

**DRB-HICOM BERHAD
PRINCIPAL TERMS AND CONDITIONS
PERPETUAL SUKUK MUSHARAKAH PROGRAMME OF RM2,000 MILLION**

1. BACKGROUND INFORMATION

(a) Issuer

- (i) **Name** : DRB-HICOM Berhad (“**Issuer**”)
- (ii) **Address** : Registered Office
Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U 1/8
Seksyen U1, Shah Alam
40150 Selangor
- Business Office
Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U 1/8
Seksyen U1, Shah Alam
40150 Selangor
- (iii) **Business registration number** : 203430-W
- (iv) **Date and place of incorporation** : 28 August 1990/ Malaysia
- (v) **Date of listing, where applicable** : The Issuer is listed on Main Board of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) since 4 September 1992.
- (vi) **Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company** : Resident Controlled Company
- (vii) **Principal activities** : Investment holding with investments in the automotive (including defence and composite manufacturing), services (including integrated logistics, banking and postal business) and property, asset and construction segments.
- (viii) **Board of directors** of : The board of directors of the Issuer as at 23 October 2014:-
- (1) Dato’ Syed Mohamad bin Syed Murtaza (Chairman)

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- (2) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil (Group Managing Director)
- (3) Dato' Noorizan binti Shafie
- (4) Dato' Ibrahim bin Taib
- (5) Datuk Haji Abdul Rahman bin Mohd Ramli
- (6) Ong le Cheong
- (7) Tan Sri Marzuki bin Mohd Noor
- (8) Ooi Teik Huat

- (ix) **Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders** : The structure of shareholdings and names of substantial shareholders of the Issuer as at 23 October 2014:-

Name	No. of ordinary shares held			
	Direct	%	Indirect	%
Etika Strategi Sdn Bhd	1,081,061,741	55.92	-	-
Employees Provident Fund Board	177,407,500	9.177		
Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor *	-	-	1,081,061,741	55.92

* By virtue of his deemed interest through Etika Strategi Sdn Bhd in accordance with Section 6A of the Companies Act, 1965.

- (x) **Authorised, issued and paid-up capital** : The authorised, issued and paid-up capital of the Issuer as at 23 October 2014:-

- (1) Total authorised capital – RM2,000,000,000.00 comprising 2,000,000,000 ordinary shares of RM1 each.
- (2) Total issued and paid up capital – RM1,933,237,051.00 comprising 1,933,237,051 ordinary shares of RM1 each.

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- (xi) **Disclosure of the following** : The Issuer or its board members have not been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five (5) years prior to the date of application for approval and authorisation to the Securities Commission Malaysia (“**SC**”) in respect of the Sukuk Musharakah Programme (as defined in item 2(c) below).

Save as otherwise disclosed in the application to the SC, the Issuer has not been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five (5) years prior to the date of application for approval and authorisation to the SC in respect of the Sukuk Musharakah Programme.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Names of parties involved in the proposal, where applicable

- (i) **Principal adviser** : CIMB Investment Bank Berhad (Company No. 18417-M) (“**CIMB Investment Bank**” or “**PA**”)
- (ii) **Lead arranger** : CIMB Investment Bank (“**LA**”)
- (iii) **Co-arranger** : Not applicable
- (iv) **Solicitor** : Solicitor for the PA and the LA: Albar & Partners
Solicitor for the Issuer: Kadir Andri & Partners
- (v) **Financial adviser** : Not applicable
- (vi) **Technical adviser** : Not applicable
- (vii) **Sukuk trustee** : Malaysian Trustees Berhad (Company No. 21666-V) (“**Trustee**”)
- (viii) **Shariah adviser** : CIMB Islamic Bank Berhad (Company No. 671380-H)
- (ix) **Guarantor** : Not applicable
- (x) **Valuer** : Not applicable
- (xi) **Facility agent** : CIMB Investment Bank

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- (xii) **Primary subscriber (under a bought-deal arrangement) and amount subscribed** : Not applicable
- (xiii) **Underwriter and amount underwritten** : To be determined, if applicable, at the point of each issuance.
- (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)** : Lead Manager
CIMB Investment Bank as the lead manager for the issuance of the Sukuk Musharakah (as defined in item 2(c) below).
Book Runner
CIMB Investment Bank and such other financial institutions to be determined (if any).
Manager
The Issuer, who will act as manager to manage the Musharakah Venture (as defined in item 2(c) below).
Commodity Trading Participant (“CTP”)
A commodity trading participant to be determined and appointed at the point of entering the Musawamah Transaction (as defined in item 2(c) below).
Commodity Seller
A commodity seller to be determined and appointed at the point of entering the Musawamah

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Transaction.

Commodity Buyer

A commodity buyer to be determined and appointed at the point of entering the Musawamah Transaction.

Agent

The Issuer, who will act as agent to buy the Commodities (as defined in item 2(c) below) from the Commodity Seller on behalf of the Trustee (for and on behalf of the Sukukholders (as defined in item 2(c) below)).

Commodity Trustee

The Issuer, who will declare a trust in favour of the Sukukholders over the Commodities.

(b) Islamic principles used : Musharakah (Profit and loss sharing)

A partnership arrangement between two (2) or more parties to finance a business venture whereby all parties contribute capital either in the form of cash or in kind for the purpose of financing the said venture. Any profit derived from the venture will be distributed based on a pre-agreed profit sharing ratio, but a loss will be shared on the basis of capital contribution.

Musawamah

Musawamah is a sale contract in which the seller is not obliged to disclose the price paid to create or obtain the goods or services.

(c) Facility description : Proposed issuance of subordinated Islamic perpetual notes ("**Sukuk Musharakah**") pursuant to a proposed Sukuk Musharakah programme of RM2,000 million in nominal value under the Shariah principle of Musharakah ("**Sukuk Musharakah Programme**").

Musharakah Transaction

The Issuer and the investor(s) will form a Musharakah from time to time to invest in the Shariah-compliant business of the Issuer and/or the Issuer's group of companies ("**Group**") to be identified prior to each issuance of the Sukuk

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Musharakah (“**Business**”).

In respect of the issuance of each tranche of the Sukuk Musharakah, the investor(s) of each tranche of the Sukuk Musharakah shall from time to time, via the Trustee, form a Musharakah partnership with the Issuer to invest directly into the Business (“**Musharakah Venture**”) identified for that particular tranche by entering into a Musharakah agreement as partners (each a “**Partner**” and collectively the “**Musharakah Partners**”). For avoidance of doubt, the Shariah non-compliant business such as leasing activities, hotel, owner and operator of shopping mall will not form part of the Musharakah Venture. Each Musharakah Venture under each issuance under the Sukuk Musharakah Programme would not overlap with one another.

The Issuer will issue the Sukuk Musharakah to such investor(s) and such investor(s) will participate in the relevant Musharakah Venture via subscription of the Sukuk Musharakah issued by the Issuer. The Sukuk Musharakah shall represent the respective investor(s)’ undivided proportionate interest in the relevant Musharakah Venture.

The capital contribution of the holders of the Sukuk Musharakah (“**Sukukholders**”) to the Musharakah Venture is the proceeds raised from each tranche of the Sukuk Musharakah while the Issuer will contribute the Business as capital in-kind and the value of the Business will be ascertained prior to the establishment of each Musharakah Venture (“**Musharakah Capital**”). Simultaneously, the Issuer shall make a declaration that it holds on trust the Musharakah Partners’ interest in the Business for the benefit of the Sukukholder(s) and itself pursuant to the Musharakah Venture.

From time to time, the Issuer will provide evidence to the Shariah Adviser on the proposed utilisation of the proceeds for Shariah Adviser’s endorsement.

Income from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to the issuance of the Sukuk Musharakah.

Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner’s respective Musharakah Capital in

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the Musharakah Venture.

The Sukukholders shall appoint the Issuer as the manager to manage the Musharakah Venture (“**Manager**”). The Sukukholders agree that any excess income from the Musharakah Venture above the Periodic Distribution Amount (as defined hereafter) shall be retained by the Manager as a reserve (“**Reserve**”) on a custody basis on behalf of the Sukukholders for the purpose of entering into a Musawamah Transaction in the event that the actual income generated from the relevant Musharakah Venture is insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event that there is no income generated from the Musharakah Venture and the Issuer requests for a deferment of the Periodic Distribution Amount. Upon dissolution of the Musharakah Venture pursuant to the Dissolution Events (as defined in item 2(v) below) and/or the Enforcement Events (as defined in item 2(v) below) and if there is a positive balance in the Reserve, such amount will be paid to the Issuer (as Manager) as an incentive fee by way of the concept of *tanazul*.

