

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

1	Background Information													
(a)	Issuer													
	(i) Name	Tanjung Bin Power Sdn Bhd (" TBP " or " Issuer ")												
	(ii) Address	<p><u>Registered Address:</u></p> <p>Level 8, Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur</p> <p><u>Business Address:</u></p> <p>Level 13, Block 3B Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur</p>												
	(iii) Business Registration No.	459016 -X												
	(iv) Date and Place of Incorporation	11 March 1998 / Malaysia												
	(v) Date of Listing	Not applicable												
	(vi) Status	Resident controlled company												
	(vii) Principal Activities	The Issuer is principally involved in the design, engineering, procurement, construction, installation, commissioning, testing, operations and maintenance of 2,100 MW coal-fired electricity generating facilities located at Tanjung Bin, Daerah Pontian, Johor and sale of electrical energy and generating capacity of the power plant (" Power Plant ").												
	(viii) Board of Directors	<p>The board of directors of the Issuer as at 15 September 2012 are as follows:-</p> <table border="1"> <thead> <tr> <th>Name</th><th>Resident Status</th><th>I/C No.</th></tr> </thead> <tbody> <tr> <td>Habib bin Husin</td><td>Resident</td><td>600814-01-5949</td></tr> <tr> <td>Lee Khuan Eoi</td><td>Resident</td><td>550925-08-6122</td></tr> <tr> <td>Zainal 'Abidin bin Abd Jalil</td><td>Resident</td><td>590122-01-5247</td></tr> </tbody> </table>	Name	Resident Status	I/C No.	Habib bin Husin	Resident	600814-01-5949	Lee Khuan Eoi	Resident	550925-08-6122	Zainal 'Abidin bin Abd Jalil	Resident	590122-01-5247
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Zainal 'Abidin bin Abd Jalil	Resident	590122-01-5247												

(ix)	Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders	<p>The shareholders and shareholding structure of the Issuer as at 15 September 2012 are as follows:-</p> <table border="1" data-bbox="715 398 1437 651"> <thead> <tr> <th>Name</th><th>No. of shares held</th><th>Shareholding</th></tr> </thead> <tbody> <tr> <td>Malakoff Corporation Berhad (“MCB”)</td><td>4,500,002</td><td>90%</td></tr> <tr> <td>Employees Provident Fund Board (“EPF”)</td><td>500,000</td><td>10%</td></tr> <tr> <td>TOTAL</td><td>5,000,002</td><td>100%</td></tr> </tbody> </table> <p>collectively referred to as the “Shareholders”</p>	Name	No. of shares held	Shareholding	Malakoff Corporation Berhad (“ MCB ”)	4,500,002	90%	Employees Provident Fund Board (“ EPF ”)	500,000	10%	TOTAL	5,000,002	100%
Name	No. of shares held	Shareholding												
Malakoff Corporation Berhad (“ MCB ”)	4,500,002	90%												
Employees Provident Fund Board (“ EPF ”)	500,000	10%												
TOTAL	5,000,002	100%												
(x)	Authorised and paid-up capital	<p><u>Authorised capital as at 15 September 2012:</u></p> <p>RM50,000,000.00 comprising 50,000,000 ordinary shares of RM1.00 each.</p> <p><u>Paid-up capital as at 15 September 2012:</u></p> <p>RM5,000,002.00 comprising 5,000,002 ordinary shares of RM1.00 each.</p>												
2	Principal Terms and Conditions													
(a)	Names of parties involved in the proposed transaction, (where applicable):													
(i)	Principal Adviser	Maybank Investment Bank Berhad (“ Maybank IB ”)												
(ii)	Lead Arranger	Maybank IB												
(iii)	Co-arranger	Not applicable												
(iv)	Solicitor	Messrs Albar & Partners, acting for Maybank IB												
(v)	Financial Adviser	Not applicable												
(vi)	Technical Adviser	Not applicable												
(vii)	Trustee	Not applicable												
(viii)	Guarantor	Not applicable												
(ix)	Valuer	Not applicable												
(x)	Facility Agent	Maybank IB												
(xi)	Primary subscriber (under a bought-deal arrangement) and amount subscribed	Not applicable												

