

1. BACKGROUND INFORMATION ON THE ISSUER

- (i) **Name** DRB-HICOM Berhad (“**DRB-HICOM**” or “**Issuer**”)
- (ii) **Address** Registered office:
Level 5, Wisma DRB-HICOM
2, Jalan Usahawan U1/8
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan

Business address:
Level 5, Wisma DRB-HICOM
2, Jalan Usahawan U1/8
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan
- (iii) **Business Registration No.** 203430-W
- (iv) **Date and Place of Incorporation** 28 August 1990 / Malaysia
- (v) **Date of Listing** 4 September 1992
- (vi) **Status**
• Resident / Non-resident Controlled Company Resident-controlled company
- (vii) **Principal Activities** Investment holding company with investments in the automotive (including defence), services (including banking business) and property, asset and construction segments.
- (viii) **Board of Directors** The Board of Directors of DRB-HICOM as at 31 August 2011 are as follows:

(1) Dato’ Syed Mohamad bin Syed Murtaza
(2) Dato’ Sri Haji Mohd Khamil bin Jamil
(3) Dato’ Noorrizan binti Shafie
(4) Dato’ Ibrahim bin Taib
(5) Datuk Haji Abdul Rahman bin Mohd Ramli
(6) Tan Sri Marzuki bin Mohd Noor

(7) Ong Ie Cheong

(8) Ooi Teik Huat

(ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders

As at 31 August 2011, the substantial shareholders of DRB-HICOM based on the register of substantial shareholders are as follows:

Name	No. of ordinary shares held directly	No. of ordinary shares held indirectly	% of share capital
Etika Strategi Sdn. Bhd. (Company No. 80084-U)	1,081,061,741	-	55.92
Employees Provident Fund Board	183,766,400	-	9.51
Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor (by virtue of his deemed interest through Etika Strategi Sdn. Bhd. in accordance with Section 6A of the Companies Act, 1965.)	-	1,081,061,741	55.92

(x) Authorised Capital (as at 31 August 2011)

RM2,000,000,000.00 comprising 2,000,000,000 ordinary shares of RM1.00 each

(xi) Issued and Paid-up Capital (as at 31 August 2011)

RM1,933,237,051.00 comprising 1,933,237,051 ordinary shares of RM1.00 each

2. PRINCIPAL TERMS AND CONDITIONS

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

(i)	Principal Adviser	Maybank Investment Bank Berhad (15938-H) (“ Maybank IB ”) as the Principal Adviser (“ PA ”)
(ii)	Lead Arranger	Maybank IB as the Lead Arranger (“ LA ”)
(iii)	Co-arranger	Not applicable
(iv)	Solicitors	Hisham, Sobri & Kadir (“ HSK ”) as the Legal Counsel for the PA/LA/LM (as defined in paragraph 2(a)(xviii)) and due diligence solicitors Kadir, Andri & Partners (“ KAP ”) as the Legal Counsel for the Issuer
(v)	Financial Adviser	Not applicable
(vi)	Technical Adviser	Not applicable
(vii)	Trustee	Mayban Trustees Berhad (5004-P) (“ Mayban Trustees ”)
(viii)	Guarantor	Not applicable
(ix)	Valuer	Not applicable
(x)	Facility Agent	Maybank IB
(xi)	Primary Subscriber (under a bought- deal arrangement) and amount subscribed	The primary subscribers and amount subscribed (if any) will be determined prior to each issuance.
(xii)	Underwriter and amount underwritten	Not applicable
(xiii)	Shariah Adviser	The Shariah Committee of Maybank Islamic Berhad (787435-M) (“ MIB ”)
(xiv)	Central Depository	Bank Negara Malaysia (“ BNM ”)
(xv)	Paying Agent	BNM
(xvi)	Reporting Accountant	Ernst & Young

(xvii) Calculation Agent

Not applicable

(xviii) Others (please specify)

Common Security Agent

Maybank IB

The Common Security Agent will act as the security agent for (a) the Sukukholders; (b) the Financiers I (as defined in paragraph 2(v)(10)); and (c) the Financiers II (as defined in paragraph 2(v)(10)).

Lead Manager (“LM”)

Maybank IB

Security Agent

Maybank IB

The Security Agent will act as the trustee for the Sukukholders in respect of the security charged under the Sukuk Programme.

Commodity Trading Participant (“CTP”)

MIB or such other CTP as may be designated by DRB-HICOM and acceptable to the LA.

The CTP will act as the buyer of Commodities (defined hereinafter) for the Agent from the Commodity Seller and the seller of Commodities for DRB-HICOM (as itself) to the Ultimate Commodity Buyer.

Commodity Seller

Commodities producers via Bursa Commodity House platform known as *Bursa Suq Al-Sila'* or such other supplier as may be designated by DRB-HICOM and acceptable to the LA.

The Commodity Seller will act as the seller of Commodities to the CTP.

Ultimate Commodity Buyer

Bursa Malaysia Islamic Services Sdn Bhd or such other buyer as may be designated by DRB-HICOM and acceptable to the LA.

The Ultimate Commodity Buyer will act as the buyer of Commodities from the CTP.

Commodity Trustee

DRB-HICOM

The Commodity Trustee will act as the trustee for the Sukukholders in respect of the Commodities and all rights against DRB-HICOM under the Purchase Order, including the right to, and to be paid, the Deferred Sale Price (defined hereinafter).

Agent

DRB-HICOM

The Agent will act as the buyer of Commodities from the Commodity Seller on behalf of the Sukukholders.

**(b) Facility description
(including the description of
Islamic principle)**

Islamic Medium Term Notes (“**Sukuk Murabahah**”) Programme of up to RM1,800.0 million in nominal value (“**Sukuk Programme**”).

The Sukuk Programme shall be issued under the Shariah principle of Murabahah via Tawarruq arrangement which is one of the Shariah principles and concepts approved by the Securities Commission’s (“**SC**”) Shariah Advisory Council.

DRB-HICOM shall issue the Sukuk under the Shariah principle of Murabahah. Each issuance of the Sukuk Murabahah under the proposed Sukuk Programme shall be effected by way of discrete Commodity Murabahah transactions as follows:

- (a) DRB-HICOM will, as the Issuer of the Sukuk Murabahah, be appointed as agent (*wakeel*) (“**Agent**”) for the Sukukholders to purchase Shariah compliant commodities which would exclude ribawi items in the category of medium of exchange such as currency, gold and silver (“**Commodities**”) from the Commodity Seller; and
- (b) DRB-HICOM will, acting for itself (in such capacity, DRB-HICOM), buy the Commodities from the Commodity Seller through the Commodity Trustee, who will be

appointed by the Sukukholders to act as their agent in the Bursa Suq Al Sila or such other supplier as may be designated by DRB-HICOM and acceptable to the LA.

Identified Assets

Shariah-compliant commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which will be identified, from time to time, at or around the time of issuance of the Sukuk Murabahah.

Purchase and Selling price

The purchase price will be the amount to be disbursed to purchase the Commodities (the “**Purchase Price**”) and shall comply with the asset pricing requirements under the SC’s Sukuk Guidelines.

