues for thirty (30) days or more after the date due;
- (iii) Any representation or warranty by the Issuer under the Transaction Documents that proves to have been untrue in any material respect and in the case of a failure which if in the opinion of the Trustee, is capable of being remedied, the Issuer does not remedy the failure within a period of forty five (45) days;
- (iv) Cross default of any other debt of the Issuer which in the opinion of the Trustee may have a Material Adverse Effect;

- (v) The Issuer fails to obtain, renew, maintain or comply in any material respect with all governmental approvals, licenses and permits which are necessary for the performance by the Issuer of its obligations under the Project Agreements and for maintaining the status of the Security and such failure continues for thirty (30) days or more after written notice is delivered to the Issuer and has a Material Adverse Effect;
- (vi) Any governmental approval required for the operation of the Plant is revoked, terminated, withdrawn or ceases to be in full force and effect, if such revocation, termination, withdrawal or cessation has in the opinion of the Trustee a Material Adverse Effect;
- (vii) Any Project Agreement shall be amended or modified in any manner which may have a Material Adverse Effect without the consent of the Trustee, or any Project Agreement shall be terminated prior to its stated termination date or shall cease to be in full force or effect and such termination or cessation has a Material Adverse Effect;
- (viii) Occurrence of an event of abandonment, total loss, complete destruction or any other event similar nature (other than due to a force majeure event) with respect to the Plant or any part thereof;
- (ix) The Security Agent's security interest in the Security (as defined in item (j) herein) is or shall become, for any reason, invalid, void or unenforceable or if any law is brought into effect which purports to render ineffective or invalid any Security or at any time the Security Agent's security interest in the Security do not rank first in point of priority and security over all other unsecured and subordinated indebtedness of the Issuer;
- (x) Any corporate action is taken or any legal proceedings are commenced for the winding-up of the Issuer (except where any such step is of a vexatious or frivolous nature);

- (xi) All or substantial part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, the Issuer are seized, nationalized, expropriated or compulsorily acquired by or under the authority of any government;
- (xii) Insolvency or administration or winding up of the Issuer;
- (xiii) Failure to comply with the requirements as set out under the FSRA, FPA (as set out in items (z)(F)(2) and (3) respectively) and the Financial Covenants (as set out in item (z)(B) herein) and such failure continues for thirty (30) days or more after written notice is delivered to the Issuer;
- (xiv) The capacity payments under the PPA are suspended arising from the shutdown of the Plant in respect of the facility for more than hundred eighty (180) consecutive days in any twelve (12) month period;
- (xv) Judgment being rendered against the Issuer 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 and where such failure would materially adversely affect the ability of the Issuer to perform its material obligations under the Transaction Documents;
- (xvi) Re-negotiation of the PPA due to an industry restructuring where new terms and conditions have a Material Adverse Effect, as deemed by the Trustee, on the ability of the Issuer to pay the sums payable under the Sukuk;
- (xvii) Such other events of default as are prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds with appropriate remedy periods and materiality thresholds as may be agreed to between the Issuer and the JLAs, and such other events of default to be mutually agreed by the Issuer and the JLAs.



## **Specific Dissolution Events under Tranche 2 Sukuk**

- (i) The Guarantor has served a notice to require the Trustee to make a demand or claim on any Kafalah Guarantee pursuant to and in accordance with the terms of the Al-Kafalah Facility. For the purpose of this clause, such notice by the Guarantor requiring the Trustee to demand or claim on a Kafalah Guarantee issued in relation to a series of Tranche 2 Sukuk shall not constitute a Dissolution Event in respect of the other series of Tranche 2 Sukuk unless the Guarantor has also served a notice to the Trustee to make a demand or claim on the Kafalah Guarantee issued in relation to other series of Tranche 2 Sukuk;
- (ii) Occurrence of any of the following events in respect of the Guarantor:
  - (a) the Kafalah Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect;
  - (b) it is or will become unlawful for the Guarantor to perform or comply with any one or more of its obligations under the Kafalah Guarantee;
  - (c) a resolution being passed or an order of court is made that the Guarantor be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of the Guarantor by an order of a court of competent jurisdiction unless an application to stay, withdraw or dismiss such petition has been filed by the Guarantor with the relevant authority within thirty (30) days of its presentation and such petition is stayed, withdrawn or dismissed within seventy five (75) days of its presentation;

- (d) other than such failure by the Guarantor as described in sub-clause (ii)(f) below, the Guarantor stops or threatens to stop payment in respect of its obligations generally or any other debenture of or monies borrowed or any guarantee or indemnity given by the Guarantor is not honoured when due and called upon or any indebtedness of the Guarantor for monies borrowed becomes due or payable or capable of being declared due or payable prior to its stated maturity by reason of a default by the Guarantor in its obligations in respect of the same, or the Guarantor fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable or any guarantee or similar obligations of the Guarantor is not discharged at maturity or when called provided that the aggregate amount of the Guarantor's obligations in respect of which one or more of the events set out in herein has occurred equals or exceeds RM100 million;
- (e) the Guarantor ceases to carry on its business operation;
- (f) the Guarantor fails to pay any amount due from it under the Kafalah Guarantee issued by the Guarantor in relation to the Tranche 2 Sukuk when due and called upon;
- (g) the Guarantor shall default in the performance of any covenant (other than the covenant to pay) in the Kafalah Guarantee and, if such default is in the reasonable opinion of the Trustee capable of remedy, such default shall continue for a period of thirty (30) days after written notice thereof shall have been given to the Guarantor by the Trustee and such event is materially prejudicial to the interests of the Tranche 2 Sukukholders;

- (h) any representation, warranty or statement which is made by the Guarantor in the Kafalah Guarantee is or proves to be incorrect or misleading in any material respect;
- (i) the Guarantor repudiates the Kafalah Guarantee or does or causes to be done any act or thing evidencing an intention to repudiate the Kafalah Guarantee;
- (j) the Guarantor declares a moratorium on the payment of the principal or profit/interest on its indebtedness;
- (k) the Guarantor is unable to pay its debts within Section 218(2) of the Companies Act, 1965 and the Guarantor has not taken any action in good faith to set aside such claims within twenty one (21) days from the date of service of such claims for payment;
- (l) an encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or a substantial part of the business, assets or undertaking of the Guarantor and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (m) the Guarantor makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of all or a material part of (or a particular type of) its indebtedness.

