

## 1. BACKGROUND INFORMATION

### (a) Issuer

- (i) Name : Cendana Sejati Sdn Bhd (Company No. 1051796-P) ("**Issuer**").
- (ii) Address : 568-9-9 Kompleks Mutiara  
3 ½ Miles, Jalan Ipoh  
51200 Kuala Lumpur.
- (iii) Business registration number : 1051796-P.
- (iv) Date and place of incorporation : 27 June 2013/ Kuala Lumpur.
- (v) Date of listing, where applicable : Not listed.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company : Resident-controlled company.
- (vii) Principal Activities :
  - (a) To purchase the Portfolio (as defined in item 2(y)(B)(i) below) from the Originator (as defined in item 1(b) below) under the terms of the debenture or Islamic securities programme;
  - (b) To raise financing via the issuance of debentures or Islamic securities for the purpose of financing the purchase of the Portfolio;
  - (c) To collect income derived from the Portfolio or any part thereof and to sub-contract to third parties all services that may be required in order to maintain the Issuer and its assets and to remunerate such parties for the services rendered or to be rendered pursuant to the terms and conditions of the debenture or Islamic securities programme.

(viii) Board of directors : The board of directors of the Issuer as at 21 January 2014 are listed below:

- (a) Ismawadee bin Ismail  
(Independent Non-Executive Director);
- (b) Abdul Rahim bin Embi  
(Independent Non-Executive Director);
- (c) Adlin bin Shahrudin  
(Non-Independent Executive Director).

(ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : The shareholders and shareholding structure of the Issuer as at 21 January 2014 are listed below:

Shareholders	Direct	
	No. of shares held	%
Masraf Al Barakah Sdn Bhd	2	100

(x) Authorised, issued and paid-up capital : The authorised, issued and paid-up capital of the Issuer as at 21 January 2014 are listed below:

Type	No of shares	Par value (RM)	Amount (RM)
<b>Authorised</b> Ordinary shares	400,000	1	400,000.00
<b>Issued and paid-up capital</b> Ordinary Shares	2	1	2.00

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(xi) Disclosure of the following:

- If the Issuer or its board members have 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 years prior to the date of application; and : None.
- If the Issuer has 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 years prior to the date of application. : None.

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**(b) Originator**

- (i) Name : Masraf Al Barakah Sdn Bhd (Company No. 977659-W) ("**Masraf**" or "**Originator**").
- (ii) Address : No. 568-9-9 Kompleks Mutiara  
3 ½ Miles Jalan Ipoh  
51200 Kuala Lumpur.
- (iii) Business registration number : 977659-W.
- (iv) Date and place of incorporation : 10 February 2012/ Kuala Lumpur.
- (v) Date of listing, where applicable : Not listed.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company : Resident controlled company.
- (vii) Principal activities : Principally engaged in the provision of credit sales to eligible civil servants for purchase of products under a deferred payment terms through non-discretionary salary deduction mechanism ("**Deferred Payment Programme**").
- (viii) Board of directors : The Board of Directors of the Originator as at 21 January 2014 is as follows:
  - (a) Adlin Bin Shaharudin  
(*Non-Independent Executive Director*);
  - (b) Tengku Eliza Binti Tengku Mohamed Shihabudin  
(*Non-Independent Executive Director*).

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- (ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : The shareholders and shareholding structure of the Originator as at 21 January 2014 are listed below:

Shareholders	Direct	
	No. of shares held	%
CMA i Capital Sdn Bhd	9,999,950	99.9995
Adlin Bin Shahrudin	50	0.0005

- (x) Authorised, issued and paid-up capital : The authorised, issued and paid-up capital of the Originator as at 21 January 2014 are listed below:

Type	No of shares	Par value (RM)	Amount (RM)
<b><u>Authorised</u></b> Ordinary shares	10,000,000	1	10,000,000
<b><u>Issued and paid-up capital</u></b> Ordinary Shares	10,000,000	1	10,000,000

- (xii) Disclosure of the following:

- If the Originator or its board members have 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 years prior to the date of application; and : None.

- If the Originator : None.  
has 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  
years prior to the  
date of application.

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## 2. PRINCIPAL TERMS AND CONDITIONS

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

- (i) Principal adviser : Kenanga Investment Bank Berhad (Company No. 15678-H) (“**KIBB**” or “**PALA**”).
- (ii) Lead arranger : KIBB.
- (iii) Co-arranger : Not applicable.
- (iv) Solicitors : Messrs. Shook Lin & Bok (“**Solicitors**”).
- (v) Financial adviser : Not applicable.
- (vi) Technical adviser : Not applicable.
- (vii) Sukuk trustee : AmanahRaya Trustees Berhad (Company No. 766894-T) (“**Sukuk Trustee**” acting on behalf of the Senior Sukukholders (as defined in item 2(c) below)).
- (viii) Shariah adviser : Dr. Mohd Daud Bakar.
- (ix) Guarantor : Not applicable.
- (x) Valuer : Not applicable.
- (xi) Facility agent : KIBB.
- (xii) Primary subscriber (under a bought-deal arrangement) and amount subscribed :
  - I) Senior Sukuk Programme  
The primary subscribers will be determined prior to the issuance, where applicable.
  - II) Junior Sukuk Programme  
Masraf will subscribe to one hundred per cent (100%) of the nominal value of the Junior Sukuk to be issued from time to time under a private placement arrangement.
- (xiii) Underwriter and amount underwritten : Not applicable.
- (xiv) Central depository : Bank Negara Malaysia (“**BNM**”).
- (xv) Paying agent : BNM.
- (xvi) Reporting accountant : Crowe Horwath (AF 1018).
- (xvii) Calculation agent; and : Not applicable.