The Deferred Sale Price will represent the Purchase Price and the profit margin which is equivalent to the yield to maturity under the relevant Sukuk Murabahah (the “**Deferred Sale Price**”).

Underlying Transaction

1. Upon receiving a purchase order (“**Purchase Order**”) from DRB-HICOM from time to time, the Agent (on behalf of potential Sukukholders) shall appoint MIB as the CTP, or such other CTP as may be designated by DRB-HICOM and acceptable to the LA, to purchase Commodities from the Commodity Seller at the Purchase Price on the Sukuk Murabahah issuance date (“**Issue Date**”) on a spot basis (“**Purchase Transaction**”). In the Purchase Order, DRB-HICOM will irrevocably undertake to purchase the Commodities from the potential Sukukholders through the Commodity Trustee at a price equivalent to the Deferred Sale Price payable on a deferred payment basis (in instalment).
- 2.&3. Upon purchasing the Commodities from the Commodity Seller, DRB-HICOM in its capacity as the Issuer shall issue Sukuk Murabahah to the Sukukholders whereupon the Sukuk Murabahah shall evidence the

investors' ownership of the Commodities and all such rights thereto (including all rights against DRB-HICOM under the Purchase Order) and subsequently, DRB-HICOM in its capacity as Agent shall pay the Purchase Price from the Sukuk Murabahah proceeds received from the Sukukholders. Under the terms of the Sukuk Programme, the Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities (so long as title thereto is vested in the Issuer) and all rights against DRB-HICOM under the Purchase Order (including the right to, and to be paid, the Deferred Sale Price).

4. The Commodity Trustee shall sell the Commodities to DRB-HICOM, under the Shariah principle of Murabahah, at the Deferred Sale Price. For the avoidance of doubt, the Deferred Sale Price will be paid by DRB-HICOM to the Sukukholders through the Trustee on an instalment payment basis during the tenure of the Sukuk Murabahah.
5. Thereafter, DRB-HICOM will appoint MIB as the CTP, or such other CTP as may be designated by DRB-HICOM and acceptable to the LA, to sell the Commodities to the Ultimate Commodity Buyer on a spot basis for cash consideration for an amount equal to the Purchase Price ("**Sale Transaction**"). The proceeds received by DRB-HICOM from the sale of the Commodities to the Ultimate Commodity Buyer shall be utilized for the intended utilization as per clause 2(j).

The transaction structure is illustrated in Appendix 1.

Note:

To deal with Bursa Suq Al Sila' for the Commodity Murabahah transaction, the CTP will act as DRB-HICOM's agent to perform and execute all acts with respect to the relevant trade transaction through purchase and sale agreements, certificates and other instruments.

(c) Issue/programme size

The aggregate nominal value of the Sukuk Murabahah issued under the Sukuk Programme at any point in time shall not exceed RM1,800.0

million.

- (d) **Tenure of the issue/sukuk programme (or facility)** **Programme Tenure**
- Fifteen (15) years from the date of first issuance of the Sukuk Murabahah under the Sukuk Programme, which shall be made within two (2) years from the date of approval from the SC.
- Issue Tenure**
- The Sukuk Murabahah shall have maturities of more than one (1) year and up to fifteen (15) years as the Issuer may select in consultation with the LM, provided that the Sukuk Murabahah mature prior to the expiry of the Sukuk Programme.
- (e) **Availability period of sukuk programme (or facility)** The period commencing from the first issuance of Sukuk Murabahah under the Sukuk Programme and ending on the date falling fourteen (14) years thereafter.
- (f) **Profit/coupon/rental rate** The Sukuk Murabahah may be issued with or without periodic distributions.
- In the case of the Sukuk Murabahah issued with periodic distributions, the profit rate shall be determined and agreed prior to each issuance of the Sukuk Murabahah.
- (g) **Profit/coupon/rental payment frequency** **Frequency**
- For Sukuk Murabahah with periodic distributions, the profit will be payable semi-annually or on such period to be agreed between the Issuer and the LM in arrears from the date of issue of the Sukuk Murabahah with the last profit payment to be made on the relevant maturity dates.
- (h) **Profit/coupon/rental payment basis** **Basis**
- For Sukuk Murabahah with periodic distributions, the periodic distributions shall be calculated on an actual days/365 days basis.
- (i) **Security/collateral (if any)** The Sukuk Programme shall be secured by the following:
- (i) the following securities which shall be

created in favour of the Common Security Agent and shall be shared on pari passu basis with (a) the Sukukholders; (b) the Financiers I; and (c) the Financiers II:

- (a) a deposit and charge over all the issued and paid up share capital of Proton Holdings Berhad (Company No. 623177-A) acquired by DRB-HICOM;
 - (b) an assignment of all proceeds arising from any entitlements to the Issuer, including the repayments, distributions of capital, dividend payments and/or advances from subsidiaries and/or associates within the enlarged group of DRB-HICOM; and
 - (c) a charge over the Issuer's present and future rights, title, benefits and interests in and to the Revenue Account (as referred to in paragraph 2(k)(1)) and all monies from time to time standing to the credit of the Revenue Account;
 - (ii) the security which shall be created in favour of the Security Agent acting for and on behalf of the Sukukholders:
 - (a) a legal assignment/charge over the Issuer's present and future rights, title, benefits and interests in and to the FSRA (as referred to in paragraph 2(k)(2)) and all monies from time to time standing to the credit of the FSRA; and
 - (iii) such other security(ies) deemed necessary by the Legal Counsel for the PA/LA/LM and/or the Rating Agency (as referred to in paragraph 2(l)) and to be agreed between the Issuer and the PA/LA prior to the execution of the Transaction Documents.
- (j) **Details on utilization of proceeds by issuer/obligor. If proceeds are to be utilized** The proceeds from the Sukuk Programme shall be utilised by the Issuer and/or to on-lend to its subsidiaries using Shariah-compliant facilities for

for project or capital expenditure, description of the project or capital expenditure, where applicable

the following purposes:

- (1) To finance working capital requirements;
- (2) To finance current and/or future projects and/or investments and/or capital expenditure;
- (3) To refinance borrowings (whether in whole or part); and/or
- (4) To defray expenses incurred from the establishment of the Sukuk Programme.

Note:

Once the Sukuk Murabahah have been issued for the purposes set out above, the Issuer may issue new Sukuk Murabahah to either redeem any outstanding Sukuk Murabahah and/or for the purposes set out above.

In any case, all utilization of funds under the Sukuk Programme shall be Shariah-compliant.

(k) **Sinking fund and designated accounts (if any)**

DRB-HICOM shall be required to open and maintain the following Shariah-compliant designated accounts with the Common Security Agent or a bank agreed between the Common Security Agent and the Issuer ("**Designated Accounts**"):

- (1) Revenue Account

DRB-HICOM shall ensure that all proceeds arising from :

- (a) the deposit and charge over all the issued and paid up share capital of Proton Holdings Berhad (Company No. 623177-A) acquired by DRB-HICOM; and
- (b) any entitlements to DRB-HICOM, including the repayments, distributions of capital, dividend payments and/or advances from subsidiaries and/or associates within the enlarged group of DRB-HICOM;

are deposited into the Revenue Account.