The income from the relevant Musharakah Venture of up to the relevant Periodic Distribution Amount shall be distributed semi-annually to the Sukukholders of that particular tranche of Sukuk Musharakah on each Periodic Distribution Date (as defined hereafter).

“**Periodic Distribution Amount**” shall be calculated at the Periodic Distribution Rate (as defined in item 2(i) below) on the nominal value of the Sukuk Musharakah based on the Periodic Distribution Basis (as defined in item 2(k) below).

“**Periodic Distribution Date**” means the date the Periodic Distribution Amount will be distributable semi-annually in arrears, being the date falling six (6) months after the issue date and every six (6) months thereafter.

Any shortfall between the Periodic Distribution Amount and the actual income generated from the Musharakah Venture shall be paid by the Issuer as an advance part payment (“**Advance Part Payment**”). For avoidance of doubt, the Advance Part Payment will be set-off against the relevant

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Exercise Price (as defined hereafter) pursuant to the Musharakah Sale Undertaking or the Musharakah Purchase Undertaking, as the case may be.

In the event there is a request for a deferment of Periodic Distribution Amount, there will not be any Advance Part Payment.

Purchase Undertaking

The Issuer (in its capacity as the Obligor) will from time to time, provide purchase undertakings (each a “**Musharakah Purchase Undertaking**”), pursuant to which upon Winding-Up (as defined below), it shall execute a sale agreement (“**Sale Agreement**”) for the purchase of the Sukukholders’ undivided beneficial interest in the relevant Musharakah Venture at the applicable Exercise Price.

“**Winding-Up**” means a final and effective order is made or resolution is passed for bankruptcy, winding-up, liquidation, receivership or similar proceedings in respect of the Issuer.

The purchase of the Sukukholders’ undivided beneficial interest in the relevant Musharakah Venture would dissolve the relevant Musharakah Venture.

The Issuer will grant a power of attorney (under the Trust Deed (as defined in item 2(y)(xxi) below)) in favour of the Trustee pursuant to which the Trustee is granted the authority to execute the Sale Agreement in the event of failure/refusal of the Issuer to execute the Sale Agreement pursuant to the exercise of the Musharakah Purchase Undertaking.

“**Exercise Price**” is the cash sum payable by the Issuer to the Sukukholders pursuant to the relevant Enforcement Event and/or Dissolution Event and effected via sale agreement pursuant to the Musharakah Sale Undertaking or the Musharakah Purchase Undertaking, as the case may be. The Exercise Price shall be calculated in accordance with the formula described in item 2(y)(xvii) below.

Sale Undertaking

The Trustee (for and on behalf of the Sukukholders)

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will from time to time, provide sale undertakings (each a “**Musharakah Sale Undertaking**”), pursuant to which the Issuer shall have the right to early redeem the Sukuk Musharakah upon the occurrence of any of the Dissolution Events. The Trustee (for and on behalf of the Sukukholders) is required to execute the Sale Agreement for the sale to the Issuer of the Sukukholders’ undivided beneficial interest in the relevant Musharakah Venture at the applicable Exercise Price.

A diagrammatical illustration of the structure and mechanism for the Musharakah Transaction is set out in **Annexure I**

Investment of Periodic Distribution Amount via Musawamah Transaction

The Issuer may give, not less than five (5) business days before the relevant Periodic Distribution Date, a notice in writing (“**Musawamah Investment Notice**”) to the Facility Agent and the Trustee (for and on behalf of the Sukukholders) that part or all of the Periodic Distribution Amount on such Periodic Distribution Date will be invested in the Musawamah Transaction.

Musawamah Undertaking

The Trustee (for and on behalf of the Sukukholders), shall issue an undertaking in favour of the Issuer where the Trustee (for and on behalf of the Sukukholders) shall sell certain Shariah-compliant commodities which would exclude ribawi items in the category of medium of exchange such as currency, gold and silver (“**Commodities**”) to the Issuer at a certain price (“**Musawamah Sale Price**”) based on the Shariah principle of Musawamah (“**Musawamah Undertaking**”).

Under the Musawamah Undertaking, the Trustee (for and on behalf of the Sukukholders) agrees that, on each Periodic Distribution Date, the Issuer may, at its sole discretion, request the Trustee (for and on behalf of the Sukukholders) to enter into a Commodity Musawamah transaction (“**Musawamah Transaction**”) whereby the Trustee (for and on behalf of the Sukukholders) shall sell the Commodities to the Issuer at the Musawamah Sale Price.

The payment of the Musawamah Sale Price shall

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be deferred to the next Periodic Distribution Date. The Trustee (for and on behalf of the Sukukholders) shall also give the Issuer the right to further defer the payment of part or all of the Musawamah Sale Price should the Issuer request for such a deferment by giving a written notice (“**Deferral Notice**”) to the Facility Agent and the Trustee (for and on behalf of the Sukukholders) not less than five (5) business days before the relevant Periodic Distribution Date. For avoidance of doubt, the Musawamah Sale Price that is deferred shall be payable on the following Periodic Distribution Date unless further deferment (in part or in full) is requested by the Issuer. Such Musawamah Sale Price outstanding shall not accrue any additional profits nor be compounded and any further deferment of its payment does not constitute a dissolution event.

There will be an accounting entry to record the payment of the Periodic Distribution Amount regardless whether the Periodic Distribution Amount is being deferred or not.

Musawamah Transaction

When the Musawamah Investment Notice is issued from time to time, the Issuer will invoke the Musawamah Undertaking to initiate the Musawamah Transaction. A Musawamah Transaction may be entered into under the following scenarios:-

- (1) if there is sufficient income generated from the relevant Musharakah Venture to satisfy the payment of the relevant Periodic Distribution Amount, the amount equivalent to the Periodic Distribution Amount (being deferred) will be used to enter into the Musawamah Transaction and the Commodities will be sold to the Issuer at the Musawamah Sale Price; or
- (2) if there is a shortfall between the Periodic Distribution Amount and the income generated from the relevant Musharakah Venture to satisfy the payment of the relevant Periodic Distribution Amount, the actual income generated from the relevant Musharakah Venture and/or the Reserve (in the event the actual income generated from the relevant Musharakah Venture is

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insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event no income is generated from the relevant Musharakah Venture) will be used to enter into the Musawamah Transaction and the Commodities will be sold to the Issuer at the Musawamah Sale Price.

In the event the actual income generated from the relevant Musharakah Venture and the Reserve are insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event the income of the Musharakah Venture is zero and the Reserve has been fully utilised, the relevant Musharakah Venture shall be dissolved through an exercise of the relevant Musharakah Purchase Undertaking and an amount equivalent to the nominal value of the Sukuk Musharakah from the Exercise Price ("**Net Exercise Price**") shall be applied towards investment in a new Musharakah Venture that shall be investment in a Business (other than the previous Business under the dissolved Musharakah Venture).

The Balance Exercise Price, being the Exercise Price less the Net Exercise Price ("**Balance Exercise Price**"), if any, shall be paid by the Issuer on the next Periodic Distribution Date unless further deferment is requested by the Issuer by way of a Deferral Notice. Any part or full payment of such Balance Exercise Price shall be shared by the relevant Sukukholders of the relevant outstanding Sukuk Musharakah on a pro-rata basis.

The accounting entries associated with the dissolution of the Musharakah Venture and investment into a new Musharakah Venture shall be made in the books of the Issuer.

For the avoidance of doubt, a dissolution of the Musharakah Venture in this manner will not result in redemption of the Sukuk Musharakah by the Issuer.

Under the Trust Deed, the Trustee (for and on behalf of the Sukukholders) irrevocably authorises the Manager to, in its sole discretion, invest all the Net Exercise Price pursuant to the Musharakah Purchase Undertaking into a new Musharakah

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Venture.

The new Musharakah Venture will be created as per the terms of the previous Musharakah Venture.

The Issuer, in the capacity as Agent (acting on behalf of the Trustee (for and on behalf of the Sukukholders)), shall appoint the CTP to purchase the Commodities from the Commodity Seller on a spot basis.

The Issuer, in the capacity as Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities.

The Commodity Trustee as a seller shall sell the Commodities to the Issuer as a buyer at the Musawamah Sale Price which will be payable on the next Periodic Distribution Date. The Musawamah Sale Price may be further deferred (in part or in full) for another Periodic Distribution Period (as defined hereafter) at the request of the Issuer. For avoidance of doubt, the Musawamah Sale Price that is deferred shall be payable on the following Periodic Distribution Date unless further deferment is requested by the Issuer.