(xii) Underwriter and amount underwritten	None
(xiii) Shariah Adviser	Dr Aznan Hasan
(xiv) Central Depository	Bank Negara Malaysia (" BNM ")
(xv) Paying Agent	BNM
(xvi) Reporting Accountant	Not applicable
(xvii) Calculation Agent	Not applicable
(xviii) Others (please specify)	<u>Sole Subscriber:</u> Malakoff Power Berhad (" MPower ")
(b) Facility description (including the description of Islamic principle)	<p>Issuance of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") of up to RM270,000,000.00 only in nominal value based on the Islamic principle of Murabahah (mark-up sale) and Bay'al-Dayn bi al-Sila (sale of debt in exchange of commodities).</p> <p>The RCUIDS issuance arising from the dividend reinvestment plan ("DRP") declared by the Issuer and all the receivables due from the Issuer (pursuant to the Murabahah Sale as defined below) shall be effected by way of Commodity Murabahah and Bay'al-Dayn bi al-Sila transaction as follows:-</p> <ol style="list-style-type: none"> 1. The Issuer will declare DRP of up to RM270,000,000.00 to MCB as shareholder of the Issuer. With the declaration, the dividend declared shall become a debt that is payable by the Issuer to MCB. 2. MCB will sell commodities ("Murabahah Sale") worth of RM150,000,000.00 (part of the commodities that it has received from Teknik Janakuasa Sdn Bhd ("TJSB") and Natural Analysis Sdn Bhd ("NASB")*) to the Issuer at deferred sale price of up to RM 461,700,000.00. 3. The amount owing by the Issuer to MCB under the DRP which is equivalent to the RCUIDS principal ("RCUIDS Principal") and the deferred sale price under the Murabahah Sale which is equivalent to the RCUIDS profit ("RCUIDS Profit") shall then be novated to MPower. From Shariah point of view, this novation is effectively a sale transaction as MPower shall make a payment for this novation as in step (4) below at a price equivalent to the RCUIDS Principal and RCUIDS Profit amount to be issued therefrom.

	<p>4. MPower shall pay 'in kind' to MCB equivalent to RCUIDS Principal and RCUIDS Profit in the form of commodities worth up to RM420,000,000.00 in consideration of MCB novating/renouncing (as the case may be) its rights to receive the amount due from the Issuer (which is equivalent to the RCUIDS Principal and the RCUIDS Profit) to MPower. This arrangement is based on the Shariah principle of Bay' al-Dayn bi al-Sila' (Sale of debt in exchange of commodities).</p> <p>5. In return, the Issuer will issue the RCUIDS to MPower to evidence its payment obligation of RCUIDS Principal and RCUIDS Profit to MPower.</p> <p>The transaction structure is depicted in <i>Annexure 1</i>.</p> <p>* Notes: The commodities referred to herein are those that was obtained by MCB pursuant to the settlement of the cash dividend declared by TJSB and NASB to MCB via commodities.</p> <p><u>On conversion of the RCUIDS</u></p> <p>1) The Issuer shall issue conversion right undertaking in favour of the holder of the RCUIDS (i.e. the Sole Subscriber or the related corporation of the Issuer as defined under Section 6 of the Companies Act 1965, who is holding the RCUIDS) ("RCUIDSholder") wherein the Issuer undertakes to enter into commodity transaction with the RCUIDSholder so as to enable the RCUIDSholder to convert their RCUIDS with the new preference shares of the Issuer at the relevant Conversion Price on the Conversion Date (i.e. at any time during the Conversion Period including upon the declaration of an Event of Default) ("Conversion Right Undertaking") by way of issuing a notice under the Conversion Right Undertaking.</p> <p>2) Upon issuance of notice by the RCUIDSholder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase the commodities from commodity supplier A on a spot basis at the relevant purchase price (equivalent to the amount of RCUIDS to be converted into the Issuer new preference shares) ("Relevant Purchase Price"). The Issuer shall thereafter exchange the commodities as payment 'in kind' of its existing obligation under the RCUIDS (which is equivalent to the RCUIDS Principal and RCUIDS Profit). This arrangement is based on Shariah principle of Bay al-Dayn bi al-Sila'.</p> <p>3) Subsequently, the RCUIDSholder shall contribute the commodities (which the value is known) as capital contribution into the Issuer. The Issuer shall thereafter</p>
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	<p>sell the commodities to commodity supplier B to obtain cash.</p> <p>4) Pursuant to the capital contribution in the form of commodities made by the Sole Subscriber or the RCUIDSholder, the Issuer shall issue new preference shares to the Sole Subscriber or the RCUIDSholder of which the number of new preference shares of the Issuer to be issued to the Sole Subscriber or the RCUIDSholder shall be based on the relevant Conversion Price agreed upon upfront and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.</p> <p>The transaction structure for the conversion is depicted in <i>Annexure 2</i>.</p>
(c) Issue/ programme size	<p><u>Issue Size</u></p> <p>Up to RM270,000,000.00 in nominal value</p> <p><u>Issue Price</u></p> <p>100% of the nominal value.</p>
(d) Tenure of issue/ sukuk programme (or facility)	Up to 19 years from and inclusive of the date of issue of the RCUIDS.
(e) Availability period of sukuk programme (or facility)	Not applicable.
(f) Profit/ coupon/ rental rate	9% per annum
(g) Profit/ coupon/ rental payment frequency	<p><u>Profit Payment frequency</u></p> <p>Payable semi-annually in arrears.</p> <p>Profit which is not paid at the respective profit payment date(s) shall be accrued and paid at the following successive profit payment date.</p>
(h) Profit/ coupon/ rental payment basis	Actual/ 365 days
(i) Security/ collateral (if any)	Unsecured.
(j) Details on utilisation of proceeds by the Issuer. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable	Arising from the Proposed Dividend Reinvestment Plan (as defined in item 2(v)(P) below) and the Murabahah Sale, the RCUIDS equivalent to the amount of the dividend declared to MCB may be issued by the Issuer to MCB in the event MCB exercises the reinvestment option available. The RCUIDS shall be issued directly to MPower pursuant to MCB novating its rights under the DRP to MPower if the reinvestment option under the DRP is exercised by MPower.