For the avoidance of doubt, any occurrence of Dissolution Event (other than the Dissolution Event referred to in sub-clause (x)(i) above and Specific Dissolution Event under Tranche 2 Sukuk no. (i) and (ii)(f)) will not automatically amount to a declaration of Dissolution Event in respect of Tranche 2 Sukuk. Please refer to “Enforcement for Tranche 2 Sukukholders” below in respect of Dissolution Event pursuant to sub-clause (x)(i) above and Specific Dissolution Event under Tranche 2 Sukuk no. (i) and

(ii)(f).

The Specific Dissolution Event under Tranche 2 Sukuk is only applicable to Tranche 2 Sukuk. Any occurrence of Specific Dissolution Event under Tranche 2 Sukuk will not automatically amount to an occurrence of Dissolution Event or declaration of Dissolution Event under the Tranche 1 Sukuk.

As the Shared Security may be enforced without the unanimous approvals of the Secured Parties (Please refer to “Independent rights to declare dissolution event and common rights to enforce Shared Security” below), the Issuer agrees that notwithstanding that a Secured Party has not declared a dissolution event/event of default under its relevant financing documents, such Secured Party is entitled to receive its respective portion of the proceeds from the enforcement of the Shared Security and such proceeds shall be held by the Security Agent on trust for such Secured Party and such proceeds shall be construed as collateral cash security for such Secured Party pending its declaration of dissolution event/event of default under its respective financing documents.

### **Enforcement for Tranche 2 Sukukholders**

All Tranche 2 Sukukholders (regardless of which series of the Tranche 2 Sukuk they hold) shall collectively constitute a single class for all intents and purposes of the Trust Deed, in particular, for purposes of attending and voting at meetings.

For purposes of this sub-clause, upon the occurrence of any of the events above (other than the Dissolution Event referred to in sub-clause (x)(i) above and Specific Dissolution Event under Tranche 2 Sukuk no. (i) and (ii)(f)), the Trustee may, or shall if directed to do so by the Tranche 2 Sukukholders of all series pursuant to a special resolution, declare that a Dissolution Event (other than the Dissolution Event referred to in sub-clause (x)(i) above and Specific Dissolution Event under Tranche 2 Sukuk item (i) and (ii)(f)) has occurred in respect of the Tranche 2 of all series, whereupon:

- (1) the Exercise Price in respect of all series of the Tranche 2 Sukuk shall become immediately due and payable pursuant to the Purchase Undertaking;

- (2) the Issuer shall immediately acquire all of the Tranche 2 Sukukholders interest in the Musharakah Venture; and
- (3) following the failure by the Issuer to pay the relevant Exercise Price and if so directed by the Tranche 2 Sukukholders pursuant to a special resolution, the Trustee shall submit a claim on all the Kafalah Guarantees issued in relation to Tranche 2 Sukuk.

Upon the occurrence of the Dissolution Event referred to in sub-clause (x)(i) in relation to a series of Tranche 2 Sukuk ("**Affected Series**"), the Trustee shall without the need to seek further instructions or directions from the Tranche 2 Sukukholders of the Affected Series, declare that such Dissolution Event has occurred in respect of the Affected Series, whereupon:

- (1) the Exercise Price in respect of the Affected Series shall become immediately due and payable pursuant to the Purchase Undertaking;
- (2) the Issuer shall immediately acquire the Tranche 2 Sukukholders interest in the Musharakah Venture in respect of all the Affected Series; and
- (3) following the failure by the Issuer to pay the Exercise Price in respect of the Affected Series, the Trustee shall submit a claim on the Kafalah Guarantee in respect of the Affected Series.

For the avoidance of doubt, apart from the Affected Series, all other series of the Tranche 2 will continue unaffected and will continue to be guaranteed under their respective Kafalah Guarantees.

Upon the occurrence of the Dissolution Event referred to in Specific Dissolution Event under Tranche 2 Sukuk no. (i) in relation to a series of Tranche 2 Sukuk ("**Invited Series**"), the Trustee shall without the need to seek further instructions or directions from the Tranche 2 Sukukholders of the Invited Series, declare that such Dissolution Event has occurred in respect of the Invited Series, whereupon:

- (1) the Exercise Price in respect of the Invited Series shall become immediately due and payable pursuant to the Purchase Undertaking;
- (2) the Issuer shall immediately acquire the Tranche 2 Sukukholders interest in the Musharakah Venture in respect of all the Invited Series; and
- (3) following the failure by the Issuer to pay the Exercise Price in respect of the Invited Series, the Trustee shall submit a claim on the Kafalah Guarantee in respect of the Invited Series.

For the avoidance of doubt, apart from the Invited Series, all other series of the Tranche 2 Sukuk will continue unaffected and will continue to be guaranteed under their respective Kafalah Guarantees.

Upon the occurrence of the Dissolution Event referred to in Specific Dissolution Event under Tranche 2 Sukuk item (ii)(f), the Trustee shall without the need to seek further instructions or directions from the Tranche 2 Sukukholders of all the other series, being the series other than the Affected Series which the Guarantor has failed to pay such amount that is due and called upon it, (such other series is hereinafter referred to as ("**Unaffected Series**")), declare that such Dissolution Event has occurred in respect of all the Unaffected Series, whereupon:

- (1) the Exercise Price in respect of the Unaffected Series shall become immediately due and payable pursuant to the Purchase Undertaking;
- (2) the Issuer shall immediately acquire the Tranche 2 Sukukholders interest in the Musharakah Venture in respect of all the Unaffected Series; and
- (3) following the failure by the Issuer to pay the Exercise Price in respect of the Unaffected Series, the Trustee shall submit a claim on the Kafalah Guarantee in respect of all the Unaffected Series.

### **Enforcement for Tranche 1 Sukukholders**

All Tranche 1 Sukukholders (regardless of which series of the Tranche 1 Sukuk they hold) shall collectively constitute a single class for all intents and purposes of the Trust Deed, in particular, for purposes of attending and voting at meetings.

Upon the occurrence of a Dissolution Event, the Trustee may, and shall if directed to do so by a special resolution of the Tranche 1 Sukukholders declare that the Tranche 1 Sukuk are immediately due and payable and may take such proceedings against the Issuer as it may think fit to enforce the Shared Security.