“Periodic Distribution Period” means the period commencing from the date of issue of the Sukuk Musharakah (inclusive) and ending on the first Periodic Distribution Date (exclusive), and each successive period thereafter commencing from a Periodic Distribution Date (inclusive) and ending on the next succeeding Periodic Distribution Date (exclusive).

The Issuer shall appoint the CTP to sell the Commodities to the Commodity Buyer on a spot basis for a cash consideration.

The diagrammatical illustration of the structure and mechanism for the Musawamah Transaction is set out in **Annexure II**.

(d) Identified assets : Musharakah Transaction

The identified assets used for the relevant Musharakah Transaction shall be identified prior to each issuance of the Sukuk Musharakah.

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Musawamah Transaction

The identified assets used for the relevant Musawamah Transaction shall be the Commodities.

- (e) **Purchase and selling price/rental (where applicable)** : Musharakah Transaction

Not applicable as the Musharakah Transaction does not involve purchase and sale of underlying assets.

Musawamah Transaction

The purchase and selling price for the purchase and sale of the identified assets used for the relevant Musawamah Transaction shall be identified when the Issuer invokes the relevant Musawamah Transaction.

- (f) **Issue/ sukuk programme size** : The programme size of the Sukuk Musharakah Programme shall be RM2,000 million in nominal value ("**Programme Limit**").

The outstanding nominal value of the Sukuk Musharakah issued under the Sukuk Musharakah Programme shall not exceed the Programme Limit at any point in time.

Notwithstanding the above and subject to the compliance of the relevant guidelines as may be issued by the SC from time to time, the Issuer has the option to upsize the Sukuk Musharakah Programme and the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the Sukuk Musharakah Programme provided that the following conditions have been fulfilled:-

- (1) the voting for the Sukuk Musharakah Programme is carried out on a "per series" basis and not on a collective basis;
- (2) there is no adverse impact on the rating of the Sukuk Musharakah Programme; and
- (3) the approval of the SC for the upsizing of the Sukuk Musharakah Programme has been obtained.

- (g) **Tenure of issue/ sukuk programme** : Perpetual

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- (h) **Availability period of sukuk programme** : The Sukuk Musharakah Programme is available for issuance upon completion of documentation and fulfilment of all conditions precedent to the satisfaction of the LA.

The issuance(s) of the Sukuk Musharakah shall be made within twenty (20) years from the date of first issuance of the Sukuk Musharakah provided that the first issuance of the Sukuk Musharakah shall be made within two (2) years from the date of the approval and authorisation of the SC for the Sukuk Musharakah Programme.

- (i) **Profit/rental rate coupon/rental rate** : The Sukuk Musharakah confer a right to receive Periodic Distribution Amount at a frequency provided in item 2(j) below.

The periodic distribution rate (i.e. the expected Musharakah profit rate) shall be determined prior to each issuance of the Sukuk Musharakah ("**Periodic Distribution Rate**") subject to Stepped-Up Distribution Rate under item 2(y)(iii) below.

The Periodic Distribution Rate shall be determined upfront on the basis of:

- (1) a fixed Periodic Distribution Rate (subject to Stepped-Up Distribution Rate under item 2 (y)(iii) below);

OR

- (2) the sum of an initial credit spread (subject to Stepped-Up Distribution Rate under item 2 (y)(iii) below) plus a Benchmark Rate, where the Benchmark Rate will be reset on the reset date(s), to be determined prior to each issuance of the Sukuk Musharakah.

"**Benchmark Rate**" means the rate in per cent per annum equal to the relevant Malaysian Government Securities ("**MGS**") rate for a tenure corresponding to the period between the issue date up to the First Call Date (as defined in item 2(y)(ii) below), which is used as a basis of determining the relevant expected Periodic Distribution Rate of the relevant tranche of the Sukuk Musharakah, to be determined prior to each issuance of the Sukuk Musharakah.

- (j) **Profit/rental coupon/payment** : The Periodic Distribution Amount shall be payable on semi-annual basis in arrears on each Periodic

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- frequency** : Distribution Date commencing six (6) months from the date of issue of the Sukuk Musharakah.
- (k) Profit/ rental basis coupon/ payment** : The Periodic Distribution Amount shall be calculated based on the actual number of days elapsed over 365 days basis (actual / 365) (“**Periodic Distribution Basis**”).
- (l) Security/ collateral, where applicable** : None.
- (m) Details on utilisation of proceeds by Issuer** : The net proceeds arising from the issuance of the Sukuk Musharakah (after the deduction of expenses incidental to the Sukuk Musharakah Programme) will be utilised for Shariah-compliant purposes which include (1) the Issuer’s investments (including amongst others, purchase of shares, lands, buildings and property; and development and construction costs and working capital of existing and future projects), (2) provision of advances to the Issuer’s subsidiaries and (3) the Issuer’s working capital, as well as refinancing of the Issuer’s outstanding borrowings/financings that are utilised for Shariah-compliant purposes. Working capital includes amongst others, payment of professional fees, operating and administrative expenses, marketing and promotional expenses such as advertisement, printing and payment of staff costs, finance cost and taxes. For avoidance of doubt, the proceeds arising from the issuance of the Sukuk Musharakah will not be utilised for any Shariah non-compliant working capital purposes.
- From time to time, the Issuer will provide information to the Shariah Adviser on the proposed utilisation of the proceeds for Shariah Adviser’s endorsement.
- (n) Sinking fund and designated accounts, where applicable** : Not applicable.
- (o) Rating**
- **Credit rating(s) assigned and whether the rating is final or indicative** : The indicative rating for the Sukuk Musharakah Programme is A.

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- **Name of credit rating agency** : Malaysian Rating Corporation Berhad (“**MARC**”)

- (p) Mode of issue** : The Sukuk Musharakah may be issued via private placement or book run on a best effort basis, or bought deal without prospectus.

- (q) Selling restriction, including tradability, i.e. whether tradable or non-tradable** : **Selling Restrictions at Issuance**

The Sukuk Musharakah may only be offered, transferred, or otherwise disposed of, directly or indirectly to persons to whom an offer or invitation to purchase the Sukuk Musharakah would fall within any of the categories of persons or in the circumstances specified under:-

 - (1) Schedule 6 (or Section 229(1)(b)) of the Capital Markets and Services Act, 2007 as amended from time to time (“**CMSA**”); and
 - (2) Schedule 7 (or Section 230(1)(b)) of the CMSA,

read together with Schedule 9 (or Section 257(3)) of the CMSA.

Selling Restrictions thereafter

The Sukuk Musharakah may only be transferred, or otherwise disposed of, directly or indirectly to persons to whom an offer or invitation to purchase the Sukuk Musharakah would fall within any of the categories of persons or in the circumstances specified under Schedule 6 (or Section 229(1)(b)) of the CMSA and read together with Schedule 9 (or Section 257(3)) of the CMSA.

- (r) Listing status and types of listing, where applicable** : The Sukuk Musharakah will not be listed on the Bursa Securities or on any other stock exchange.

- (s) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained** : Approval from the SC for waiver from compliance with paragraph 12.01(a) and (b) of the Trust Deeds Guidelines has been obtained on 17 September 2014.

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(t) Conditions precedent : Conditions precedent shall consist of conditions which are standard and customary for a facility of this nature, to the satisfaction of the LA and shall include but not limited to the following:-

(1) Main Documentation

(a) Satisfactory completion and execution of all Transaction Documents (as defined in item 2(y)(xx) below) in respect of the Sukuk Musharakah Programme and duly endorsed as exempted under Stamp Duty Exemption (No. 23) Order 2000, and where relevant, presented for registration with the relevant authorities.

(2) The Issuer

(a) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;

(b) certificate true copies of the latest Forms 24, 44 and 49 of the Issuer;

(c) certified true copy of board resolution(s) of the Issuer authorising, amongst others, the establishment of the Sukuk Musharakah Programme for issuance of the Sukuk Musharakah by the Issuer and for the Issuer to enter into and execute all the Transaction Documents;

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

(e) a report of the relevant company search on the Issuer; and

(f) a report of the relevant winding-up search on the Issuer which revealed that no winding-up order has been made against the Issuer.