	<p>As the RCUIDS issued shall be set off against the dividend and the deferred sale price pursuant to the Murabahah Sale payable by the Issuer to MCB, no proceeds are expected to be raised from the issuance of the RCUIDS in the event the option is exercised.</p> <p>The RCUIDS issued shall evidence the payment of RCUIDS Principal and RCUIDS Profit by the Issuer to the RCUIDSholder.</p>
(k) Sinking fund and designated accounts (if any)	<p><u>Sinking Fund</u></p> <p>Not applicable.</p>
(l) Rating	<p>• Credit rating(s) assigned (Please specify if this is an indicative rating)</p> <p>• Name of rating agency</p> <p>The RCUIDS will not be rated as the Sole Subscriber does not require rating. The RCUIDS are only transferable to a related corporation (as defined in Section 6 of the Companies Act 1965) of the Issuer but non-tradable in the secondary open market and the rating of the RCUIDS is not required by the related corporation.</p> <p>Not applicable.</p>
(m) Mode of issue	<p>The RCUIDS shall be issued directly to the Sole Subscriber without prospectus by way of private placement. Non-tender, to be issued and reported via Fully Automated System for Issuing/Tendering ("FAST").</p>
(n) Selling restriction, including tradability (i.e. tradable or non-tradable)	<p>The RCUIDS will be subscribed by the Sole Subscriber at the point of issuance and shall only be transferable to a related corporation (as defined in Section 6 of the Companies Act 1965) of the Issuer and shall be non-tradable in the secondary open market.</p> <p>For the avoidance of doubt, the RCUIDS may only be held by a single holder at any particular point of time.</p>
(o) Listing status and types of listing	<p>The RCUIDS will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.</p>
(p) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)	<p>None.</p>
(q) Conditions precedent	<p>Usual and customary condition precedents for a facility of such nature, which shall include but not limited to the following:-</p> <p>(i) All Transaction Documents (as defined in item 2(v)(E) below and which are in the form as agreed between the PA/LA and the Issuer) have been</p>

		<p>executed and all related notices, acknowledgement, registrations, filing and other related matters thereunder having been made;</p> <p>(ii) Receipt by the PA/LA of a certified true copy or certified true extract of the board of directors' resolution of the Issuer authorizing the issuance of the RCUIDS and the appointment of authorized signatories in respect thereof and the execution of all relevant documents and if required the affixation of the common seal onto the relevant documents;</p> <p>(iii) Receipt by the PA/LA of a certified true copy of the Issuer's Certificate of Incorporation, latest Memorandum and Articles of Association together with all Forms 24 and the latest Form 49 and Form 44;</p> <p>(iv) The receipt of the approval(s) from the Shareholders as shareholders of the Issuer for the Proposed Dividend Reinvestment Plan and issuance of the RCUIDS in connection with the Proposed Dividend Reinvestment Plan;</p> <p>(v) Evidence that the approval from the SC in respect of the RCUIDS has been obtained;</p> <p>(vi) Receipt of satisfactory legal opinion from the Legal Counsel for the PA/LA 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;</p> <p>(vii) Evidence on completion of satisfactory legal due diligence exercise on the Issuer and receipt of the relevant legal due diligence report and confirmation/opinion from the Solicitor of the PA/LA;</p> <p>(viii) Evidence that the necessary Shariah approval from the Shariah Adviser in respect of the RCUIDS has been obtained;</p> <p>(ix) Such other conditions precedent as set out in the relevant Transaction Documents to be advised by the Solicitor for the PA/LA and mutually agreed between the PA/LA and the Issuer.</p>
(r)	Representations and warranties	Not applicable.
(s)	Event of Default (or enforcement event, where applicable)	<p>If any of the following events occur and is continuing:</p> <p>(i) the Issuer fails to pay any amount due and payable under the RCUIDS, whether formally demanded or</p>