The available sums from the Revenue Account shall be utilised in the following:

- (i) the payment into the Finance Service Reserve Account for the Sukukholders, the Finance Service Reserve Account for the Financiers I and the Finance Service Reserve Account for the Financiers II, to top up any shortfall to meet the minimum balance requirement under each of the Finance Service Reserve Accounts; and
- (ii) any excess monies thereafter shall be remitted to DRB-HICOM.

The Revenue Account shall be solely operated by the Common Security Agent.

(2) Finance Service Reserve Account for the Sukukholders (“FSRA”)

DRB-HICOM shall capture all monies transferred from the Revenue Account and ensure that the funds are deposited into the FSRA until the balance held in the FSRA is at least equivalent to the aggregate principal and/or any profit payable in respect of the Sukuk Murabahah (“**Minimum Required Balance**”), at least three (3) months prior to the relevant due date(s).

Any non-compliance in relation to meeting of the Minimum Required Balance shall constitute an Event of Default if not remedied within fourteen (14) days and the Issuer shall immediately top-up sufficient funds in an amount equal to any shortfall into the FSRA.

The Issuer may only be permitted to withdraw sums from the FSRA for the following purposes:

- (i) towards any redemption of principal and/or payment of Deferred Sale Price due under the Sukuk Programme;

- (ii) towards any payment of all other monies due under the Sukuk Programme (if any); and
- (iii) Permitted Investments (as defined in paragraph 2(v)(2)).

The FSRA shall be solely operated by the Facility Agent.

- (l) Rating** The Sukuk Programme has been accorded an indicative rating of AA- is by MARC, defined herein.
- Name of rating agency** Malaysian Rating Corporation Berhad (364803-V) (“**MARC**”).
- (m) Mode of issue** The Sukuk Murabahah may be issued through any of the following modes:
- (i) via private placement through the LM on a best effort basis to selected investors at a yield to be agreed upon based on terms and conditions to be mutually agreed upon between the Issuer and the LM; or
 - (ii) via book running by the LM on a best effort basis based on terms and conditions to be mutually agreed upon between the Issuer and the LM; or
 - (iii) via bought deal basis based on terms and conditions to be mutually agreed upon between the Issuer and the primary subscriber(s).

The Sukuk Murabahah shall be issued in accordance with (1) the Participation and Operation Rules for Payment and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn. Bhd. (“**MyClear**”) (“**MyClear Rules**”) and (2) Operational Procedures for Securities Services issued by MyClear (“**MyClear Procedures**”), or their replacement thereof (collectively the “**MyClear Rules and Procedures**”) applicable from time to time.

Each tranche of the Sukuk Murabahah shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The

denomination of the Sukuk Murabahah shall be RM1,000,000.00 and/or in multiples of RM1,000,000.00 at the time of issuance or such other denomination agreed between the Issuer and the Facility Agent at the time of issuance.

The Sukuk Murabahah may be issued in multiples of RM1,000,000.00, but subject to the MyClear Rules and Procedures and other standard conditions including, without limitation, the following:

- (i) a minimum issue size of RM10.0 million for each issue; and
- (ii) the issue notice shall be given to the Facility Agent at least eight (8) business days (for the first issue) or six (6) business days (for subsequent issues) prior to and excluding the date of proposed issue; and
- (iii) any amount redeemed may be re-issued, provided always any such amount re-issued shall not exceed the Sukuk Programme limit of up to RM1,800.0 million.

(n) Selling restriction, including tradability (i.e. tradable or non-tradable)

Selling Restrictions at issuance

The Sukuk Murabahah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any of the categories of persons or in the circumstances specified under:

- (i) Schedule 6 (or Section 229(1)(b)); or
- (ii) Schedule 7 (or Section 230(1)(b)); and
- (iii) Schedule 9 (or Section 257(3));

of the Capital Market and Services Act 2007 (“**CMSA**”), as amended from time to time.

Selling Restrictions thereafter

The Sukuk Murabahah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any of the categories of persons or in the circumstances specified under:

- (i) Schedule 6 (or Section 229(1)(b)); and
- (ii) Schedule 9 (or Section 257(3));

of the CMSA, as amended from time to time.

The Sukuk Murabahah are tradable subject to the selling restrictions above.

- (o) **Listing status and types of listing** The Sukuk Murabahah will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.
- (p) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** None.
- (q) **Conditions precedent** Conditions precedent prior to the first issuance under the Sukuk Programme to include but not limited to the following (all have to be in form and substance acceptable to the Facility Agent/LA/LM):

A. Main Documentation

- (i) Satisfactory completion and execution of all legal documentation including but not limited to the Transaction Documents (as referred to in paragraph 2(v)(3)) and, where applicable, duly endorsed as exempted from stamp duty and presented for registration;

B. The Issuer

- (i) Receipt from the Issuer of:
 - (a) certified true copies of each of the Certificate of Incorporation, Memorandum and Articles of Association;
 - (b) certified true copies of latest Forms 24, 44 and 49;
 - (c) certified true copies of board resolution(s) from the Issuer authorising, amongst others, the implementation of the Sukuk Programme and the Issuer's execution of the relevant Transaction Documents to

which the Issuer is a party;

- (d) 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 Sukuk Murabahah;
- (e) the consents from all existing financiers, chargees, bank guarantors or assignees (where applicable) have been obtained for the Issuer to undertake the Sukuk Programme and issue the Sukuk Murabahah;
- (f) a report of the relevant company search of the Issuer; and
- (g) a report of the relevant winding up search conducted on the Issuer with the Department of Insolvency confirming that the Issuer has not been wound up, or the relevant statutory declaration of the Issuer to the same effect;

C. General

- (i) Evidence that the approval from the SC and any other relevant authorities having jurisdiction over matters pertaining to the Sukuk Programme have been obtained;
- (ii) Evidence that the Sukuk Programme have received the approval of the Shariah Adviser;
- (iii) Evidence that the rating for the Sukuk Programme is not below the rating stated in paragraph 2(l) above;
- (iv) Receipt of a written legal opinion from the Legal Counsel for the PA/LA/LM addressed to the PA/LA/LM, confirming amongst others:-
 - (a) the legality, validity and enforceability of the Transaction Documents to which the Issuer is a party and the conditions precedent thereof have been fulfilled or waived; and
 - (b) all approvals/consents (be it regulatory or

contractual) which are required shall have been duly obtained for the Sukuk Programme and for the execution of the Transaction Documents.

- (v) Evidence that all transaction fees, costs and expenses due from the Issuer in relation to the Sukuk Programme have been or shall be paid in full or other arrangement to be mutually agreed by the Issuer and the PA/LA and the relevant parties
- (vi) Such other conditions precedent as set out in the relevant Transaction Documents are complied with.