(3) General

(a) Prior approval and authorisation

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from the SC and, where applicable, approvals from all other relevant regulatory authorities for the Sukuk Musharakah Programme shall have been obtained;

- (b) the Sukuk Musharakah Programme has been accorded a final rating of A by MARC;
- (c) receipt of satisfactory legal opinion addressed to LA from the Solicitor with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and written confirmation on compliance of all conditions precedent set out herein;
- (d) receipt of a satisfactory opinion from an accounting and tax advisory firm acceptable to the LA on the accounting and tax treatment of the Sukuk Musharakah;
- (e) documentary evidence that the Trustees' Reimbursement Account (as defined in item 2(y)(xxv) below) has been established and the deposit of RM30,000.00 has been made;
- (f) evidence of confirmation from the Shariah Adviser that the structure and mechanism of the Sukuk Musharakah and the Transaction Documents are in compliance with Shariah principles;
- (g) evidence that all fees, costs and expenses in relation to the Sukuk Musharakah Programme have been paid in full to the extent that the same are due and payable before the issuance of the Sukuk Musharakah;
- (h) receipt of the results of the legal due diligence on the Issuer satisfactory to the LA; and

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- (i) such other conditions precedent to be advised by the Solicitor and mutually agreed between the LA and the Issuer.
 - (4) Prior to each issuance of the Sukuk Musharakah
 - (a) Receipt of Issuer's certification that it is in compliance with all representations and warranties, covenants and no Enforcement Event has occurred or will occur under the Transaction Documents;
 - (b) the Sukuk Musharakah Programme has been accorded a rating satisfactory to the Lead Arranger by MARC prior to each issuance; and
 - (c) such other conditions to be advised by the Solicitor and mutually agreed between the LA and the Issuer.
- (u) Representations and warranties** : Representations and warranties typical and customary for transaction of this nature which shall include but not limited to the following:-
 - (1) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia and has full power and authority to own its properties and assets and to carry on its business;
 - (2) 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, deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
 - (3) the Transaction Documents constitute legal, valid, binding and enforceable obligations of the Issuer in accordance with their terms;

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- (4) no registration, recording, filing or notarisation of the Transaction Documents and no payment of any duty or tax and no other action whatsoever is necessary or desirable to ensure the validity or enforceability in Malaysia of the liabilities and obligations of the Issuer or the rights of the Trustee under the Transaction Documents in accordance with their terms or to ensure the admissibility in evidence in Malaysia of the Transaction Documents;
- (5) 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 this representation and warranty is made or repeated (a) to the best of the Issuer's knowledge, contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, 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) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets save for any restrictions arising from the Transaction Documents;
- (6) to the best of the Issuer's knowledge, there is no change of law and no governmental action has occurred which shall make it improbable for the Issuer to perform its covenants and obligations under the Transaction Documents;
- (7) the audited financial statements (including the statements of comprehensive income and statements of financial position) of the Issuer for each of its financial year have been or will be prepared on a basis

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consistently applied in accordance with the approved accounting principles and standards in Malaysia and provide a true and fair view of the results of its operations for that financial year and the state of its financial affairs at that date and in particular disclose or make provision against all the liabilities (actual or contingent) of the Issuer to the extent such disclosure or provision is required by generally accepted accounting principles in Malaysia applicable at the relevant time;

- (8) to the best of the Issuer's knowledge, there has been no event or occurrence of an event which constitutes a violation of the law or contravention of or default under any agreement by the Issuer;
- (9) there has been no change in its business condition (financial or otherwise), operations or prospects of the Issuer since the date of the latest audited financial statements of the Issuer which may have a Material Adverse Effect (as defined in item 2(y)(xxiii) below);
- (10) there is no litigation, arbitration or administrative proceeding or any other proceeding or claim which might by itself or together with any other such proceedings or claims which may have a Material Adverse Effect, is presently in progress or pending or to the best of the Issuer's knowledge, threatened against the Issuer or any of its assets; and
- (11) such other representations and warranties as may be advised by the Solicitor and mutually agreed between the LA and the Issuer.

(v) Events of default, dissolution event and enforcement event, where applicable : Events of Default

There are no events of default which will entitle the Trustee / Sukukholders to declare that all amounts due under the Sukuk Musharakah to be immediately due and payable.

Enforcement Events

The Enforcement Events are as follows:-

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- (1) the Issuer fails to pay the Exercise Price payable to the Sukukholders as a result of Optional Redemption (as defined in item 2(y)(x) below) or Accounting Event Redemption (as defined in item 2(y)(xii) below) or Tax Event Redemption (as defined in item 2(y)(xiv) below) or Rating Event Redemption (as defined in item 2(y)(xvi) below), for a period of seven (7) days or more after the date on which such payment is due;
- (2) the Issuer fails to pay the Periodic Distribution Amount (including any Musawamah Sale Price and/or any Balance Exercise Price) on any of the Sukuk Musharakah, for a period of seven (7) days or more after the date on which such payment is due (for this purpose, such payment will not be due if the Issuer has elected to request deferment by giving the Musawamah Investment Notice and/or the Deferral Notice to the Facility Agent and the Trustee (for and on behalf of the Sukukholders)); or
- (3) a court order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer.

Upon the occurrence of any Enforcement Event, the Trustee may, and if so directed by the requisite resolution of the Sukukholders set out in the Trust Deed, shall institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment, provided that the Sukukholders shall have no right to accelerate payment of the Sukuk Musharakah in the case of an Enforcement Event under items (1) and (2) above.

Upon the occurrence of an Enforcement Event under item (3) above, the Trustee may, and if so directed by the requisite resolution of the Sukukholders set out in the Trust Deed, shall declare that all the outstanding Sukuk Musharakah together with outstanding Periodic Distribution Amount (including any Musawamah Sale Price and/or any Balance Exercise Price) are immediately due and payable by the Issuer and the Issuer shall purchase the Sukukholders' interest in the

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Musharakah Venture from the Trustee (for and on behalf of the Sukukholders) at the applicable Exercise Price pursuant to the Musharakah Purchase Undertaking and the Musharakah Venture shall thereafter be dissolved.

Without prejudice to the above, the Trustee (on the instructions of the Sukukholders by the requisite resolution of the aggregate nominal value of the outstanding Sukuk Musharakah set out in the Trust Deed) may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Sukuk Musharakah (other than any payment obligation of the Obligor under or arising from the Musharakah Purchase Undertaking, including, without limitation, payment of the Exercise Price for the satisfaction of any nominal value or satisfaction of any Periodic Distribution Amount (including any Musawamah Sale Price and/or any Balance Exercise Price) in respect of the Sukuk Musharakah including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

Dissolution Events

Pursuant to the Musharakah Sale Undertaking, the relevant Musharakah Venture may be dissolved and the Trustee (for and on behalf of the Sukukholders) will sell (upon dissolution of the relevant Musharakah Venture) the relevant Sukukholders' interest in the relevant Musharakah Venture to the Issuer at the relevant Exercise Price upon occurrence of the following:-

- (1) Optional Redemption;
- (2) Accounting Event Redemption;
- (3) Tax Event Redemption; or
- (4) Rating Event Redemption.

(w) Covenants : **Positive Covenants**

To include but not limited to the following:-

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- (1) the Issuer shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with its obligations under the Transaction Documents and the terms and conditions of the Sukuk Musharakah and that there does not exist or had not existed, from the date the Sukuk Musharakah were issued or the date of the previous certificate, as the case may be, any Enforcement Event, and if such is not the case, to specify the same;
- (2) 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 years) copies of its financial statements for that year which shall contain the statements of comprehensive income and statements of financial position of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Trustee;
 - (b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly financial statements for that period which shall contain the statements of comprehensive income and statements of financial position of the Issuer which are duly certified by any one of its directors;
 - (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request in order to discharge its duties and obligations under the Trust Deed relating to the Issuer's affairs to the extent permitted by law; and

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- (d) promptly, all notices or other documents received or despatched by the Issuer from or to any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders;
- (3) the Issuer shall permit the accounts, reports, notice, statement or circular as provided by the Issuer to the Trustee to be circulated by the Trustee at its discretion to the Sukukholders and the qualified investors;
- (4) the Issuer shall promptly notify the Trustee if the Issuer becomes aware:-
 - (a) of any Enforcement Event;
 - (b) of the happening of any event that has caused or could cause, one or more of the following:-
 - (i) any amount payable under the Sukuk Musharakah to become immediately payable;
 - (ii) the Sukuk Musharakah to become immediately enforceable; or
 - (iii) any other right or remedy under the terms, provisions or covenants of the Sukuk Musharakah or the Trust Deed to become immediately enforceable
 - (c) of any circumstance that has occurred that would materially prejudice the Issuer;
 - (d) of any substantial change in the nature of the business or financial condition of the Issuer;
 - (e) of any change in withholding tax position;