	<p>no (save and except for any unpaid and accrued profit or principal due on the relevant profit payment date or Maturity Date pursuant to 2(v)(A) below, until the successive profit payment date or Maturity Date, as the case may be); or</p> <p>(ii) the Issuer fails to pay any amount (other than such amount due and payable under the RCUIDS) due under the Transaction Documents on the due date or, if so payable, on demand and such failure to pay is not remedied within seven (7) days from the date such amount is due or demanded, as the case may be; or</p> <p>(iii) the Issuer fails to observe or perform its obligations under any of the RCUIDS or under any of the Transaction Documents or under any undertaking or arrangement entered into in connection thereof (other than any covenant to pay as set out under paragraphs (i) and (ii) above) and which if capable of remedy, is not remedied within ninety (90) days after the Issuer becoming aware of such default; or</p> <p>(iv) any representation, warranty or statement which is made (or acknowledged to have been made) by the Issuer in the Transaction Documents or which is contained in any certificate, statement, legal opinion or notice provided under or in connection herewith or therewith proves to be incorrect in any material respect, or if repeated at any time with reference to the facts and circumstances subsisting at such time would not be accurate in all material respects; which if capable of remedy, is not remedied within ninety (90) days after the Issuer becoming aware thereof; or</p> <p>(v) the Issuer takes any action or any bona fide proceedings are commenced or other steps taken for:</p> <p>(a) the Issuer to be adjudicated or found insolvent; or</p> <p>(b) the winding-up or dissolution of the Issuer either by an order of a court of competent jurisdiction or by way of voluntary winding-up, save and except to effect a reorganisation of the business of the Issuer; or</p> <p>(c) the appointment of a liquidator, trustee, receiver or similar officer over the whole or any part of the Issuer's undertakings, assets, rights or revenues, other than a winding-up for the purpose of amalgamation</p>
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	<p>or reconstruction which has been previously approved by the RCUIDSholder or any order of a court of competent jurisdiction; or</p> <p>(vi) the Issuer suspends or ceases or threatens to suspend or cease to carry on its business.</p> <p>Upon declaration of an Event of Default:-</p> <p>(A) the RCUIDSholder may elect not to exercise the Conversion Right Undertaking and in such case all the amount due and unpaid under the RCUIDS shall become immediately due and payable by the Issuer and the Issuer shall upon receipt of such notice from the RCUIDSholder immediately pay in full the amount mentioned above in accordance with the instructions of the RCUIDSholder. For the avoidance of doubt, any unaccrued profit as at the date of declaration of Event of Default shall be rebated to the Issuer; and</p> <p>(B) the RCUIDSholder may, without further reference or notice to the Issuer, institute such proceedings and to take such steps as it may think fit including enforcing remedies under each of the Transaction Documents,</p> <p>provided always that the RCUIDSholder shall not be entitled to declare an Event of Default until an event of default has been declared under the Sukuk Ijarah (as defined in item 2(u) below) transaction documents and is continuing.</p> <p>The amount payable (“EOD Redemption Amount”) by the Issuer to the RCUIDSholder upon declaration of an Event of Default will be calculated by the Facility Agent, based on the formula below:-</p> <p>EOD Redemption Amount = RCUIDS Principal plus total RCUIDS Profit less the aggregate RCUIDS Profit paid (if any) and less Rebate (Ibra’).</p>	
(t)	Covenants	Not applicable.
(u)	Provisions on buy-back and early redemption of the RCUIDS	<p><u>Early Redemption of the RCUIDS</u></p> <p>Notwithstanding the Maturity Date of the RCUIDS, the Issuer may semi-annually on any profit payment date early redeem the RCUIDS (in whole or in part) subject to the Rebate (Ibra’), if applicable, as set out below, provided that the following conditions are met:-</p> <p>(a) the applicable terms and conditions in respect of such early redemption/payment as set out in the transaction documents pertaining to the Issuer’s Islamic Medium Term Notes of up to RM4.5 billion in nominal value under the Islamic principle of Ijarah (“Sukuk Ijarah”)</p>