Conditions precedent for each issuance(s) of the Sukuk Murabahah to include but not limited to the following (all have to be in form and substance acceptable to the Facility Agent/PA/LA/LM):

- (i) Issuer's certification that it is in compliance with all Representations and Warranties and Covenants under the Transaction Documents;
- (ii) No Event of Default has occurred or shall occur if the relevant issuance is made;
- (iii) Such other conditions as may be set out in the relevant Transaction Documents are complied with; and
- (iv) Where the utilisation of proceeds is for a project which generate cash flows for the payment of the Sukuk Murabahah, receipt of parameters, conditions, supporting documents and certificates by the Trustee or Facility Agent.

(r) Representations and warranties

To include, but not be limited to the following:

- (i) The Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia and it has the full power and authority to enter into the business in which it is engaged or proposes to engage and to own its properties and assets and has legal and beneficial ownership of all its properties and assets;

- (ii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) All necessary actions, authorisations, licences, permits and consents required in respect of the Transaction Documents (to which the Issuer is a party) have been taken, fulfilled and obtained (as the case may be) and remain in full force and effect;
- (iv) Neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date of this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) save for the assignment and charge over the Designated Accounts, cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;
- (v) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents to which it is a party do not and will not violate any existing law or documents/agreements to which it is a party

or its memorandum and articles of association;

- (vi) Each of the Transaction Documents (to which the Issuer is a party) is or, when executed, will be in full force and effect and constitute (and will constitute) legal, valid, binding and enforceable obligations of the Issuer;
- (vii) No Event of Default has occurred and there is no encumbrance on the assets of the Issuer except such encumbrances created and disclosed prior to the execution of the Transaction Documents or as permitted under the Transaction Documents;
- (viii) The Issuer's audited financial statements are prepared in accordance with generally accepted accounting principles and standards in Malaysia which have been consistently applied and (in conjunction with the notes to such statements) present a true and fair view of the state of affairs of the Issuer for the financial year ended on such date;
- (ix) There is no litigation, arbitration or administrative proceeding or claim which might by itself or together with any other such proceedings or claims, is presently in progress or pending or, to the best knowledge, information and belief of the Issuer, threatened which either (i) would or might materially and adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents or (ii) by itself or together with any such proceedings or claims would or might materially and adversely affect the financial condition, business or operations of the Issuer or (iii) would or might materially and adversely affect the legality, validity or enforceability of the Transaction Documents to which it is a party save as disclosed;
- (x) Neither the Issuer nor any of its assets are entitled to immunity from process, execution, attachment or legal process;
- (xi) The Issuer has fully and accurately disclosed to the PA/LA, all its material liabilities (both

actual and contingent) as at the date of the Trust Deed which have not been disclosed in the latest audited financial statements of the Issuer. For the purpose of this sub-paragraph (xi), the value of material liabilities shall be equal to or exceeding 5% of the Issuer's net tangible assets ("**NTA**");

- (xii) No meeting has been convened for the winding-up of the Issuer or any of its material subsidiaries, (otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction of the Issuer, which will not have a Material Adverse Effect (as defined in item 2(v)(10)) or by way of a voluntary winding-up or dissolution of the material subsidiaries where there are surplus assets of such material subsidiaries) and, so far as it is aware after due enquiry, no petition, application or the like is outstanding for the winding-up of the Issuer or any of its material subsidiaries which the Issuer or any of its material subsidiaries have not taken appropriate proceedings to stay within thirty (30) days from the date of service of any such petition or application or the like, as the case may be;
- (xiii) The Issuer being in compliance and will comply with all applicable laws, regulations and governmental approvals required of the Issuer where non-compliance will have a Material Adverse Effect;
- (xiv) All information furnished by the Issuer in connection with the Sukuk Murabahah and the transactions contemplated under the Transaction Documents and the assets, business and affairs of the Issuer is true and not misleading and does not contain any material omission, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after reasonable inquiry by the Issuer;
- (xv) All necessary returns (if any) have been delivered by or on behalf of the Issuer to the relevant taxation authorities and save for the amounts contested in good faith and for

which adequate reserves are established and the Issuer is not in default in the payment of any taxes, and no claim is being asserted with respect to taxes which is not disclosed in the financial statements;

- (xvi) No step has been taken by the Issuer, or any of its shareholders or to the best of its knowledge, its creditors or any other person on its behalf nor have any legal proceedings or applications been started or threatened under Section 176 of the Companies Act;
- (xvii) No extraordinary circumstances or change of law or other governmental action has occurred which shall make it improbable for the Issuer to observe and perform its covenants and obligations on its part to be observed and performed under the Trust Deed and/or the Transaction Documents, as the case may be; and
- (xviii) Such other representations and warranties as may be advised by the Legal Counsel of the PA/LA/LM.

(s) Events of Default (or enforcement event, where applicable)

To include, but not be limited to the following:

- (i) Non-Payment: the Issuer fails to pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
- (ii) Breach of obligations: (a) the Issuer fails to observe or perform its obligations or terms and conditions under any of the Transaction Documents and, if such breach in the reasonable opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of ten (10) Business Days after the Issuer became aware or having been notified by the Trustee of the breach, whichever is the earlier; and/or (b) the Issuer or any material subsidiary breaches any undertaking or arrangement entered into in which it is a party (other than (i) above) which may have a Material Adverse Effect on the Issuer's ability to perform its obligations under the Transaction Documents and, if such breach in the reasonable opinion of the Trustee is capable

of being remedied, the Issuer does not remedy the breach within a period of ten (10) Business Days after the Issuer became aware or having been notified by the Trustee of the breach, whichever is the earlier;

- (iii) Misrepresentation: any representation, warranty or statement which is made or given by the Issuer in the Transaction Documents or which is contained in any specific certificate, document or statement furnished at any time pursuant to the terms of the Transaction Documents proves to be incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (iv) Invalidity: any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable which would prevent the Issuer from or entitle the Issuer to refrain from performing any of its obligations thereunder;
- (v) Cessation/change of business: the Issuer or any material subsidiary changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend, or cease or threatens to cease the operation of a substantial part of its business which it now conducts and such change or suspension or cessation in the opinion of the Trustee will have a Material Adverse Effect;
- (vi) Revocation of licenses and approvals: where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudices the ability of the Issuer to comply with the terms and conditions of the Sukuk Murabahah or the Transaction Documents;
- (vii) Appointment of receiver, legal process: 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 Issuer or any material subsidiary and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will have a Material Adverse Effect;

- (viii) Insolvency: the Issuer or any material subsidiary is unable to pay its debts within Section 218(2) of the Companies Act and the Issuer has not taken any action in good faith to set aside such claims within thirty (30) days from the date of service of such claims for payment;
- (ix) Composition: the Issuer or any material subsidiary 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;
- (x) Winding-up: a resolution being passed or an order of court is made that the Issuer or any material subsidiary be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted (other than for the purposes of an intra Group reorganisation on a solvent basis or an amalgamation, merger or reconstruction the terms whereof have previously been approved by the Trustee unless during or following such reconstruction, the Issuer becomes or is declared to be insolvent) 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 Issuer by an order of a court of competent jurisdiction unless such petition is stayed, withdrawn or dismissed within thirty (30) days (or such extended period as the Trustee may consent, such consent not to be unreasonably withheld) of its presentation or the Issuer undergoes any scheme of reconstruction, arrangement or compromise pursuant to Section 176 of the Companies Act or the same has been instituted against it.