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- (f) of any change in the utilisation of proceeds from the Sukuk Musharakah where the Transaction Documents set out a specific purpose for which proceeds are to be utilised; and
 - (g) of any other matter that may materially prejudice the interests of the Sukukholders;
- (5) the Issuer 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 which should ensure, amongst others, that all necessary approvals or relevant licences are obtained and maintained and in full force and effect;
- (6) the Issuer shall promptly perform and carry out its obligations under all the Transaction Documents;
- (7) the Issuer shall at all times maintain a paying agent, or its equivalent, who is based in Malaysia;
- (8) the Issuer shall procure that the Paying Agent shall notify the Trustee, through the Facility Agent, if the Paying Agent does not receive payment from the Issuer on the due dates as required under Trust Deed (unless deferment request has been given) and the terms and conditions of the Sukuk Musharakah;
- (9) the Issuer shall maintain and keep proper books and accounts at all times in compliance with applicable statutory requirements and in accordance with the generally accepted accounting principles in Malaysia and shall provide the Trustee and any person appointed by it access to such books and accounts to the extent permitted by law; and
- (10) any other covenants as advised by the Solicitor and mutually agreed between the LA and the Issuer.

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Negative Covenants

To include but not limited to the following; wherein the Issuer shall not without the prior written consent of the Sukukholders by way of an extraordinary resolution:-

- (1) add, delete, amend, supplement, vary or substitute its Memorandum and Articles of Association in a manner inconsistent with the provisions of the Transaction Documents or in a manner which may be materially prejudicial to the interests of the Sukukholders;
- (2) enter into any transaction, whether directly or indirectly with its directors, major shareholders and chief executive officer ("**Interested Persons**") unless:-
 - (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not the Interested Persons;
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than the percentage ratio as provided in the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

provided that:-

- (i) the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above;
- (ii) that the Issuer has received the certification referred to in paragraph (b) above (where applicable); and
- (iii) that the transaction has been

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approved by the majority of the board of directors or shareholders of the Issuer in a general meeting as the case may require;

- (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,

provided that:-

- (i) the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above;
- (ii) the Issuer has obtained or renewed, where applicable, the shareholders’ mandate in accordance with the said Listing Requirements; and
- (iii) the Issuer furnishes at least one certificate to the Trustee in respect of the RRPT contemplated under one shareholders’ mandate;

- (3) utilise or allow the utilisation of the proceeds from the Sukuk Musharakah for any purposes other than for the purposes set out in the Transaction Documents; and

- (4) any other covenants as advised by the Solicitor and mutually agreed between the LA and the Issuer.

(x) Provision on buy-back and early redemption of sukuk : Provisions on buy-back

The Issuer and any of its subsidiaries or any agent(s) may purchase the Sukuk Musharakah from the open market or by private treaty at any price.

The Sukuk Musharakah which are purchased / redeemed by the Issuer or its subsidiaries or any agent(s) of the Issuer shall be cancelled by the Issuer and cannot be reissued or resold.

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Early Redemption

The Sukuk Musharakah are issued on a perpetual basis and may only be redeemed by the Issuer in accordance with item 2(y)(ix) below.

(y) Other principal terms and conditions for the proposal

(i) Status : The Sukuk Musharakah shall constitute direct, unsecured, unconditional and subordinated obligations of the Issuer under the laws of Malaysia and shall at all times rank pari passu, without discrimination, preference or priority among themselves and with any Parity Obligations (as defined below). Upon declaration of an Enforcement Event, the payment obligations of the Issuer under the Sukuk Musharakah shall:-

(1) rank ahead of the holders of Junior Obligations (as defined below) of the Issuer; and

(2) rank junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer).

“Junior Obligations” means any class of the Issuer’s share capital, including, without limitation, any preference shares and ordinary shares in the capital of the Issuer other than any instrument or security ranking in priority in payment.

“Parity Obligations” means any instrument or security (excluding any preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, pari passu with the Sukuk Musharakah.

(ii) Call Date : The Call Date for each issuance shall be determined prior to the issuance of the relevant Sukuk Musharakah, and such call dates will include the first call date which is the date where the Sukuk Musharakah can first be called by the Issuer (**“First Call Date”**), and thereafter on each subsequent Periodic Distribution Date.

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- (iii) **Stepped-Up Distribution Rate** : The rate(s), if any, to be determined before the issuance of the Sukuk Musharakah, of a certain percentage above the prevailing expected Periodic Distribution Rate on the relevant Sukuk Musharakah, commencing from such Distribution Stepped-Up Date.

“**Distribution Stepped-Up Date**” refers to the date where such applicable Stepped-Up Distribution Rate applies to the Sukuk Musharakah, as determined prior to each issuance of the Sukuk Musharakah.

- (iv) **Optional Deferral of Distribution** : The Issuer may give, not less than five (5) business days before the relevant Periodic Distribution Date:-

- (1) the Musawamah Investment Notice in writing to the Facility Agent and the Trustee (for and on behalf of the Sukukholders) that part or all of the Periodic Distribution Amount on such Periodic Distribution Date will be invested in the Commodities via a Musawamah Transaction upon the Issuer exercising the Musawamah Undertaking;
- (2) the Deferral Notice in writing to the Facility Agent and the Trustee (for and on behalf of the Sukukholders) that part or all of the Musawamah Sale Price and/or the Balance Exercise Price will be further deferred,

provided that within the period of six (6) months prior to the relevant Periodic Distribution Date:-

- (a) no dividend, distribution or other payment has been paid or declared by the Issuer in respect of any of the Issuer’s Junior Obligations or Parity Obligations (except on a pro-rata basis); and
- (b) none of the Issuer’s Junior Obligations or Parity Obligations (except on a pro-rata basis) has been redeemed, reduced, cancelled, bought-back or acquired by the Issuer,

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants.

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- (v) **Payment of Musawamah Sale Price** : The Musawamah Sale Price is payable to the Sukukholder(s) at a Periodic Distribution Date immediately following the Musawamah Transaction. However, the Trustee (for and on behalf of the Sukukholders) gives the Issuer the right to further defer the payment of part or all of the Musawamah Sale Price should it request for such a deferment. Such Musawamah Sale Price outstanding shall not accrue any additional profits nor be compounded and do not constitute a dissolution event.

If on the relevant Periodic Distribution Date, part of the Periodic Distribution Amount is invested in Commodities via a Musawamah Transaction, the investment will be on a proportionate basis for each Sukukholder based on the nominal value of the Sukuk Musharakah held. Each Sukukholder will therefore receive the remaining proportionate share of the Periodic Distribution Amount that is not invested in Commodities on such Periodic Distribution Date. Each Sukukholder shall be entitled to receive its proportionate share of Musawamah Sale Price at the next Periodic Distribution Date, subject to any deferment at the option of the Issuer.

- (vi) **Payment of Balance Exercise Price** : The Balance Exercise Price is payable to the Sukukholders at a Periodic Distribution Date immediately following the dissolution of the relevant Musharakah Venture in the event the actual income generated from the relevant Musharakah Venture and the Reserve are insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event the income of the Musharakah Venture is zero and the Reserve has been fully utilized, as described in item 2(c) above (as the case may be). However, the Trustee (for and on behalf of the Sukukholders) gives the Issuer the right to defer and to further defer the payment of part or all of the Balance Exercise Price should it request for such a deferment. Such Balance Exercise Price outstanding shall not accrue any additional profits nor be compounded and do not constitute a dissolution event.

- (vii) **Dividend and Capital Stopper** : So long as any Musawamah Sale Price and/or any Balance Exercise Price is outstanding, the Issuer shall not:-

(1) declare or pay any dividends, payments or

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other distributions on any of its Junior Obligations or its Parity Obligations (except on a pro-rata basis); or

- (2) redeem, reduce, cancel, buy-back or acquire any of its Junior Obligations or its Parity Obligations (except on a pro-rata basis),

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, until it has paid the outstanding Musawamah Sale Price and/or the outstanding Balance Exercise Price (if any) in full.