### **Independent rights to declare dissolution event and common rights to enforce Shared Security**

The BG-i Financier, Tranche 1 Sukukholders, and Danajamin shall each constitute a different class for all intents and purposes of the Security Agency and Sharing Agreement, in particular, for purposes of attending and voting at meetings. For the avoidance of doubt, notwithstanding the Al-Kafalah Facility and the Advance Facility are separate facilities, Danajamin, as the Guarantor and Advance Facility Provider shall be construed as a single class for purposes of the Shared Security.

Each Secured Party shall have independent rights to declare a dissolution event/events of default under their respective financing documents. In respect of the enforcement of the Shared Security, the BG-i Financier shall not be entitled to enforce the Shared Security unless approved by either the Tranche 1 Sukukholders and/or the Guarantor. The Tranche 1 Sukukholders and the Guarantor shall however respectively have independent rights to enforce the Shared Security.

In the event the Shared Security is enforced independently by the relevant Secured Party in accordance with the Security Agency and Sharing Agreement, the proceeds realised from enforcement of the Shared Security shall be distributed proportionately between the Tranche 1 Sukukholders, Danajamin and the BG-i Financier based on the then respective prevailing outstanding amount under Tranche 1 Sukuk, Tranche 2 Sukuk and the BG-i Facilities.

In the event the Shared Security is enforced independently by the relevant Secured Party in accordance with the Security Agency and Sharing Agreement, the Issuer will agree that it will not have any rights to prevent (either by way of injunction or otherwise) the relevant Secured Party from proceeding with the enforcement of the Shared Security.

**(y) Principal terms and conditions for warrants** : Not applicable

**(z) Other principal terms and conditions for the issue**

**(A) Al-Kafalah Facility in relation to the Tranche 2 Sukuk** : The Guarantor and the Issuer will enter into an independent Al-Kafalah Facility agreement ("Al-Kafalah Facility Agreement") to provide Kafalah Guarantee(s) in favour of the Trustee (for and on behalf of the Tranche 2 Sukukholders) in respect of the payment obligation of the Issuer pursuant to the Exercise Price under the Purchase Undertaking which shall include the nominal value of each series of the Tranche 2 Sukuk and one (1) Periodic Distribution payment in respect of each series of the Tranche 2 Sukuk.

Upon the effective date of the Al-Kafalah Facility and subject to the terms thereunder, the Guarantor will issue irrevocable and unconditional Kafalah Guarantee(s) in favour of the Trustee for an on behalf of the Tranche 2 Sukukholders, to guarantee the payment of the Exercise Price pursuant to the Purchase Undertaking issued in relation to the Tranche 2 Sukuk.

The Kafalah Guarantee(s) shall only allow one (1) demand to be made against the Guarantor.

The Kafalah Guarantee(s) by Danajamin is under a separate agreement and forms part of the Transaction Documents.

**(B) Financial Covenants** : The Issuer shall maintain the following financial covenants throughout the tenure of the IMTN Programme.

(a) A Finance Service Cover Ratio ("FSCR") of at least 1.25 times; and



- (b) A Debt to Equity ratio ("D:E Ratio") of not more than 80:20

**(C) Positive Covenants**

: Usual and customary positive covenants for a facility of such nature, which shall include but not limited to the following:

- (i) The Issuer shall comply with all applicable laws and regulations where non-compliance will materially and adversely affect the ability of the Issuer to perform its material obligations under the Transaction Documents;
- (ii) The Issuer shall maintain its corporate existence and its right to carry on operations and will exercise reasonable diligence in carrying out its business in a proper and efficient manner;
- (iii) The Issuer shall file all relevant tax returns and pay all taxes and other liabilities when due unless being contested in good faith pursuant to legal proceedings and adequate reserves with respect thereto have been established;
- (iv) The Issuer shall comply at all times with the terms and conditions of the Sukuk and Al-Kafalah Facility;
- (v) The Issuer shall provide to the Trustee and Facility Agent at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the IMTN Programme and that there does not exist or had not existed, from the first date of issuance under the IMTN Programme, any Dissolution Event, and if such is not the case, to specify the same;
- (vi) The Issuer shall deliver to the Trustee and Facility Agent the following:-
  - (a) as soon as they become available (and in any event within hundred eighty (180) days after the end of each of its financial year) copies of its financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified by a firm of independent certified public accountants acceptable to the Trustee;

- (b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one of its directors;
  - (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee and Facility Agent may from time to time reasonably request; and
  - (d) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents would materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally at the same time as these documents are dispatched to these shareholders or creditors;
- (vii) The Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licenses, approvals and permits (governmental or otherwise) necessary for the Issuer to carry on its operations, perform its obligations under the Transaction Documents or to ensure the validity, enforceability, or priority of rights under the Transaction Documents;
- (viii) The Issuer shall notify the Trustee and Facility Agent of any material change in the directorship, management and substantial shareholders and any other changes that may affect its business condition (financial or otherwise), or operating results;
- (ix) The Issuer, if it becomes aware of the same, shall promptly notify the Trustee and Facility Agent of any circumstance that has occurred that would materially prejudice the Issuer or any security interest given under the Transaction Documents 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 would have a Material Adverse Effect;

- (x) The Issuer shall deliver to the Trustee and the Facility Agent half yearly compliance certificates and, promptly upon knowledge thereof, notices of the occurrence of any default or Dissolution Event, material adverse effect, or loss or threat to a project approval, environmental event or claim, breach of a Project Agreement or pending or threatened litigation, arbitration or government action which could reasonably be expected to have a Material Adverse Effect;
- (xi) The Issuer shall notify the Trustee and Facility Agent of any amendments, variations, terminations, replacements or supplements of any of its Project Agreements;
- (xii) The Issuer shall maintain, repair and operate the Plant facilities in compliance with prudent utility practices;
- (xiii) The issuer shall deliver to the Facility Agent/Trustee a copy of the Generation Licence issued by Ministry of Energy, Water and Communication for the operation of the Plant by the Issuer;
- (xiv) The Issuer shall deliver the certified true copies of the additional Project Agreements entered into from time to time to the Facility Agent/Trustee;
- (xv) The Issuer shall maintain proper and accurate books and records in accordance with approved accounting standards in Malaysia and subject to reasonable notice in writing having been given to the Issuer to provide the Trustee and any party appointed by the Trustee access to such entries in books and records, which are relevant to the Sukuk;
- (xvi) The Issuer shall preserve and maintain good and valid title to its properties and assets free and clear of any encumbrances other than permitted encumbrances to be agreed upon prior to signing of Transaction Documents;