For the purpose of this sub-clause, “**Group**”

means the Issuer, its subsidiaries, jointly controlled entities and associated companies collectively;

- (xi) Cross Default: (aa) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable; and/or (bb) any indebtedness for borrowed moneys of any material subsidiary of RM50.0 million or more becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of any material subsidiary is not discharged at maturity or when called and such declaration of indebtedness being due or payable;
- (xii) Assets: all or a material part of the property or assets of the Issuer or any material subsidiary shall be condemned, seized or otherwise appropriated, nationalised or compulsorily acquired by any person acting under the authority of the governmental body, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (xiii) Repudiation: the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xiv) Judgment Passed: the Issuer or any material subsidiary fails to satisfy any judgment at any time passed by any court of competent jurisdiction on the Issuer or any material subsidiary and no action has been taken in good faith to set aside or to appeal against such judgment within thirty (30) days from the date of the judgment;
- (xv) Approvals: any consent, authorization, license, approval or registration with or declaration to governmental or public bodies or authorities or courts (where applicable)

required by the Issuer in connection with the execution, issue, delivery, validity, legality, enforceability or admissibility in evidence of any of the Transaction Documents or the performance by the Issuer of its obligations under any of the Transaction Documents or to carry out its business, as the case may be, is withheld, modified (provided that such modification would or might have a Material Adverse Effect) or is not approved or is revoked or expired or is not renewed or otherwise ceases to be in full force and effect and such withholding, modification, non-approval, revocation, expiration, or non-renewal continues for thirty (30) days or more from the date the Issuer being notified in writing of such failure, unless in respect of the foregoing such withholding, modification, non-approval, revocation, expiration, or non-renewal will not have a Material Adverse Effect;

- (xvi) Disposal of Asset: the Issuer or any material subsidiary sells, transfers, leases or otherwise disposes of or in any case ceases to exercise control over, whether by single transaction or a number of transactions, related or not any of the Issuer's or any material subsidiary's undertaking business or assets whether now owned or hereafter acquired, which in aggregate is in excess of twenty five percent (25%) of the consolidated Group NTA of the Issuer in any financial year provided always that for any sale, transfer, lease and disposal in excess of ten percent (10%) but below twenty five percent (25%) of the consolidated Group NTA of the Issuer, such sale, transfer, lease or disposal shall not have a Material Adverse Effect on the Issuer or any material subsidiary. For avoidance of doubt, the Issuer or any material subsidiary may dispose assets which in aggregate amounts to 10% or below of the consolidated Group NTA of the Issuer in any financial year;
- (xvii) Change in Financial Position: any change in the financial position of the Issuer or any material subsidiary which would or might have a Material Adverse Effect;

- (xviii) Material Adverse Events: any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer or any material subsidiary and if such breach in the reasonable opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the breach, whichever is the earlier; and
- (xix) Such other events as may be advised by the Legal Counsel for the PA/LA/LM.

Upon the declaration of an Event of Default by the Trustee, the Deferred Sale Price will become immediately due and payable for payment due under the Sukuk Programme.

(t) Covenants

(1) Financial Covenants

The following financial covenants shall be maintained throughout the tenure of the Sukuk Programme:

- (i) Debt to Equity ratio (as defined herein) at Issuer/company level shall not exceed 1.35 times;
- (ii) Debt to Equity ratio (as defined herein) at Group level shall not exceed 1.5 times; and
- (iii) DSCR (as defined herein) at Issuer/company level shall not be less than 1.75 times.

Debt to Equity Ratio (“D:E Ratio”)

The D:E Ratio is the ratio of indebtedness represented by:

- (i) all principal amounts outstanding under the Sukuk Programme;
- (ii) all other company level or Group level, whichever is applicable, indebtedness for borrowed moneys (be it actual or contingent), hire purchase obligations, finance lease obligations, net exposure determined on a marked to market basis under any derivative

instrument and obligations/ contingent liabilities under guarantees/ call or put options. For avoidance of doubt, indebtedness shall also include Shariah-compliant financing;

to the company level shareholders' funds or Group level consolidated shareholders' funds, whichever is applicable, including, if any, preference equity, subordinated shareholders' advances/ loans, minority interests (if any), irredeemable convertible unsecured loan stocks (if any) and retained earnings/ losses.

The D:E Ratio shall be calculated for each financial year during the tenure of the Sukuk Programme based on the latest audited accounts of the Issuer and consolidated accounts of the Group. The calculation of the D:E Ratio shall be duly confirmed by the Issuer's external auditors on an annual basis. The Issuer shall arrange for the external auditor's confirmation to be forwarded to the Facility Agent for its distribution to the Trustee and the Rating Agency. For the avoidance of doubt, any double counting shall be disregarded.

Debt Service Cover Ratio ("DSCR")

The DSCR is the ratio of Cumulative Available Cash Flow (as defined below) to the aggregate of all principal and profit payment obligations of the Issuer.

For any relevant period, the Cumulative Available Cash Flow is defined as the net operating cashflow plus opening cash balances (including balances already maintained in the Designated Accounts) and any other receipts of a capital or revenue in nature (including but not limited to proceeds from the Sukuk Programme).

The DSCR shall be calculated for each financial year during the tenure of the Sukuk Programme based on the latest audited accounts of the Issuer and duly confirmed by the Issuer's external auditor. The Issuer shall arrange for the confirmation to be forwarded to the Facility Agent, Trustee and the Rating Agency. For the avoidance of doubt, any double counting shall be disregarded

(2) Information Covenants

To include but not limited to the following:

- (i) the Issuer shall provide to the Trustee 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 Sukuk Programme and that there does not exist or had not existed, from the date the Sukuk Murabahah was issued, any Event of Default, and if such is not the case, to specify the same;
- (ii) the Issuer shall deliver to the Trustee the following:
 - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial year) copies of its consolidated financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Trustee;
 - (b) 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 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 may from time to time reasonably request;
 - (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.

- (iii) the Issuer shall promptly notify the Trustee of any change in its board of directors;
- (iv) the Issuer shall promptly notify the Trustee in writing if any of its authorized signatories are no longer authorized to act on the Issuer's behalf hereunder;
- (v) the Issuer shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents;
- (vi) the Issuer shall promptly give notice to the Trustee of the occurrence of any Event of Default or potential Event of Default, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Event of Default or the potential Event of Default;
- (vii) the Issuer shall promptly give notice to the Trustee of any amendments, variations, terminations, replacements or supplements of any of its Transaction Documents;
- (viii) the Issuer shall promptly provide in writing to the Trustee and Facility Agent, the list of material subsidiaries on an annual basis, based on the latest audited financial statements; and
- (ix) any other covenants as advised by the Legal Counsel for the PA/LA/LM and to be mutually agreed between the LM and the Issuer.