	<p>are complied with;</p> <p>(b) any early redemption should be made only in multiples of RM1,000,000;</p> <p>(c) five (5) business days' of prior notice in writing for such early redemption has been given to the RCUIDSholder and the Facility Agent respectively.</p> <p>Rebate (Ibra') may be granted at the absolute discretion of the RCUIDSholder. The RCUIDSholder in subscribing the RCUIDS, agrees to grant such Rebate (Ibra') to the Issuer if the RCUIDS is redeemed before the Maturity Date, including upon declaration of an Event of Default.</p> <p>The Rebate (Ibra') shall be the unearned profit due to the RCUIDSholder from the date of early redemption of any RCUIDS/ the date of declaration of the Event of Default (as the case may be), up to the Maturity Date of the RCUIDS.</p> <p>The RCUIDS which have been purchased and redeemed will be cancelled and cannot be re-issued.</p> <p><u>Buy Back of the RCUIDS</u></p> <p>Not applicable, as the RCUIDS is only transferable to a related corporation (as defined in Section 6 of the Companies Act 1965) of the Issuer and not tradable in the secondary open market.</p>
(v) Other principal terms and conditions for the issue:	
(A) Payment of Profit and Principal of the RCUIDS	<p>The Issuer may make payments in respect of the profit or principal of the RCUIDS provided always that the conditions in relation to such payments set out in the transaction documents pertaining to the Sukuk Ijarah are complied with ("Sukuk Ijarah Requirements"). If any profit or principal payment which is not able to be paid in full on the profit payment date or on a Maturity Date, as the case may be, such profit or principal shall be accrued and paid at the next successive Profit Payment Date or Maturity Date as the case may.</p> <p>For the avoidance of doubt, any of such profit or principal which is accrued and unpaid will not constitute as an Event of Default under the RCUIDS.</p>
(B) Compensation (Ta'widh)	<p>In the event of any overdue payments or overdue amounts under the RCUIDS, the Issuer shall pay to the RCUIDSholder compensation on such overdue amounts at the rate and in the manner prescribed by the SC's Shariah Advisory Council as may be amended from time to time.</p>

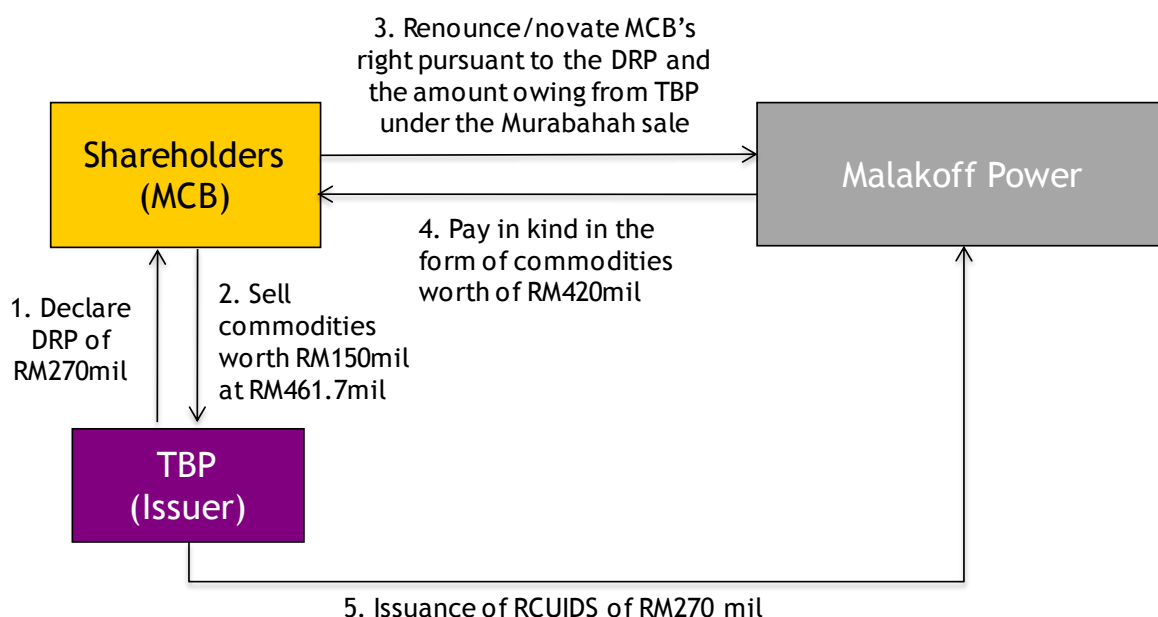
(C)	Maturity Date	On the nineteenth (19 th) anniversary from the issue date of the RCUIDS.
(D)	Redemption at Maturity	Subject to compliance with the terms and conditions under the Sukuk Ijarah Requirements, the RCUIDS shall be redeemable at par on the Maturity Date.
(E)	Transaction Documents	<p>The RCUIDS will be constituted by way of an instrument to be agreed between the Issuer and the Sole Subscriber and shall be governed by documents standard for a transaction of this nature (as agreed between the Issuer and the PA/LA) which shall include but not limited to the following (collectively the “Transaction Documents”):</p> <ul style="list-style-type: none"> (i) Deed Poll; (ii) Subscription Agreement (if required); (iii) Securities Lodgment Form; (iv) Such other agreements as may be advised by the Solicitor of the PA/LA and agreed with the Issuer.
(F)	Subordination	The RCUIDS will be subordinated to the Sukuk Ijarah and shall rank pari-passu with all other existing or future redeemable unsecured loan stocks (or Islamic debt securities) of the Issuer. For the avoidance of doubt, the RCUIDSholder shall not be entitled to call an event of default ahead of the holders of the Sukuk Ijarah.
(G)	Conversion Rights	The RCUIDSholder shall have the right to convert the RCUIDS into fully paid-up new preference shares of RM1.00 each in the Issuer at the Conversion Price (as defined below) upon meeting the required Conditions for Conversion (as defined below) at any time during the Conversion Period (as defined below).
(H)	Conversion Price	Each RM1.00 nominal value of RCUIDS is convertible into fully paid-up new preference shares of RM1.00 in the Issuer at a conversion price of RM1.00 each.
(I)	Conversion Date	The date(s) on which the RCUIDS are converted into the Issuer’s new preference shares.
(J)	Conditions for Conversion	<p>The following conditions must be complied with before any conversion can be made:-</p> <ul style="list-style-type: none"> (i) A fourteen (14) days’ notice must be served to the Facility Agent informing the intention to convert the RCUIDS into the preference shares of the Issuer; (ii) Such other conditions as may be advised by the legal counsel and to be agreed by the Issuer.