- (xvii) The Issuer shall perform and observe all its covenants and obligations under all Project Agreements;
- (xviii) All shareholders' advances and/or other forms of equity contribution shall, subject to permitted distribution, be subordinated to the Sukuk save and except that dividends and/or principal and interest payments on subordinated loans/shareholders' advances may in certain circumstances be declared and/or paid if the conditions more particularly set out in item (z)(E) of the "Negative Covenants" herein have been fulfilled by the Issuer;
- (xix) The Issuer shall notify the Trustee in the event that the Issuer becomes aware of the following events:
  - (a) any Dissolution Event or such other events that the terms of the Sukuk and the trust deed becomes immediately enforceable;
  - (b) any circumstances that would materially prejudice the Issuer, the security created or the Sukuk or the trust deed;
  - (c) any substantial change in the nature of the business of the Issuer;
  - (d) any change in the withholding tax position or tax jurisdiction of the Issuer;
  - (e) any change in the utilisation of the proceeds; or
  - (f) any other matter that may materially prejudice the interests of the Sukuk investors;
- (xx) The Issuer shall open and maintain the Designated Accounts and pay all amounts into the said accounts and make all payments from such accounts, only as permitted under the Transaction Documents;
- (xxi) The Issuer shall diligently pursue claims against third parties upon consultation with the Trustee;

- (xxii) The Issuer shall give to the Trustee any information which the Trustee may require in order to discharge its duties and obligations as trustee under the trust deed relating to the Issuer's affairs to the extent permitted by law;
- (xxiii) The Issuer shall utilize the proceeds only as permitted under the terms and conditions of the Sukuk;
- (xxiv) The Issuer shall maintain and cause to be maintained adequate insurance/takaful policies required under the Project;
- (xxv) The Issuer shall procure :-
  - (a) RPSB and SEC that they will continue to own at least 72,000,000 and 18,000,000 respectively, of RCNCPS of RPII for so long as the Inter Company Advance continues to subsist;
  - (b) RPSB to remain as majority shareholder of RPII with at least 51% shareholding throughout the tenure of the IMTN Programme.
- (xxvi) In relation to the Inter Company Advance, the Issuer shall ensure the agreement(s) are in compliance with Shariah principle and entered into:
  - (a) in the ordinary course of its business;
  - (b) on an arms-length basis; and
  - (c) will not have a Material Adverse Effect on the Issuer;
- (xxvii) Such other covenants to be mutually agreed by the parties hereto and/or such other covenants as prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds.

- (D) Negative Covenants** : Usual and customary negative covenants for a facility of such nature, which shall include but not limited to the following. The Issuer shall not:
- (i) enter into any merger or consolidation, or liquidate, winding up or dissolution;

- (ii) incur any additional debt save for permitted indebtedness to be agreed upon prior to signing of the Transaction Documents;
- (iii) create or permit any encumbrances save for permitted encumbrances to be agreed upon prior to signing of the Transaction Documents;
- (iv) provide or permit to exist any guarantee to any other party;
- (v) obtain or permit to exist any loans or advances from its shareholders, subsidiaries or associated companies (if any) unless these loans and advances are subordinated to the IMTN Programme;
- (vi) make any investments other than Permitted Investments allowed under the Transaction Documents;
- (vii) redeem any RCNCPS unless (i) there are sufficient retained earnings to do so AND (ii) the Inter Company Advance have been fully settled (or will be settled by such redemption) by RPSB and SEC, as the case may be;
- (viii) save as disclosed herein, make any loan to its directors, shareholders or its related or associated companies or any other party save for its directors, officers or employees as part of their terms of employment, the aggregate of which shall not exceed an aggregate sum of RM1 million per annum;
- (ix) sell or dispose any assets in excess of RM5 million (save for in the ordinary course of business) in any financial year during the tenure of the IMTN Programme;
- (x) unless otherwise required by law, the Issuer shall not amend its Memorandum and Articles of Association in a manner inconsistent with the Transaction Documents;
- (xi) the Issuer shall not cancel, surrender, abandon or otherwise amend related licenses, grants or agreements in any way which has a material adverse effect unless imposed by any applicable legislation or authorities;

- (xii) the Issuer shall not do or suffer to be done any act, matter or thing whereby any insurance/ takaful may be rendered void, voidable or incapable of being effected, maintained or renewed, where such event would materially and adversely affect the ability of the Issuer to perform its material obligations under the Transaction Documents;
- (xiii) waive any breach or proposed breach in any of the Project Agreements by its counter-parties which would have a Material Adverse Effect;
- (xiv) enter into or engage in or carry out any business or activity other than the ownership, construction, operation or expansion of the business of the Plant or all related activities thereto in accordance with the exercise of its rights and the performance of its obligations under the Project Agreements;
- (xv) reduce its issued and paid up capital without the prior consent of the Trustee;
- (xvi) save as disclosed, enter into any other contracts, agreements or other arrangements or commitments, other than the Transaction Documents and Project Agreements, except in the ordinary course of its authorized business; and
- (xvii) such other undertakings as may be advised by the Legal Counsel of the JLAs and to be mutually agreed between the JLAs and the Issuer.

**(E) Distribution Covenants :** Covenants usual and customary and such other covenants as may be advised by the Legal Counsel for similar financing transactions of such nature shall apply including but not limited to the following i.e. the Issuer shall not:-

- (i) Save and except for the redemption of the RCNCPS mentioned in item (iii) below, declare dividends and/or make principal and interest payments on subordinated loans/advances and RCNCPS unless the following conditions have been satisfied and confirmed by the Trustee to the Issuer:-

- (i) upon payment of the first principal redemption under the IMTN Programme;
- (ii) Inter Company Advance have been fully settled;
- (iii) redemption of 90,000,000 at par value of RM0.01 each at a premium of RM0.99 each of the RCNCPS by RPII has been completed;
- (iv) compliance with the requirements as set out under the FSRA and FPA (as defined in item (z)(F) herein);
- (v) Debt to Equity Ratio to be maintained at the stipulated ratio not exceeding 80:20, if calculated immediately following such payment or distribution of dividend;
- (vi) FSCR (as defined in item (z)(Q) herein) is more than 1.75:1 and immediately after payment, FSCR is at least 1.5:1; and
- (vii) no Dissolution Event has occurred or is continuing.