(3) Positive Covenants

To include but not limited to the following:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits

(governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable the Issuer to enter into or perform its obligations under the Transaction Documents;

- (ii) the Issuer shall promptly carry out any registration, filing or notarisation of the Transaction Documents, pay any duty or tax and take any action whatsoever which may be necessary to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer under the Transaction Documents in accordance with their respective terms;
- (iii) the Issuer shall obtain and promptly renew from time to time, and will promptly deliver to the Trustee certified copies of, any authorisation, approval, consent, license, exemption, registration, recording, filing or notarisation as may be necessary to ensure the legality, validity, enforceability and priority of the liabilities and obligations of the Issuer under the Transaction Documents and the Issuer shall comply and/or procure compliance with the terms of the same;
- (iv) the Issuer, and shall procure its material subsidiaries, shall punctually pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its indebtedness and other obligations when and where so ever occurred;
- (v) the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (vi) the Issuer, and shall procure its material subsidiaries, shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and

commercial standards and practices of the industry;

- (vii) The Issuer, and will procure its material subsidiaries, will promptly notify the Trustee of any litigation, investigation, arbitration or proceeding before any court or governmental regulatory agency affecting the Issuer or any material subsidiary or between the Issuer or any material subsidiary and any governmental authority or third party which could materially affect the ability of the Issuer or any material subsidiary to carry on its business as now conducted and which would, by itself or together with other proceedings or claims, have a Material Adverse Effect;
- (viii) the Issuer will ensure that all sums due or to become due to or from it under each Transaction Document are duly paid in accordance with all proper demands thereof and in connection with such payments it shall, upon receipt of a written request from the Trustee, deliver to the Trustee certified true copies of all receipts or other documents as evidence of such payments;
- (ix) the Issuer shall promptly perform and carry out all its obligations under all Transaction Documents (including but not limited to redeeming the Sukuk Murabahah on the relevant Maturity Date(s) or any other date on which the Sukuk Murabahah are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (x) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up;
- (xi) the Issuer shall promptly, but in any event not later than fourteen (14) days after receiving a written request, provide to the Facility Agent

and the Trustee, such information relating to the Issuer's business, affairs and financial condition as may from time to time be reasonably required by the Trustee and the Facility Agent in order to discharge their duties and obligations as the Facility Agent and the Trustee under the Transaction Documents to the extent permitted by law and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

- (xii) the Issuer shall promptly inform the Facility Agent and the Trustee, as the case may be, in writing of the occurrence of any breach of any of the Issuer's warranties, representations or undertakings which has a Material Adverse Effect, or the occurrence of any Event of Default, and provide such party with all relevant details of any steps which the Issuer is taking, or is considering taking, in order to remedy or mitigate the effect of such breach or Event of Default or otherwise in connection with it, and the Issuer shall take such reasonable steps to remedy or mitigate the effect of such breach or Event of Default;
- (xiii) the Issuer, and shall procure that its material subsidiaries, shall promptly comply with all applicable laws including provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC, BNM and any other relevant regulatory authorities from time to time and applicable to the Sukuk Programme;
- (xiv) the Issuer, and shall procure that its material subsidiaries, shall obtain, preserve and keep in force and effect all approvals, consents, licenses and rights necessary and material for the conduct of the Issuer's or any material subsidiary's material business and comply with all regulations relating to the ownership of its assets and the carrying on of the Issuer's or any material subsidiary's business where failure to do so has a Material Adverse Effect;
- (xv) the Issuer will maintain adequate Takaful/insurance necessary for the business of such nature with reputable insurance companies and shall notify the Trustee of any

event which will or may give rise to any claim or right of action under any insurances;

- (xvi) the Issuer shall pay all taxes and other government charges before they become delinquent, unless the same are being contested in good faith by appropriate proceedings and reserves which in the opinion of the Issuer is adequate, being maintained;
- (xvii) the Issuer will allow the Trustee and/or its nominees, agents and servants at all reasonable times and upon giving reasonable notice to inspect the Issuer's books, accounts, all records and other relevant documents relating to the Transaction Documents to the extent permitted by law;
- (xviii) the Issuer will maintain a paying agent or its equivalent, who is based in Malaysia and will procure the paying agent to forthwith notify the Facility Agent and Trustee in the event that (a) the amounts received by the paying agent from the Issuer pursuant to the Trust Deed are insufficient or (b) the paying agent does not receive payment from the Issuer on the due dates pursuant to the Trust Deed to satisfy all payments then due in respect of the Sukuk Murabahah;
- (xix) the Issuer shall ensure any loans or advances obtained by it from its shareholders are made on arm's length commercial terms and will cause and ensure that all any and any advances by its shareholders received by the Issuer and permitted hereunder are to be subordinated to its liabilities to the Sukukholders and no repayment and/or prepayment of such advances shall be made so long as any amount outstanding under the Sukuk Murabahah remains owing or any obligation of the Issuer remains outstanding;
- (xx) the Issuer shall ensure that the credit rating assigned to the Sukuk Programme is made available during the tenure of the Sukuk Programme or issue of the Sukuk Murabahah unless such credit rating is suspended or withdrawn by the Rating Agency (as referred to in paragraph 2(l) above). In this regard, the

Issuer shall provide relevant information on continuous basis to the Rating Agency (in such form and frequency as agreed between the Issuer and the Rating Agency) so that timely dissemination of relevant information and rating analysis can be made available to the Sukukholders; and

- (xxi) such other undertakings as may be advised by the Legal Counsel for the PA/LA/LM and to be mutually agreed between the LM and the Issuer.

(4) Negative Covenants

Including but not limited to the following:

The Issuer shall not unless with the consent of the Trustee:

- (i) Share Capital: reduce or alter or to reduce or alter in any way whatsoever its authorised or issued and paid-up capital except (i) pursuant to the provisions of Section 67A of the Companies Act; or (ii) increase its authorised or issued and paid-up capital;
- (ii) Negative Pledge: except for those already existing and/or disclosed to the Trustee prior to the execution of the Transactions Documents and as permitted by the Transaction Documents, create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purposes of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract;
- (iii) Indebtedness: not obtain or permit to exist any loans or advances from its shareholders or associated companies unless these loans and advances are subordinated to the Sukuk Murabahah;
- (iv) No Change in Business: change or cause or permit to change the nature or scope of its

existing business or operations or suspend its existing business operations which would have a Material Adverse Effect;