(viii) Dividend and Capital Pusher : Payment by the Issuer of any outstanding Periodic Distribution Amount and/or Musawamah Sale Price and/or Balance Exercise Price (if any) will be mandatory (regardless of the Optional Deferral of Distribution) within one (1) month from any date:-

- (1) if the Issuer has on such date declared or paid any dividends, payments or other distributions on any of its Junior Obligations or Parity Obligations (except on a pro-rata basis); or

- (2) if the Issuer has on such date redeemed, reduced, cancelled, bought-back or acquired any of its Junior Obligations or Parity Obligations (except on a pro-rata basis),

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants.

(ix) Redemption via execution of Musharakah Sale Undertaking : The Sukuk Musharakah are perpetual securities with no fixed final date of redemption. The Sukuk Musharakah may be redeemed at the option of the Issuer (but not the Sukukholders) upon the occurrence of any of the Dissolution Events at the relevant Exercise Price by exercising the Musharakah Sale Undertaking. All Sukuk Musharakah redeemed by the Issuer at its option shall be cancelled by the Issuer and cannot be reissued or resold.

(x) Optional Redemption : The Issuer may, at its option, redeem all or part of the Sukuk Musharakah (on a pro-rata basis) at the

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relevant Exercise Price on any Call Date.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Sukukholders) for the Optional Redemption.

(xi) Accounting Event : If as a result of any changes or amendments to the Financial Reporting Standards ("**FRS**") in Malaysia or any other accounting standards that may replace FRS for the purposes of the Issuer's consolidated financial statements ("**Relevant Accounting Standard**"), the Sukuk Musharakah no longer be recorded as "equity" pursuant to the Relevant Accounting Standard, an Accounting Event shall have occurred.

(xii) Accounting Event Redemption : If at any time an Accounting Event has occurred and is continuing and the auditor of the Issuer has delivered an opinion that an Accounting Event has occurred, the Issuer may, at its option, redeem the Sukuk Musharakah (in whole, but not in part) at the Exercise Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Sukukholders) for the Accounting Event Redemption.

(xiii) Tax Event : If the Issuer has or will become obliged to pay additional amounts as provided or referred to in item 2(y)(xix) below, or if the distribution payments made by the Issuer would not be fully deductible by the Issuer for Malaysian income tax purposes as a result of any change in, or amendment to, the laws or regulations of Malaysia, or any change in the application or official interpretation of such laws, a Tax Event shall have occurred.

(xiv) Tax Event Redemption : If at any time a Tax Event has occurred and is continuing and the tax agent of the Issuer has delivered an opinion that a Tax Event has occurred, the Issuer may, at its option, redeem the Sukuk Musharakah (in whole, but not in part) at the Exercise Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Sukukholders) for

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the Tax Event Redemption.

- (xv) **Rating Event** : If, as a result of any amendment, clarification or change in the rating methodology by the relevant rating agency that results in a lower equity credit for the relevant tranche of the Sukuk Musharakah, as compared to the equity credit which was first assigned on the relevant issue date by the relevant rating agency or, if equity credit is not assigned on the relevant issue date, at the date when equity credit is assigned for the first time, a Rating Event shall be deemed to have occurred.
- (xvi) **Rating Event Redemption** : If at any time a Rating Event has occurred and is continuing and the relevant rating agency has delivered a written confirmation that a Rating Event has occurred, the Issuer may, at its option, redeem the Sukuk Musharakah (in whole, but not in part) at the Exercise Price.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Sukukholders) for the Rating Event Redemption.

- (xvii) **Exercise Price** : Save for Dissolution Event pursuant to the occurrence of Accounting Event Redemption, Tax Event Redemption or Rating Event Redemption prior to the First Call Date, the relevant Exercise Price payable under the sale agreement pursuant to the Musharakah Sale Undertaking and the Musharakah Purchase Undertaking shall be calculated as follows:-

- (1) the nominal value of the Sukuk Musharakah; plus
- (2) the aggregate Periodic Distribution Amount from the issue date (including any Musawamah Sale Price and/or any Balance Exercise Price) calculated up to and inclusive of the date of redemption or dissolution of the relevant Musharakah Venture in the event the actual income generated from the relevant Musharakah Venture and the Reserve are insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event the income of the Musharakah Venture is zero

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and the Reserve has been fully utilized, as described in item 2(c) above (as the case may be); less

- (3) the distributable income generated from the respective Musharakah Venture paid out in the form of Periodic Distribution Amount (including all Advance Part Payment made (if any)).

In the event of Dissolution Event pursuant to the occurrence of Accounting Event Redemption, Tax Event Redemption or Rating Event Redemption prior to the First Call Date, the relevant Exercise Price payable under the sale agreement pursuant to the Musharakah Sale Undertaking shall be calculated as follows:-

- (1) the greater of (a) the nominal value of the Sukuk Musharakah and (b) the Make-Whole Amount (as defined hereafter); plus
- (2) the aggregate Periodic Distribution Amount from the issue date (including any Musawamah Sale Price and/or any Balance Exercise Price) calculated up to and inclusive of the date of redemption; less
- (3) the distributable income generated from the respective Musharakah Venture paid out in the form of Periodic Distribution Amount (including all Advance Part Payment made (if any)).

"Make-Whole Amount" means the amount, equal to the sum of (a) the present value of the nominal value of the Sukuk Musharakah to be redeemed discounted from the First Call Date to the redemption date, and (b) the present value of all Periodic Distribution Amount distributable (including any Musawamah Sale Price and/or any Balance Exercise Price) from the redemption date up to and including, the First Call Date, discounted to the redemption date on a semi-annual basis (assuming a 365 day year) at the relevant discount rate being the relevant MGS Rate plus a margin to be agreed between the Issuer and the Lead Arranger prior to the issue date of the relevant series of Sukuk Musharakah.

"MGS Rate" means the rate in per cent per annum equal to the relevant Malaysian Government

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Securities (“**MGS**”) rate for a tenure corresponding to the period between the relevant redemption date up to the First Call Date, or in the absence of such MGS Rate, the interpolated rate based on the arithmetic mean of the 2 available closest MGS Rates corresponding to the period between the relevant redemption date up to the First Call Date.

(xviii) Form and Denomination : Form

The Sukuk Musharakah shall be issued in accordance with the:-

- (1) Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) dated 6 May 2011 (“**MyClear Procedures**”); and
- (2) Participation and Operation Rules for Payment and Securities Services issued by My Clear dated 6 May 2011 (“**MyClear Rules**”) (MyClear Procedures and MyClear Rules are collectively referred to as “**MyClear Procedures and Rules**”).

Each Sukuk Musharakah shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain limited events). The global certificate shall be deposited with BNM and shall be in bearer form.

No physical delivery of the Sukuk Musharakah is permitted.

Denomination

The denomination of the Sukuk Musharakah shall be RM1,000 or in multiples of RM100,000 thereof or such other denominations to be mutually agreed by the Issuer and the LA as may be allowed under the MyClear Procedures and Rules at the time of issuance.

- (xix) Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

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- (xx) **Transaction Documents** : The Transaction Documents shall include the following:-
- (1) the Programme Agreement;
 - (2) the Trust Deed;
 - (3) the Subscription Agreement(s);
 - (4) the Securities Lodgment Form for Central Securities Depository and Paying Agency Services; and
 - (5) such other agreements as may be advised by the Solicitor and/or LA.
- (xxi) **Trust Deed** : The Sukuk Musharakah shall be constituted by a trust deed, which shall be administered by the Trustee acting on behalf of the Sukukholders. The Trust Deed shall be in compliance with the Trust Deeds Guidelines issued by the SC effective 12 August 2011 (“**Trust Deeds Guidelines**”) (save and except for paragraphs 12.01(a) and 12.01(b) of the Trust Deeds Guidelines, which waiver from compliance of the same has been granted by the SC on 17 September 2014).
- (xxii) **Legal Fees, Stamp Duty and Other Expenses** : All costs and expenses including but not limited to legal and other professional fees, stamp duty (if any), out-of-pocket expenses, fees for the Central Depository and Paying Agent, Trustee, Facility Agent, SC and other regulatory fees (if any), and other costs and expenses, shall be for the account of the Issuer and on a full indemnity basis.
- (xxiii) **Material Adverse Effect** : In relation to any event, the occurrence of which, in the reasonable opinion of the Trustee, may have a material and adverse effect on:-
- (1) the business condition (financial or otherwise), operations or prospects of the Issuer’s group; or
 - (2) the ability of the Issuer to perform any of its obligations under any of the Transaction Documents; or
 - (2) the legality, validity or enforceability of the Transaction Documents; or
 - (3) the rights or remedies of the Trustee or the

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Sukukholders under any of the Transaction Documents.