- (F) Designated Accounts** : The Issuer is required to open and maintain the following shariah compliant accounts (collectively referred to as the “Designated Accounts”) with a financial institution to be determined by the Facility Agent:-
- (i) Revenue Account, which is to be solely operated by the Facility Agent;
  - (ii) Finance Service Reserve Account (“FSRA”), which is to be solely operated by the Facility Agent;
  - (iii) Finance Payment Account (“FPA”), which is to be solely operated by the Facility Agent;
  - (iv) Maintenance Reserve Account (“MRA”), which is to be solely operated by the Issuer; and
  - (v) Operating Account, which is to be solely operated by the Issuer (“Operating Account”).



RPIL may from time to time utilize the funds held in the Designated Accounts to invest in the Permitted Investments or to make other investments approved by the Trustee.

The Designated Accounts shall be charged and assigned to the Security Agent for the benefit of the Sukukholders. Upon the occurrence of a Dissolution Event and the enforcement of the Security, the Security Agent on behalf of the Secured Parties shall have priority in respect of any amount standing to the credit of all Designated Accounts and the Facility Agent will be the sole signatory of all Designated Accounts (as agent of the Security Agent and the Facility Agent shall act in accordance with the instructions of the Security Agent).

(1) Revenue Account

The Issuer shall remit and deposit into the Revenue Account the following proceeds:-

- (i) Any balances from the proceeds raised under the IMTN Programme;
- (ii) equity contributions and/or advances from the shareholders and all other forms of equity, if applicable;
- (iii) all revenues due under the PPA and any other income/ payments/ collections received by the Issuer in relation to the Project, including but not limited to income earned from Permitted Investments; and
- (iv) insurance/takaful proceeds (other than proceeds from claims payable directly to the third parties) and amount that is not caught by the MRA.

The credit balances in the Revenue Account shall be transferred to the respective Designated Accounts to be applied in accordance with the Priority of Cashflow/ Revenue Application as defined below.

Where applicable, any transfers from the Revenue Account to the Operating Account will be made against the invoices from China National Electric Equipment Corporation, the

engineering, procurement and construction contractor (which are supported by the delivery orders, purchase orders, bills of lading, insurance/takaful surveyor's reports, factory acceptance tests, site certification, test reports and/or other documentary evidence for the claims) following certification by the Owner's Engineer and verification by the respective independent consulting engineers for SESB and Facility Agent. Meanwhile, payments of non-EPC (engineering, procurement and construction) costs to the respective consultants, contractors and suppliers are to be supported by invoices and documentary evidence of work completed in accordance with the agreed milestones under the respective contractual documents.

RPIL shall give SESB an irrevocable standing instruction to remit the revenues due under the PPA into the Revenue Account. Prior written consent of the Trustee is to be obtained for any changes to the standing instruction

(2) FSRA

The Issuer is required to maintain a minimum balance in the FSRA equivalent to next 6 months' profit payment for the IMTN Programme ("Minimum Required Reserve"), which shall be deposited and maintained at all times in the FSRA from the first issue date under the IMTN Programme.

In the event that there are insufficient funds placed by the Issuer in the FPA for the purpose of meeting any profit payment due, the Issuer may instruct the Facility Agent to utilize the Minimum Required Reserve in the FSRA to meet the shortfall. If the Minimum Required Reserve in the FSRA falls below the minimum amount required to be maintained in the FSRA following such withdrawal, the Issuer shall deposit such sums into the FSRA so as to comply with such minimum balance requirement within thirty (30) days of such withdrawal notwithstanding the Priority of Cashflow/ Revenue Application.

For the avoidance of doubt, if the balance in the FSRA exceeds the next immediate six (6) months' profit payment due under the IMTN Programme, the difference or excess amount will be transferred to the Revenue Account to be utilised in accordance with the Priority of Cashflow/Revenue Application.

(3) FPA

The FPA shall be used to service all payments due under the Sukuk (including any payments to Danajamin by virtue of Danajamin's subrogation to the Tranche 2 Sukukholders' rights under the Transaction Documents relating to the Tranche 2 Sukuk). This account shall be funded by direct transfers from the Revenue Account.

The build-up in the FPA shall be as follows:-

(a) Profit Payments and Guarantee Fee

In respect of the profit and guarantee fee payments due under the Sukuk (save for the first profit due under the Sukuk which shall be fully funded on the first issue date via the Sukuk proceeds), the Issuer is required to ensure that an amount equivalent to the next profit payment and guarantee fee due shall be built up and deposited in the FPA ("Profit Payment Due") in the following manner:-

Month to due dates	Profit Payment and Guarantee Fee Due
3	100%

(b) Principal Redemption

In respect of the principal redemption due under the Sukuk, the Issuer is required to ensure that an amount equivalent to the next instalment due shall be built up and deposited in the FPA ("Principal Redemption Due") in the following manner:-

Month to due dates	Principal Payment Due
6	100%

(4) MRA

The Issuer shall establish and maintain a MRA as required by SESB in accordance with the terms as set out in the PPA (as herein defined) and shall deposit a sum of RM8 million in this account over a two (2) year period commencing from the commercial operation date for the whole facility in a sum of RM4 million per year.

In addition, the MRA shall also capture proceeds from claims made under the insurances/takafuls in relation to the Plant other than (1) proceeds from claims with respect to loss of business revenue (unless the proceeds from such claims are required to be deposited into the MRA to ensure that all amounts that have been withdrawn from the MRA will be reimbursed sufficiently from the said proceeds); or (2) in the event the Plant is declared total loss; or (3) if the independent consultant engineer advises Sukukholders that loss of generating capacity is more than 50% or a substantial portion of the power is unable to operate for six (6) months or more – in which case, proceeds from such claims shall be captured in the RA.

The funds in the MRA shall be utilised for the following:-

- (i) meeting the maintenance obligations of the Issuer under the Project.
- (ii) Payment into the RA in the event the amounts in the MRA exceeds the aggregate of the amount as required in accordance with the provisions of the PPA and any expenses for repairs in respect of which the insurance/takaful claims have been duly received.

(5) Operating Account

The Operating Account will be funded by transfers from the Revenue Account.