- (v) Constitutional Documents: add to, delete, vary, amend or substitute its Memorandum and Articles of Association in any manner that may adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents whatsoever or will be inconsistent with the provisions of any of the Transaction Documents unless such addition, deletion, variation, amendment or substitution is required in compliance with regulatory requirements;
- (vi) Dividends: declare or pay any dividend or make any distributions whether income or capital in nature to its shareholders, unless the following conditions are met to the satisfaction of the Facility Agent and the Trustee:-
 - (a) all financial covenants and obligations in relation to the Sukuk Programme are complied with before and after such dividend payments; and
 - (b) no Event of Default has occurred or is occurring.
- (vii) Dissolution: dissolve its affairs or consolidate with or merge with any other person or into another entity or otherwise;
- (viii) Surrender Rights: cancel, surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents (except as permitted under the Transaction Documents);
- (ix) Takaful/Insurance: do or suffer to be done any act, matter or thing whereby any takaful/insurance may be rendered void, voidable or incapable of being effected, maintained or renewed;
- (x) Financing/Loans: finance or lend any money to any party other than to (aa) the Issuer's subsidiary companies and (bb) the Issuer's

directors, officers or employees as part of their terms of employment, engagement or appointment;

- (xi) Related Party Transactions: enter into agreement transaction, whether directly or indirectly with interested persons (including shareholders, directors, subsidiaries, associated companies, or persons connected to them) unless:
- (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than the amount equivalent to five per centum (5%) of the percentage ratios prescribed under the Listing Requirements adopted by the Issuer, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms, provided that the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above, that the Issuer has received the certification referred to in paragraph (b) above (where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting as the case may require, and
 - (c) with respect to transactions constituting a recurrent related-party transaction of a revenue or trading nature (“**RRPT**”) which are provided for and permitted under the listing requirements of Bursa Malaysia, provided that the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above, that the Issuer has obtained or renewed, where applicable, the shareholders’ mandate in accordance with the said listing requirements and that the Issuer furnishes at least one certificate to the Trustee in respect of

the RRPT contemplated under one shareholders' mandate;

- (xii) Other Businesses: carry on any business other than its authorised businesses in accordance with its obligations under its Memorandum and Articles of Association;
 - (xiii) Utilisation: use the proceeds of the Sukuk Programme except for the purposes set out in this principal terms and conditions;
 - (xiv) Breach of Transaction Documents: take any action or fail to perform any duty or obligations which will cause or lead or contribute to a material breach, revocation or termination of any Transaction Document;
 - (xv) Licenses: cancel, surrender, abandon or otherwise amend any license, grant or any agreement which will or potentially result in the Material Adverse Effect unless such surrender, abandonment or amendment is required by any applicable legislation or authorities;
 - (xvi) Rating Agency: change, replace, substitute or permit to be changed, replaced or substituted, the Rating Agency (as referred to in paragraph 2(l) above) during the tenure of the Sukuk Programme or issue of the Sukuk Murabahah;
 - (xvii) Winding-up: file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization, seek or consent to the appointment of a receiver, liquidator or any similar official, take any action that might cause such entity to become insolvent or made an assignment for the benefit of creditors; and
 - (xviii) Such other covenants as may be advised by the Legal Counsel for the PA/LA/LM and to be mutually agreed between the PA/LA/LM and the Issuer.
- (u) **Provisions on buy-back and early redemption of sukuk** Not applicable

(v) Other principal terms and conditions for the issue

(1) Right to make Permitted Investments

Funds held in the Designated Accounts shall be permitted to be invested in Permitted Investments by the Common Security Agent and/or the Facility Agent upon instruction from the Issuer, provided that:

- (i) such funds utilized for Permitted Investments shall, where necessary, be remitted to the Designated Accounts as the case may be in a timely manner to meet any payment obligations of the Issuer when due and payable;
- (ii) any income, receivables from the Permitted Investments shall be retained in the respective Designated Accounts;
- (iii) such Permitted Investments are to be held and not traded; and
- (iv) shall be denominated in Ringgit Malaysia.

For the avoidance of doubt, any money withdrawn from the Designated Accounts for the purposes of the investments in Permitted Investments shall be remitted back into the Designated Accounts three (3) Business Days prior to the relevant due dates for the payment of such outstanding principal amount and/or any profit payable in respect of the Sukuk Murabahah.

The Issuer shall be permitted from time to time to utilise any unutilised amounts standing to the credit of the Designated Accounts to make such investments which are permitted to be made therefrom by the Trustee at the request of the Issuer.

(2) Permitted Investments

Permitted Investments shall comprise investment products approved by the Shariah Advisory Council of the SC, BNM's Shariah Advisory Council and/or other recognised Shariah authorities, namely:

- (i) Mudharabah, wadiah and other deposits under Shariah principles in income bearing accounts and negotiable certificates of

deposits with and issued by financial institutions licensed under the Banking and Financial Institutions Act, 1989 or the Islamic Banking Act, 1983;

- (ii) Islamic bankers acceptances, bills and repo instruments issued under Shariah principles by financial institutions licensed under the Banking and Financial Institutions Act, 1989 or the Islamic Banking Act, 1983;
- (iii) Islamic short term or medium term papers, treasury bills and any other finance instruments issued under Shariah principles by the Government of Malaysia; and
- (iv) Islamic securities/sukuk of private entities having a rating of at least AA- (or its equivalent) as determined by MARC or any other rating agency as approved by the Trustee;

Provided always that:

- (i) Such funds utilised for the Permitted Investments shall be remitted to the Designated Accounts in a timely manner to meet any payment obligations when due and in any event in the case of repo instruments, the maturity of which shall be at least three (3) Business Days prior to any payment obligation becoming due and in the case of such other investments, the maturity of which shall be at least one (1) week prior to any payment obligation becoming due;
- (ii) Such Permitted Investments are denominated in Ringgit Malaysia; and
- (iii) Such Permitted Investments are Shariah compliant.

(3) Transaction Documents

Include but not limited to the following:

- (i) Trust Deed;
- (ii) Programme Agreement;
- (iii) Murabaha Agreement;

- (iv) Transaction Agency Agreement;
- (v) Securities Lodgement Form for Central Securities Depository and Paying Agency Services; and
- (vi) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the Sukuk Programme.

- (4) Redemption** Unless previously redeemed, purchased and cancelled, the Sukuk Murabahah shall be redeemed at their respective nominal value on the maturity dates.
- (5) Status** The Sukuk Murabahah will constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and pari passu with all other present and future unsubordinated and secured obligations of the Issuer, subject to those preferred by law.
- (6) Purchase and Cancellation** The Issuer or any of its subsidiaries may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty, but these purchased Sukuk Murabahah shall be cancelled and cannot be reissued.
- (7) Taxation** All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event of such withholding or deduction, the Issuer is required to gross up.
- (8) Compensation for Late Payment (“Tawidh”)** In the event of overdue payments of any amounts due under the Deferred Sale Price, the Issuer shall pay to the Sukukholders compensation (*Ta’widh*) on such overdue amounts at the rate and manner prescribed by SC’s Shariah Advisory Council from time to time in accordance with the Shariah principles.

(9) Changes in Circumstances

If, as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if compliance by the parties to the Transaction (“**Transaction Parties**”) with the applicable direction, request or requirement (whether or not having the force of law) will impose on the Transaction Parties any condition, burden or obligation, and upon notice to the Issuer after becoming aware of such occurrence or within such reasonable period as may be permitted by law or the authorities:

- (a) where the change, interpretation or application makes it unlawful for the Transaction Parties to make available the Sukuk Murabahah, without breaching such law or regulation, the Transaction Parties shall terminate its obligations in respect of the Sukuk Programme; and
- (b) where the change, interpretation or application causes the Transaction Parties to incur additional costs or make further payments, then the Issuer shall compensate the Transaction Parties for the additional cost incurred.