- (xxiv) **Compensation for Late Payment (Ta'widh)** : In the event of delay in payment of the Exercise Price pursuant to the Musharakah Sale Undertaking or the Musharakah Purchase Undertaking, as the case may be, the Issuer shall pay compensation (Ta'widh) on such overdue amounts at the rate and manner prescribed by the Shariah Advisory Council of the SC, from time to time.
- (xxv) **Trustees' Reimbursement Account** : The Issuer shall open and maintain an account designated as "Trustees' Reimbursement Account for Sukukholders' Actions" (as required under the Trust Deeds Guidelines), in which a sum of RM30,000.00 is to be deposited therein. The Trustees' Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of Enforcement Event which are provided in the Trust Deed. The sum of RM30,000.00 in the Trustees' Reimbursement Account shall be maintained at all times throughout as long as there is money outstanding under the Sukuk Musharakah.
- (xxvi) **Interested Person** : The Sukuk Musharakah held by the Issuer or any of the Interested Person of the Issuer shall not be counted for purposes of voting at any meeting of the Sukukholders. For the purpose of this item, Interested Person will not include the categories of major shareholders as provided under the exceptions in paragraph 22.04(a) – (d) of the Trust Deeds Guidelines.
- (xxvii) **Voting Right** : The Sukukholders shall have no voting rights in the Issuer.
- (xxviii) **Voting by Sukukholders** : Voting by the Sukukholders under the Sukuk Musharakah Programme shall be carried out as follows:-

Prior to upsizing of the Sukuk Musharakah Programme

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

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Post upsizing of the Sukuk Musharakah Programme (if any)

All matters which require the Sukukholders' consent under the Sukuk Musharakah Programme shall be carried out on a per series basis.

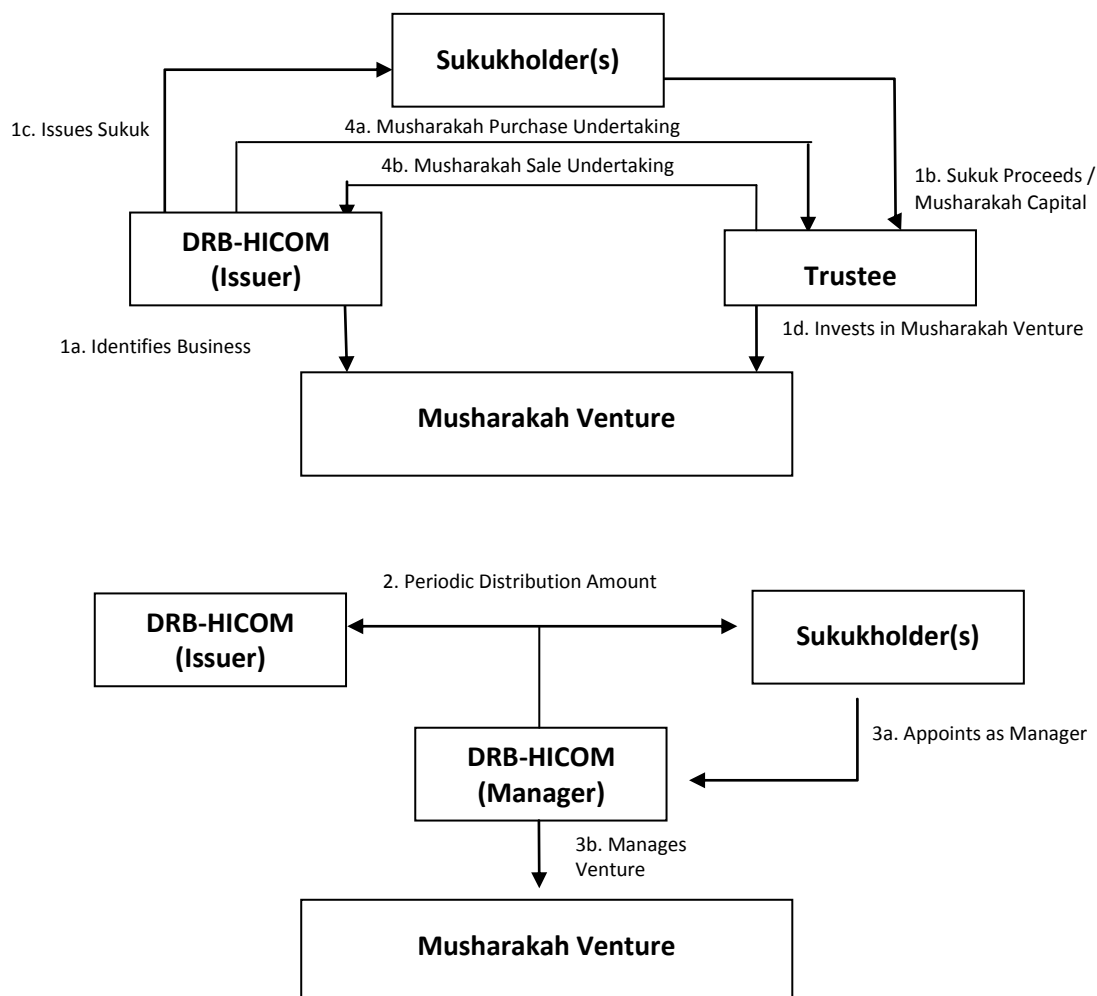
Sukukholders holding a requisite amount under each series (to be determined under the Trust Deed) shall provide their consent for any matters to be passed under the Sukuk Musharakah Programme and the consent from the Sukukholders of all outstanding series shall have been obtained for any resolution to be carried.

“**series**” shall mean, in relation to any Sukuk Musharakah, such Sukuk Musharakah with the same issue date.

- (xxix) Governing Laws and jurisdiction** : The Sukuk Musharakah and the Transaction Documents shall be governed by the laws of Malaysia and be subject to the exclusive jurisdiction of the courts of Malaysia.
- (xxx) Other Conditions** : The Sukuk Musharakah shall at all times be subject to such guidelines, rules and directives to be issued from time to time by the SC and/or BNM having jurisdiction over matters pertaining to the Sukuk Musharakah.

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Annexure I: Structure and Mechanism for the Musharakah Transaction



Step	Description
1a.	The Issuer and the investor(s) will form a Musharakah from time to time to invest in the Shariah-compliant business of the Issuer and/or the Issuer's group of companies (" Group ") to be identified prior to each issuance of the Sukuk Musharakah (" Business ").
1b., 1c. & 1d.	In respect of the issuance of each tranche of the Sukuk Musharakah, the investor(s) of each tranche of the Sukuk Musharakah shall from time to time, via the Trustee, form a Musharakah partnership with the Issuer to invest directly into the Business (" Musharakah Venture ") identified for that particular tranche by entering into a Musharakah agreement as partners (each a " Partner " and collectively the " Musharakah Partners "). For avoidance of doubt, the Shariah non-compliant business such as leasing activities, hotel, owner and operator of shopping mall will not form part of the Musharakah Venture. Each Musharakah Venture under each issuance under the Sukuk Musharakah Programme would not overlap with one another.