The credit balances in the Operating Account shall be applied for:-

- (a) The operation costs of the Issuer in the following order of priority and in accordance with the Accepted Budget (as defined in item (z)(G) herein):-
  - (i) payment of all taxes, license fees or similar fees, charges or duties payable in relation to the Issuer's operations or in respect of or out of any revenues of the Issuer imposed by the Government of Malaysia;
  - (ii) operational and administrative overheads/expenses related to the Project (including all insurance/takaful premiums payable under the insurances/takafuls) and recurring fees and expenses related to the IMTN Programme which shall be based on the approved budgeted sum as disclosed in the Accepted Budget;
  - (iii) costs of operation and maintenance of the Project and all amounts payable to the operations & maintenance ("O&M") operator under the O&M agreement as evidenced by invoices of the O&M operator issued under the O&M agreement, where applicable;
  - (iv) the remaining construction costs and capital expenditures in respect of the Plant, where applicable;
  - (v) capital expenditures in respect of the Project;
  - (vi) all principal repayment and interest servicing of permitted indebtedness (save and except for the principal repayment of any loan or advance from RPII's shareholders, its subsidiaries (if any) or its related companies or associated companies), all out of pocket costs and expenses and agency or other fees, payable or reimbursable, directly or indirectly by the Issuer, to persons providing

finance or any form of financial accommodation which the Issuer is permitted to incur subject to and in accordance with the terms and conditions of the Transaction Documents;

(vii) all management, consultancy, advisory, agency or similar fees and charges payable to any person for the services which the Issuer may require in connection with its business; and

(viii) withdrawals to invest in Permitted Investments.

In a Dissolution Event and upon enforcement of the Security, the Secured Parties shall have priority in respect of any amount outstanding to the credit of all Designated Accounts and the Facility Agent will be the sole signatory of all Designated Accounts (as agent of the Security Agent and the Facility Agent shall act in accordance with the instructions of the Security Agent).

**(G) Accepted Budget**

: The Issuer shall be required to deliver an annual budget together with an annual projected cashflow, the first of which shall be duly endorsed by an external auditor acceptable to the Facility Agent and subsequently thereafter, to be endorsed by the Board of Directors of RPII. Every annual budget shall be delivered, not later than fourteen (14) days prior to the financial year end of the Issuer, with the first annual budget being delivered no later than the date of execution of the Transaction Documents.

Each annual budget shall set out on a monthly basis, the budget items in relation to the operating and maintenance expenses and capital expenditures directly related to the upkeep of the Plant, annual fees in respect of the IMTN Programme inclusive of agency and trustee fees, rating surveillance fees, audit fees, and such other items in direct relation to the Plant as the Issuer and the Facility Agent may agree.

Each annual projected cashflow shall incorporate the financial effect of the annual budget and demonstrate the maintenance and/or preservation of the following financial test on a semi-annual basis:-

- FSCR is above 1.25 times.

Upon satisfaction of the abovementioned financial test and conditions in respect of the annual projected cashflow to the satisfaction of the Trustee, the annual budget shall become an Accepted Budget. Other than in an event where additional capital expenditures are funded through shareholders' equity/advances, if an annual budget is not endorsed as an Accepted Budget, the Facility Agent will consult with the Issuer in order to revise the annual budget so that it can become an Accepted Budget. The Issuer shall be entitled in any annual budget to increase the amount of the operating expenses and capital expenditures of the Plant on giving sufficient written notice to the Facility Agent and the Trustee provided that the aggregate amount of such increases do not exceed 10% of the total operating expenses and capital expenditures of the Plant on an annual basis as originally set out in the Accepted Budget, subject to the satisfaction of the abovementioned financial test and conditions. Any increases beyond the said amount shall require the consent of the Trustee.

- (H) Documentation** : The Sukuk shall be governed by documentation standard for a transaction of this nature to be in the form and substance acceptable to the JLAs and the Issuer and shall include but not limited to the following (collectively the "Transaction Documents"):-
- (i) IMTN Trust Deed;
  - (ii) IMTN Programme Agreement;
  - (iii) Musharakah Agreement;
  - (iv) Management Agreement;
  - (v) Declaration of Trust;
  - (vi) Security documents;
  - (vii) Depository and Paying Agency Agreement;
  - (viii) Purchase Undertaking;
  - (ix) Sale Undertaking;
  - (x) Security Agency and Sharing Agreement; and
  - (xi) any other document as advised by the Legal Counsel and agreed with the Issuer.
- (I) Priority of Cashflow/ Revenue Application** : All the funds deposited into the Revenue Account shall be applied in the following order of priority:-
- (i) funding of the Operating Account;
  - (ii) funding of the FSRA;
  - (iii) funding of the FPA;

- (iv) funding of the MRA, if applicable;
- (v) Payment to SESB for any savings and incentives received by the Issuer in accordance with the PPA, including but not limited to the EPC Contract, Long Term Service Agreement, Operations and Maintenance Agreement; and
- (vi) distributable income in the form of dividend or principal and interest payments on subordinated loans/advances and/or repurchase of any Sukuk (if applicable), subject to the Distribution Covenant.

For the avoidance of doubt, provided that no Dissolution Event has occurred and is continuing, monies standing to the credit of the Revenue Account may be utilised by the Issuer towards the Permitted Investments.

**(J) Permitted Investments :** Permitted investments shall comprise investments in products approved by the Shariah Advisory Council of the SC, BNM's Shariah Council or other recognised Shariah authorities. For the purpose of the IMTN Programme, Permitted Investments shall mean:-

- (i) Mudharabah, wadiah and other deposits under Shariah principles with licensed financial institutions (as defined in the Banking and Financial Institutions Act 1989 ("BAFIA") and/or the Islamic Banking Act 1983 ("IBA")) with a minimum long term rating of at least AA/s or its equivalent; or
- (ii) Islamic accepted bills and other money market instruments issued by licensed financial institutions (as defined in BAFIA and/or IBA) with a minimum long term rating of at least AA/s or its equivalent; or
- (iii) Treasury bills, money market instruments or other debt instruments issued or guaranteed by the Government and/or BNM which are Shariah compliant; or
- (iv) Debt securities issued under Shariah principles by quasi Government or Government related entities minimum long term rating of AA/s or its equivalent or debt securities issued under Shariah principles that are guaranteed by the Government; or



- (v) Islamic securities with minimum long term rating of AA/s; or
- (vi) Such other Islamic investments acceptable to the Shariah Adviser and the Trustee.