(K)	Conversion Period	The RCUIDS may be converted into fully paid-up new preference shares of RM1.00 each in the Issuer, at the option of the RCUIDSholder, on any day from Monday to Friday that is not a public holiday in Kuala Lumpur (" Business Day ") after the issue date of the RCUIDS up to and including the Maturity Date. Any outstanding RCUIDS which has not been converted must be redeemed on the final Maturity Date.
(L)	Mode of Conversion	<p>The Conversion Price shall be satisfied by surrendering the RCUIDS with an aggregate nominal value equivalent to the Conversion Price for cancellation by the Issuer.</p> <p>The steps to be taken upon the RCUIDSholder exercising its conversion rights under the RCUIDS are depicted in <i>Annexure 2</i>.</p>
(M)	Status	The RCUIDS shall constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and, subject to the provisions contained in the Deed Poll, at all times rank pari-passu, without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and subordinated debts and obligations of the Issuer except those which are preferred by law.
(N)	Status of new preference shares arising from the conversion of RCUIDS	The new preference shares of RM1.00 each in the Issuer to be issued upon conversion of the RCUIDS shall upon allotment and issue, rank above in all respects to the then existing issued ordinary shares of RM1.00 each in the Issuer save that they shall not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the new preference shares of RM1.00 each in the Issuer pursuant to the conversion of the RCUIDS.
(O)	Amendment to the RCUIDSholder's rights	Save as otherwise provided in the Deed Poll and consented in writing by the Issuer, approval of the RCUIDSholder is required to sanction any modification, variation or arrangement requested by the Issuer in respect of the rights of the RCUIDSholder.
(P)	Proposed Dividend Reinvestment Plan	The Issuer will declare dividend to the existing Shareholders with options to be reinvested into either the RCUIDS or RCULS (as defined in 2(v)(Q) below)(as the case may be) to be issued by the Issuer. All MCB's rights to the dividend declared by the Issuer shall be renounced / novated to MPower allowing MPower to utilise the said dividend amount to subscribe into the RCUIDS to be issued by the Issuer if the option is exercised.
(Q)	Redeemable Convertible Unsecured Loan Stock	Proposed issuance of redeemable convertible unsecured loan stocks (" RCULS ") of up to RM30,000,000.00 in nominal value to be issued by the Issuer to EPF in the event EPF