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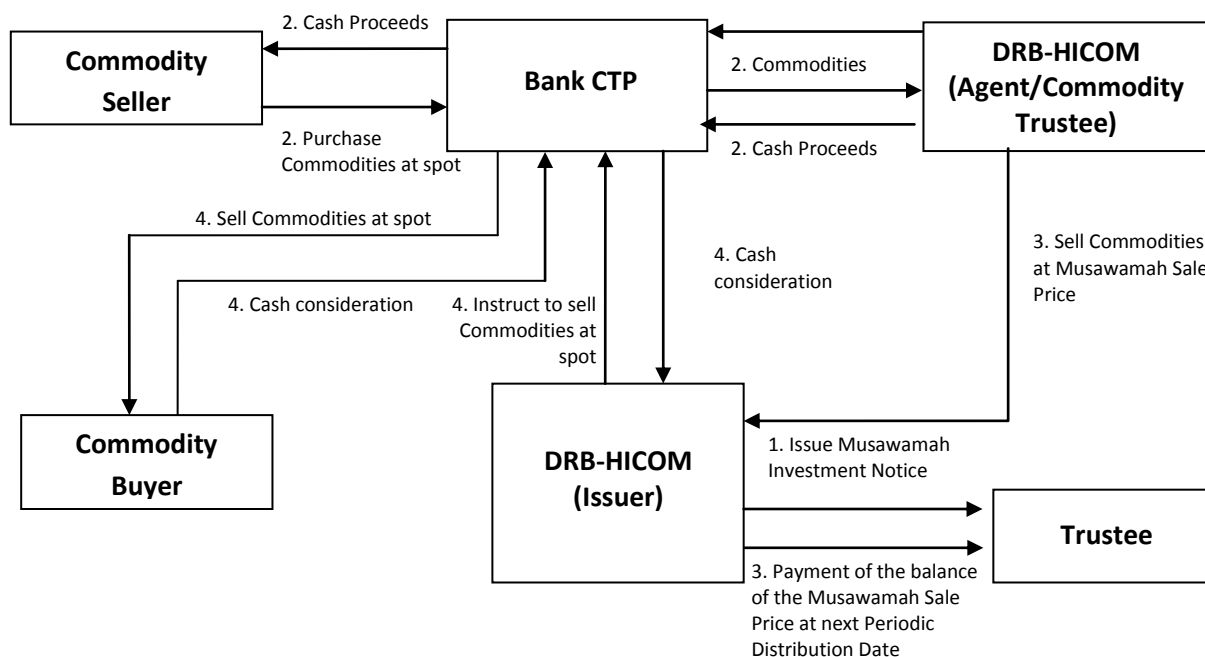
Step	Description
	<p>The Issuer will issue the Sukuk Musharakah to such investor(s) and such investor(s) will participate in the relevant Musharakah Venture via subscription of the Sukuk Musharakah issued by the Issuer. The Sukuk Musharakah shall represent the respective investor(s)' undivided proportionate interest in the relevant Musharakah Venture.</p> <p>The capital contribution of the holders of the Sukuk Musharakah ("Sukukholders") to the Musharakah Venture is the proceeds raised from each tranche of the Sukuk Musharakah while the Issuer will contribute the Business as capital in-kind and the value of the Business will be ascertained prior to the establishment of each Musharakah Venture ("Musharakah Capital"). Simultaneously, the Issuer shall make a declaration that it holds on trust the Musharakah Partners' interest in the Business for the benefit of the Sukukholder(s) and itself pursuant to the Musharakah Venture.</p> <p>From time to time, the Issuer will provide evidence to the Shariah Adviser on the proposed utilisation of the proceeds for Shariah Adviser's endorsement.</p>
2.	<p>Income from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to the issuance of the Sukuk Musharakah.</p> <p>Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective Musharakah Capital in the Musharakah Venture.</p>
3a. & 3b.	<p>The Sukukholders shall appoint the Issuer as the manager to manage the Musharakah Venture ("Manager"). The Sukukholders agree that any excess income from the Musharakah Venture above the Periodic Distribution Amount shall be retained by the Manager as a reserve ("Reserve") on a custody basis on behalf of the Sukukholders for the purpose of entering into a Musawamah Transaction in the event that the actual income generated from the relevant Musharakah Venture is insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event that there is no income generated from the Musharakah Venture and the Issuer requests for a deferment of the Periodic Distribution Amount. Upon dissolution of the Musharakah Venture pursuant to the Dissolution Events and/or the Enforcement Events and if there is a positive balance in the Reserve, such amount will be paid to the Issuer (as Manager) as an incentive fee by way of the concept of <i>tanazul</i>.</p>
4a. & 4b.	<p>The Issuer (in its capacity as the Obligor) will from time to time, provide purchase undertakings (each a "Musharakah Purchase Undertaking"), pursuant to which upon Winding-Up, it shall execute a sale agreement ("Sale Agreement") for the purchase of the Sukukholders' undivided beneficial interest in the relevant Musharakah Venture at the applicable Exercise Price.</p> <p>The Trustee (for and on behalf of the Sukukholders) will from time to time, provide sale undertakings (each a "Musharakah Sale Undertaking"), pursuant to which the Issuer shall have the right to early redeem the Sukuk Musharakah upon the occurrence of any of the Dissolution Events. The Trustee (for and on behalf of the Sukukholders) is required to execute the Sale</p>

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Step	Description
	<p>Agreement for the sale to the Issuer of the Sukukholders' undivided beneficial interest in the relevant Musharakah Venture at the applicable Exercise Price.</p> <p>The income from the relevant Musharakah Venture of up to the relevant Periodic Distribution Amount shall be distributed semi-annually to the Sukukholders of that particular tranche of Sukuk Musharakah on each Periodic Distribution Date.</p> <p>Any shortfall between the Periodic Distribution Amount and the actual income generated from the Musharakah Venture shall be paid by the Issuer as an advance part payment ("Advance Part Payment"). For avoidance of doubt, the Advance Part Payment will be set-off against the relevant Exercise Price pursuant to the Musharakah Sale Undertaking or the Musharakah Purchase Undertaking, as the case may be.</p> <p>In the event there is a request for a deferment of Periodic Distribution Amount, there will not be any Advance Part Payment.</p>

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Annexure II: Structure and Mechanism for the Musawamah Transaction



Step	Description
1.	<p>When the Musawamah Investment Notice is issued from time to time, the Issuer will invoke the Musawamah Undertaking to initiate the Musawamah Transaction. A Musawamah Transaction may be entered into under the following scenarios:-</p> <p>(1) if there is sufficient income generated from the relevant Musharakah Venture to satisfy the payment of the relevant Periodic Distribution Amount, the amount equivalent to the Periodic Distribution Amount (being deferred) will be used to enter into the Musawamah Transaction and the Commodities will be sold to the Issuer at the Musawamah Sale Price; or</p> <p>(2) if there is a shortfall between the Periodic Distribution Amount and the income generated from the relevant Musharakah Venture to satisfy the payment of the relevant Periodic Distribution Amount, the actual income generated from the relevant Musharakah Venture and/or the Reserve (in the event the actual income generated from the relevant Musharakah Venture is insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event no income is generated from the relevant Musharakah Venture) will be used to enter into the Musawamah Transaction and the Commodities will be sold to the Issuer at the Musawamah Sale Price.</p> <p>In the event the actual income generated from the relevant Musharakah Venture and the Reserve are insufficient to meet the minimal amount (which is equivalent to the Periodic Distribution Amount being deferred) to enter into the Musawamah Transaction or in the event the income of the Musharakah Venture is zero and the Reserve has been fully utilised, the relevant Musharakah Venture shall be dissolved through an exercise of the relevant Musharakah Purchase Undertaking</p>

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	<p>and an amount equivalent to the nominal value of the Sukuk Musharakah from the Exercise Price ("Net Exercise Price") shall be applied towards investment in a new Musharakah Venture that shall be investment in a Business (other than the previous Business under the dissolved Musharakah Venture).</p> <p>The Balance Exercise Price, being the Exercise Price less the Net Exercise Price ("Balance Exercise Price"), if any, shall be paid by the Issuer on the next Periodic Distribution Date unless further deferment is requested by the Issuer by way of a Deferral Notice. Any part or full payment of such Balance Exercise Price shall be shared by the relevant Sukukholders of the relevant outstanding Sukuk Musharakah on a pro-rata basis.</p> <p>The accounting entries associated with the dissolution of the Musharakah Venture and investment into a new Musharakah Venture shall be made in the books of the Issuer.</p> <p>For the avoidance of doubt, a dissolution of the Musharakah Venture in this manner will not result in redemption of the Sukuk Musharakah by the Issuer.</p> <p>Under the Trust Deed, the Trustee (for and on behalf of the Sukukholders) irrevocably authorises the Manager to, in its sole discretion, invest all the Net Exercise Price pursuant to the Musharakah Purchase Undertaking into a new Musharakah Venture.</p> <p>The new Musharakah Venture will be created as per the terms of the previous Musharakah Venture.</p>
2.	<p>The Issuer, in the capacity as Agent (acting on behalf of the Trustee (for and on behalf of the Sukukholders)), shall appoint the CTP to purchase the Commodities from the Commodity Seller on a spot basis.</p> <p>The Issuer, in the capacity as Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities.</p>
3.	<p>The Commodity Trustee as a seller shall sell the Commodities to the Issuer as a buyer at the Musawamah Sale Price which will be payable on the next Periodic Distribution Date. The Musawamah Sale Price may be further deferred (in part or in full) for another Periodic Distribution Period at the request of the Issuer. For avoidance of doubt, the Musawamah Sale Price that is deferred shall be payable on the following Periodic Distribution Date unless further deferment is requested by the Issuer.</p>
4.	<p>The Issuer shall appoint the CTP to sell the Commodities to the Commodity Buyer on a spot basis for a cash consideration.</p>