For the avoidance of doubt, the Issuer shall at all times ensure that the funds held in the Designated Accounts are invested in Shariah approved investments having maturity dates to match the utilisation of the monies to meet any payment obligations of the Issuer under the Sukuk and being denominated in Ringgit Malaysia.

- (K) Cross Default** : The Sukuk will contain a cross default clause relating to any indebtedness of the Issuer becoming due or capable of being declared due before its stated maturity, any guarantee of the Issuer not having been discharged at maturity, or when called or the Issuer going into default under, or committing a breach of, any instrument or agreement relating to any such indebtedness or guarantee or the security for any indebtedness becoming enforceable.
- (L) Material Adverse Effect** : Means in relation to any event or circumstance, the occurrence or effect of which (in the reasonable opinion of the Trustee) is or will be likely to have a material adverse effect on:-
- (a) the financial condition, business or operations of the Issuer; or
  - (b) any of the Project Agreements; or
  - (c) the rights or remedies of the Trustee or the Sukukholders under the Transaction Documents,
- and references herein to an event or circumstances which “has” or “would have” a Material Adverse Effect shall be construed accordingly.
- (M) Compensation on Late Payment (“Ta’widh”)** : In the event of overdue payments under the Purchase Undertaking or Sale Undertaking as the case may be the Issuer shall pay the Sukukholders compensation at the rate and in the manner as may be prescribed by SC’s Shariah Advisory Council from time to time in accordance with Shariah principles.

- (N) Debt: Equity Ratio ("D:E Ratio") :** The ratio is represented by the aggregate principal amount of outstanding Debt to Equity. The D:E Ratio calculations shall be duly confirmed by a director of RPII and based on the latest audited financial statements of the Issuer on an annual basis.
- (O) Debt :** Debt includes (i) all amounts outstanding under the IMTN Programme (ii) all other indebtedness for borrowed monies (be actual or contingent) save and except for subordinated obligations of RPII to its shareholders and all amounts outstanding in respect of advances made by the shareholders by way of loan stocks or otherwise.
- (P) Equity :** Equity shall be defined as the amounts paid up on the issued share capital of RPII, the amounts standing to the credit of the capital and revenue reserves of RPII including any share premium account and profit and loss account, retained earnings/losses (applicable subsequent to the revised CCCOD of the Plant), and shareholders' advances including the redeemable non-convertible preference shares.
- The effect of deferred taxation shall not be taken into consideration in determining the balance in the revenue reserves.
- (Q) FSCR :** At any point in time, RPII's after tax cash flow before finance service under all indebtedness for borrowed moneys or financing obtained and distributions to the shareholders over the next twelve (12) months plus RPII cash balances (excluding those in the MRA) at the beginning of the year divided by principal, all profit and interest payable under all indebtedness for borrowed moneys and/or financing obtained and guarantee fee (other than subordinated and unsecured borrowing and/or financing) over the next twelve (12) months.
- The FSCR calculations shall be duly confirmed by a director of RPII and based on the latest audited financial statements of the Issuer on an annual basis. For the avoidance of doubt any double counting shall be disregarded.
- (R) Repurchase & Cancellation :** The Issuer may at any time purchase the Sukuk in the open market at any price or by private treaty. The Sukuk purchased will be cancelled and may not be resold or reissued.

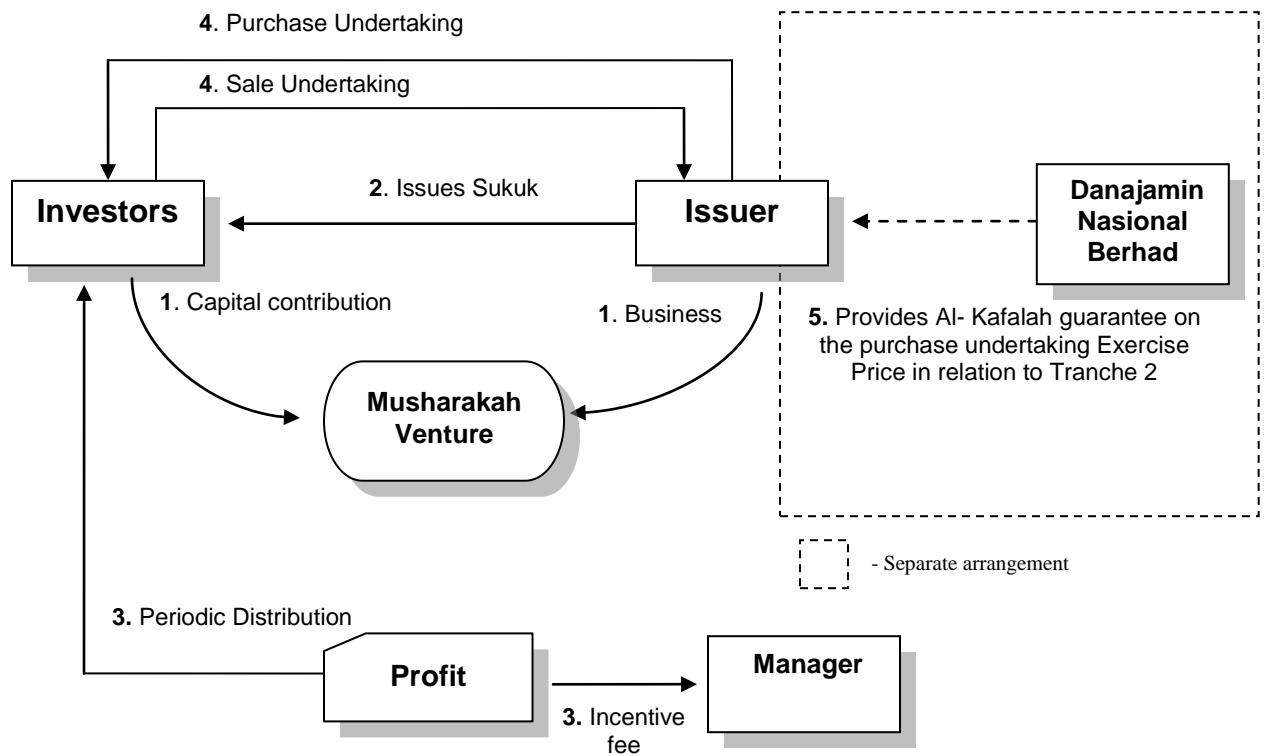
- (S) **Redemption** : Unless previously redeemed, purchased and cancelled, the Sukuk shall be redeemed at their respective nominal value on the respective maturity date.
- (T) **Syndicated Facilities** : The syndicated facilities of up to RM667.5 million which includes amongst others the following facilities:-
- (1) Letter of Credit (Sight)/ Commodity Murabahah Term Financing-i of up to RM525 million;
  - (2) \*Letter of Credit (Sight)/ Term Loan Facility of up to RM85 million;
- (Items (1) and (2) shall collectively be referred to as the “Syndicated Term Financing Facilities”)
- \*Note: Affin Bank Berhad's participation in the above Syndicated Term Financing Facilities was in the form of the conventional facilities only.*
- (1) Bank Guarantee-i (Performance Bond) of up to RM13.5 million;
  - (2) BG-i/LC-i(Sight)(Customs/Spare Parts/Services) of up to RM30 million;
  - (3) BG-i(Gas supply) of up to RM14 million.
- (Items (3), (4) and (5) shall collectively be referred to as the “BG-i Facilities”).
- (U) **Status** : The Tranche 1 Sukuk and the Al-Kafalah Facility will constitute direct, secured and unconditional obligations of the Issuer ranking *pari-passu* without any preference or priority among themselves, save and except for those obligations preferred by law.
- The Tranche 2 Sukuk shall constitute direct, unsecured and unconditional obligations of the Issuer ranking *pari-passu* without preference or priority among themselves and at least *pari-passu* with all other present and future unsecured and unsubordinated indebtedness or other obligations of the Issuer, save for those preferred by applicable law.
- (V) **Taxation** : All payments shall be made free and clear of all present and future taxes, duties, withholdings or other deductions whatsoever imposed by the Government or any political sub-division or tax authority thereof. In