	exercise the reinvestment option.
(R) Proposed New Sukuk	<p>Proposed issuance of Sukuk by MPower under the Islamic principle of Murabahah comprising the following ("Sukuk Murabahah"):</p> <ul style="list-style-type: none"> (a) Islamic commercial papers ("ICP") of up to RM300,000,000.00 in nominal value under an ICP Programme; and (b) Murabahah Securities ("MS") of up to RM5,600,000,000.00 in nominal value under a MS Facility. <p>The issuance of the Sukuk Murabahah by MPower shall be utilized by MCB to redeem the Islamic medium term notes issued under the Shariah principle of Musharakah of up to the maximum aggregate Nominal Value of RM5,600,000,000.00 ("Existing Senior Sukuk") which was issued on 30 April 2007 ("Preceding Issue Date") via a Sukuk replacement exercise in consideration of MCB agreeing to the following:-</p> <ul style="list-style-type: none"> (a) MCB to renounce/novate its rights/interest arising from the Proposed DRP and the deferred sale price under the Murabahah Sale Agreement to MPower; (b) TJSB and NASB to sell its domestic operations & maintenance business to MPower; (c) MCB to sell its rights/interest under the redeemable unconvertible Murabahah stocks to MPower; and (d) Creation of the Murabahah Inter-Co Financing between MCB and MPower for any balance of the consideration that is payable by MCB arising from the Sukuk replacement exercise.
(R) Taxation	<p>All payments by the Issuer shall be made in full without deducting or withholding any amount for or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdiction or any authority thereof or therein having power to tax unless the deduction or withholding is required by law. In such event, the Issuer will not pay and shall not be required to pay any additional amount in respect of any such deduction or withholding of payment of principal, profit or other amounts for or on account of any such taxes, duties, assessments or charges to cause the RCUIDSholder to receive the full amount which otherwise it would have received.</p>
(S) Governing Law & Jurisdiction	<p>Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia.</p>

Annexure 1

The Dividend Reinvestment Plan of up to RM2,100 million in aggregate to be declared by the Issuer ("DRP") to the respective shareholders, of which MCB's entitlement/portion shall be up to RM270 million and the proposed issuance of the RCUIDS to be issued by the Issuer to MPower arising from the reinvestment option, if exercised by MPower (pursuant to the renouncement and the novation of MCB's rights) in relation to the DRP.



To effect this exercise, several steps will have to be undertaken:

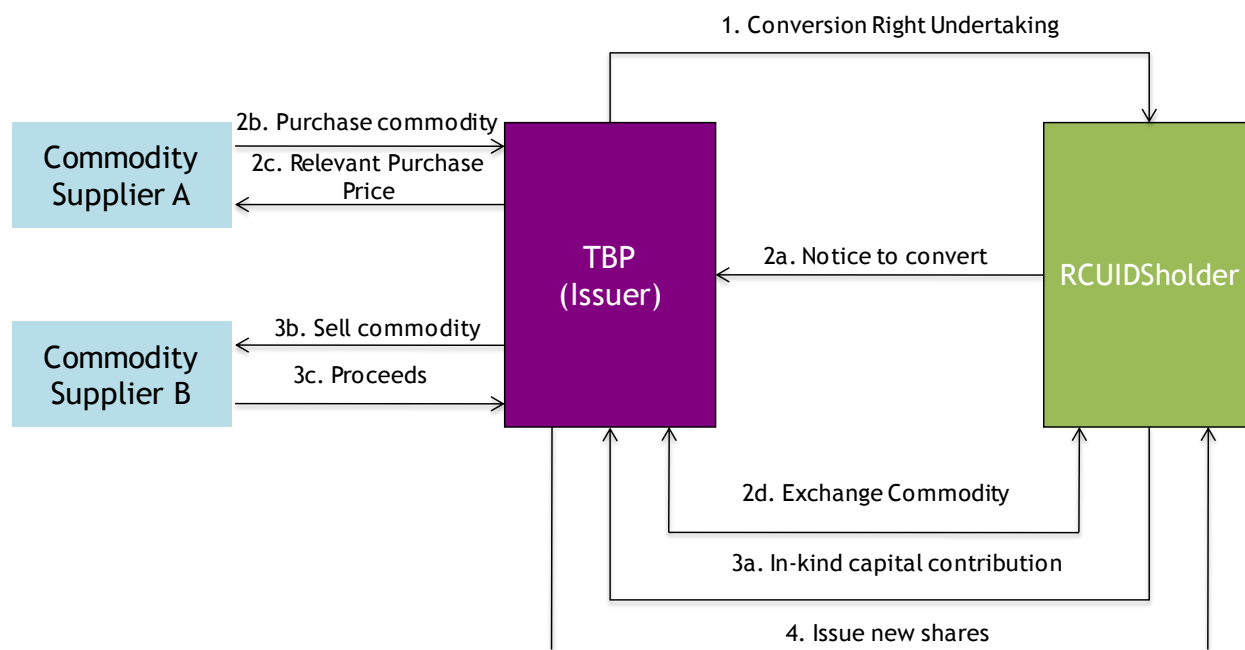
- 1) The Issuer will declare DRP of up to RM300 million to the shareholders, namely MCB and Employees Provident Fund Board ("EPF") (the "Shareholders"). With the declaration, the dividend declared shall become a debt that is payable by the Issuer to the Shareholders. MCB's specific portion arising from the DRP above are a total of up to RM270 million due from the Issuer.
- 2) MCB will sell commodities worth up to RM150 million (part of the commodities that it has received from the dividend declared by Teknik Janakuasa Sdn Bhd ("TJSB") and Natural Analysis Sdn Bhd ("NASB")*) to the Issuer at deferred sale price of a total up to RM461.7 million.
- 3) The amount owing by the Issuer to MCB under the DRP (equivalent to the dividend amount and RCUIDS principal amount ("RCUIDS Principal") and the deferred sale price under the Murabahah sale which is equivalent to the RCUIDS profit ("RCUIDS Profit") shall then be novated to MPower. From Shariah point of view, this novation is effectively a sale transaction as MPower shall make a payment for this novation as in step (4) below at a price equivalent to the RCUIDS Principal and RCUIDS Profit amount to be issued therefrom.