(10) Definitions

“**Material Adverse Effect**” means:

- (a) any material adverse effect on the business or condition (financial or otherwise) of the Issuer;
- (b) any material adverse effect on the operations of the Issuer;
- (c) the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents, or the validity or enforceability of any of the Transaction Documents and/or the rights or remedies of:
 - (i) in the case of the Transaction Documents, any party thereto other than the Issuer; or
 - (ii) in the case of any Sukuk Murabahah, the Sukukholders.

“Financiers I” means collectively, (a) Malayan Banking Berhad (Company No. 3813-K) pursuant to the Term Loan of Ringgit Malaysia One Hundred and Sixty Million (RM160,000,000.00) only; and (b) Maybank Islamic Berhad (Company No. 787435-M) pursuant to the Commodity Murabahah Term Financing-i of Ringgit Malaysia Three Hundred and Thirteen Million (RM315,000,000.00) only.

“Financiers II” means the financial institution(s) financing the mandatory general offer of Proton Holdings Berhad (Company No. 623177-A).

“Group” means the Issuer and its subsidiaries (as defined in Section 5 of the Companies Act, 1965 as amended from time to time).

“material subsidiaries” means any subsidiary which contributes 5% or more to the consolidated revenue and/or profit before tax of the Issuer.

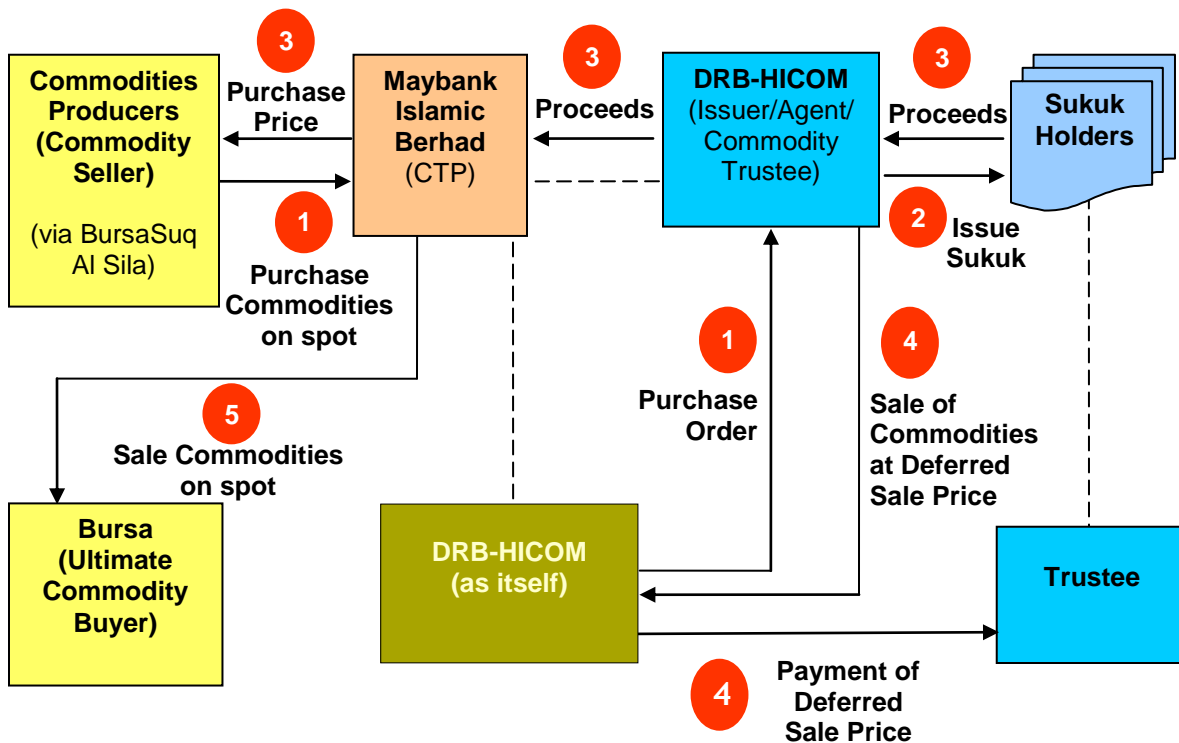
(11) Governing Law and Jurisdiction

Laws of Malaysia and exclusive jurisdiction of the courts of Malaysia.

(12) Other Conditions

The Sukuk Programme shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Sukuk Murabahah and the MyClear Rules and Procedures.

Appendix I



Step 1 Upon receiving a purchase order (“**Purchase Order**”) from the Issuer from time to time, DRB-HICOM in its capacity as agent to the potential Sukukholders, shall appoint MIB as its CTP, or such other CTP as may be designated by DRB-HICOM and acceptable to the LA, to purchase the Commodities from the Commodity Seller at a purchase price (“**Purchase Price**”) on the Sukuk Murabahah issuance date (“**Issue Date**”) on a spot basis (“**Purchase Transaction**”). In the Purchase Order, DRB-HICOM will irrevocably undertake to purchase the Commodities from the potential Sukukholders through the Commodity Trustee at a price equivalent to the Purchase Price and a profit margin (the “**Deferred Sale Price**”) payable on a deferred payment basis (in instalment).

Step 2 & 3 Upon purchasing the Commodities from the Commodity Seller, DRB-HICOM in its capacity as the Issuer shall issue Sukuk Murabahah to the investors whereupon the Sukuk Murabahah shall evidence the investors’ ownership of the Commodities and all such rights thereto (including all rights against DRB-HICOM under the Purchase Order) and subsequently, DRB-HICOM in its capacity as Agent shall pay the Purchase Price from the Sukuk Murabahah proceeds received from the Sukukholders. Under the terms of the Sukuk Programme, DRB-HICOM as the Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities (so long as title thereto is vested in the Issuer) and all rights against DRB-HICOM under the Purchase Order (including the right to, and to be paid, the Deferred Sale Price).

Step 4 The Commodity Trustee shall sell the Commodities to DRB-HICOM, under the

Shariah principle of Murabahah, at the Deferred Sale Price.

For the avoidance of doubt, the Deferred Sale Price will be paid by DRB-HICOM to the Sukukholders through the Trustee on an instalment payment basis during the tenure of the Sukuk Murabahah.

Step 5

Thereafter, DRB-HICOM will appoint MIB as the CTP, or such other CTP as may be designated by DRB-HICOM and acceptable to the LA, to sell the Commodities to the Ultimate Commodity Buyer on a spot basis for cash consideration for an amount equal to the Purchase Price ("**Sale Transaction**"). The proceeds received by DRB-HICOM from the sale of the Commodities to the Ultimate Commodity Buyer shall be utilized for the intended utilization as per clause 2(j) of the PTC.