the event that any such taxes are in future imposed, the Issuer will be required to make such additional payments as are necessary to cause the participating institution(s) under the Sukuk to receive the net amount that they would otherwise have received.

- (W) Force Majeure** : There shall be no occurrence of any significant change in the market conditions or condition of the Issuer which may, in the reasonable opinion of the JLAs have the effect of prejudicing the successful completion of this transaction.
- (X) Availability** : Upon completion of legal documentation and compliance with all conditions precedent and other applicable conditions to the satisfaction of the JLAs and Facility Agent. The first issuance of the Sukuk under the IMTN Programme shall be within two (2) years from the date of the SC's approval.
- (Y) PPA** : Means the power purchase agreement dated 30 June 2006, as supplemented by a supplemental power purchase agreement dated 16 July 2008 entered into between SESB and RPII in relation to the Project and as otherwise further amended, varied or supplemented from time to time.
- (Z) Lease Agreement** : Means the 23-year site lease agreement dated 18 December 2008 entered into between RPII and SESB whereby SESB agreed to lease the site for a term of 23 years to RPII commencing from the effective date of the PPA. In the event the PPA is extended, the site lease agreement shall be extended upon the same terms save for the rent which is to be negotiated by the parties. The rent for the duration of the 23-year lease period has been fixed at a nominal sum of RM10.
- (AA) Facility** : Consist of two (2) gas turbine generators, two (2) heat recovery steam generators, 1 steam turbine generator and all ancillaries, equipment and plant for the same with an aggregate nominal capacity of 130 MW when operating in open cycle mode and 190MW when operating in combined cycle mode.
- (BB) Governing Law & Jurisdiction** : Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia.

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## APPENDIX 1



Steps	Description
1	In respect of the issuance of the Sukuk, the investors with the Issuer will enter into a Musharakah Agreement as partners (each a “Partner” and collectively the “Musharakah Partners”) for the purpose of undertaking a venture (“Musharakah Venture”) to invest directly into the Shariah-compliant business of the Issuer (“Business”).
2	The Issuer will issue Sukuk to investors (“Sukukholders”). Proceeds raised from the Sukuk shall be the capital contribution of the Sukukholders to the Musharakah Venture. Each Sukuk shall represent the respective Sukukholders’ undivided proportionate interest in the Musharakah Venture. The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk issued by the Issuer. Meanwhile, the Issuer will contribute its Business as capital contribution into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust over all its interest in the Business for the benefit of the Sukukholders and itself.
3	<p>The Issuer shall be appointed as the manager to manage the Musharakah Venture. The Sukukholders agree that any excess of the profits from the Periodic Distribution Amount shall be retained by the Issuer as an incentive fee.</p> <p>Any profits from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to issuance of the Sukuk. Any losses incurred in each Musharakah Venture shall be borne by each Partner in proportion to each Partner’s</p>

	<p>respective capital contribution in the Musharakah Venture.</p> <p>The expected return to the Sukukholders under the Musharakah Venture shall be yield for the Sukuk up to the maturity date of the Sukuk ("Expected Return"). The income from the Musharakah Venture of up to an amount equivalent to the expected rate (to be determined before the issuance) above of the face value of the Sukuk for the relevant period ("Periodic Distribution Amount") shall be distributed semi annually in each year to the Sukukholders in the form of periodic distribution ("Periodic Distribution").</p> <p>Any shortfall between the Periodic Distribution Amount and the actual profit generated from the Musharakah Venture distributable to the Sukukholders shall be paid by the Issuer as the advance part payment (the "Advance Part Payment") of the Exercise Price.</p>
4	<p>The Issuer shall issue a purchase undertaking to Trustee for and on behalf of the Sukukholders, wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price upon declaration of Dissolution Event ("Purchase Undertaking").</p> <p>The Trustee (for and on behalf of the Sukukholders) shall issue a sale undertaking to the Issuer, wherein the Trustee (for and on behalf of the Sukukholders) undertakes to sell the Sukukholders' interest in the Musharakah Venture to the Issuer at an Exercise Price on the respective maturity date of the Sukuk ("Sale Undertaking").</p>
5	<p>Pursuant to a separate arrangement from Musharakah arrangement thereof, the Guarantor and the Issuer shall enter into the Al Kafalah Facility, under which the Guarantor, at the request of the Issuer shall unconditionally and irrevocably guarantee in favour of the Trustee (on behalf of the Sukukholders), the payment obligation of the Issuer under the Exercise Price of Purchase Undertaking in relation to Tranche 2 Sukuk.</p>