- 4) MPower shall pay 'in kind' to MCB equivalent to RCUIDS Principal and RCUIDS Profit in the form of commodities worth up to RM420 million in consideration of MCB novating/renouncing (as the case may be) its rights to receive the amount due from the Issuer equivalent to the RCUIDS Principal (arising from the DRP) and RCUIDS Profit (arising from the Murabahah sale) to MPower. This arrangement is based on the Shariah principle of Bay' al-Dayn bi al-Sila' (sale of debt in exchange of commodities).
- 5) In return, the Issuer will issue RCUIDS of up to RM270 million in nominal value to MPower to evidence its respective payment obligation to MPower.

* Notes: The commodities referred to herein are those that was obtained by MCB pursuant to the settlement of the cash dividend declared by TJSB and NASB to MCB via commodities.

Annexure 2

Steps to be taken upon the exercise of the conversion rights under the RCUIDS by the RCUIDSholder



- 1) The Issuer_ shall issue Conversion Right Undertaking in favour of the RCUIDSholder wherein the Issuer undertakes to enter into commodity transaction with the RCUIDSholder so as to enable the RCUIDSholder to convert their RCUIDS with the new preference shares of the Issuer at the relevant Conversion Price on the Conversion Date (i.e. at any time during the Conversion Period including upon the declaration of an Event of Default) by way of issuing a notice under the Conversion Right Undertaking.
- 2) Upon issuance of notice by the RCUIDSholder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase the commodities from commodity supplier A on a spot basis at the Relevant Purchase Price (equivalent to the amount of RCUIDS to be converted into the Issuer new preference shares). The Issuer shall thereafter exchange the commodities as a payment 'in kind' of its existing obligation under the RCUIDS (which is equivalent to the RCUIDS Principal and RCUIDS Profit). This arrangement is based on Shariah principle of Bay al-Dayn bi al-Sila'.
- 3) Subsequently, the RCUIDSholder shall contribute the commodities (which the value is known) as capital contribution into the Issuer. The Issuer shall thereafter sell the commodities to commodity supplier B to obtain cash.
- 4) Pursuant to the capital contribution in the form of commodities made by the RCUIDSholder, the Issuer shall issue new preference shares to the RCUIDSholder of which the number of new preference shares of the Issuer_ to be issued to the RCUIDSholder shall be based on the

relevant Conversion Price agreed upon upfront and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.

Notwithstanding the foregoing arrangement stipulated under (1) above, the Issuer shall agree upfront with the RCUIDSholder that upon the declaration of an Event of Default of the RCUIDS, the RCUIDSholder may elect not to exercise the Conversion Right Undertaking. In such circumstances, all amounts due and unpaid under the RCUIDS ("Outstanding Amount"), subject to the Rebate (Ibra') to be granted by the RCUIDSholder, if any, shall become immediately due and payable by the Issuer.

Similarly, upon the conversion of RCUIDS into new preference shares, any unearned profit from the date of conversion up to the Maturity Date shall be rebated to the Issuer.