(xviii) Others

- Lead Manager(s) : KIBB and/or such other financial institution(s) to be appointed by the Issuer (as the case may be).
- Servicer : Masraf.
- Obligor : Eligible civil servant identified by the Originator to whom Deferred Payment Programme is granted.
- Security Trustee : TMF Trustees Malaysia Berhad (Company No. 610812-W) ("**Security Trustee**").
- Collection Agent : Coshare Holdings Berhad (Company No. 447108-C) ("**Coshare**"), a company incorporated in Malaysia under the Companies Act 1965 which is authorised by the Accountant General's Department ("**AG**") and the Ministry of Finance ("**MOF**") to provide salary deduction services for eligible civil servants. Coshare provides processing, activation and collection services via monthly salary deduction to its business partners.
- Tax Adviser : Crowe Horwath KL Tax Sdn Bhd (Company No. 10709-X).

(b) Islamic principle used : The issuance of the Senior Sukuk (as defined in item 2(c) below) and Junior Sukuk (as defined in item 2(c) below) will be based on the Shariah principles of Murabahah via a Tawarruq arrangement, which are the Shariah principles and concepts approved by the Shariah Advisory Council ("**SAC**") of the Securities Commission Malaysia ("**SC**").

(c) Facility Description : I) Senior Sukuk Programme  
Issuance of senior Sukuk Murabahah of up to RM360.0 million in aggregate nominal value ("**Senior Sukuk**") pursuant to a Sukuk Murabahah medium term note programme ("**Senior Sukuk Programme**").

II) Junior Sukuk Programme  
Issuance of subordinated Sukuk Murabahah of up to RM40.0 million in aggregate nominal value ("**Junior Sukuk**") pursuant to a Sukuk Murabahah medium term note



programme ("**Junior Sukuk Programme**").

Under the Senior and Junior Sukuk Programmes, Issuer will at any time and from time to time throughout the Drawdown Availability Period (as defined at the end of this paragraph) purchase from the Originator a portfolio of Shariah-compliant receivables which comply with the Eligibility Criteria (as defined in item 2(y)(B)(ii)) pursuant to the Deferred Payment Programme granted to the Obligor (each a "**Receivable**", collectively referred to as "**Portfolio**"). The Senior Sukuk Programme is available for issue/drawdown for a period of two (2) years from the date of the first issue of Senior Sukuk from the Senior Sukuk Programme ("**Drawdown Availability Period**").

Subject to the conditions described herein, the Originator shall, from time to time, issue Purchase Requests (each a "**Purchase Request**" with the date of each Purchase Request being referred to herein as the "**Purchase Request Date**") specifying details relevant to the Portfolio to the Issuer to request the Issuer to buy the Portfolio from the Originator. Each Portfolio shall be deemed to have been purchased by the Issuer on the Purchase Request Date provided that there is no objection received/communicated from the Issuer within the Purchase Request Date ("**Deemed Acceptance**").

The Purchase Request will also provide for a declaration of trust ("**Declaration of Trust**") in favour of the Issuer whereby the Originator irrevocably and unconditionally declares inter alia that the relevant Portfolio which has been sold to and purchased by the Issuer pursuant to the Deemed Acceptance, shall, together with the present and future rights and interests under or arising from or in connection with such Portfolio and the Collaboration Agreement (as defined herein) relating to such Portfolio. The aforesaid will be held on trust by the Originator as the bare trustee for the Issuer as the absolute beneficial owner without any

encumbrances whatsoever.

The “**Collaboration Agreement**” is an agreement dated 6 June 2012 (as amended, varied and/or supplemented) entered between Masraf and Coshare as the Collection Agent where Masraf collaborates and participates in "Program Ansuran Coshare" which authorises Coshare to undertake and implement a salary deduction programme for eligible civil servants employed by Government of Malaysia (“**GOM**”).

The Senior Sukuk together with the Junior Sukuk will be issued in multiple tranches from time to time (“**Tranche(s)**”) to fund the purchase of each Portfolio. The Issuer shall issue the Senior Sukuk and Junior Sukuk under each Tranche on the relevant issue date (the “**Relevant Issue Date**”). The amount of the Junior Sukuk to be issued under each Tranche shall not be less than ten per cent (10%) of the principal amount of the Senior Sukuk under the relevant Tranche.

The issuance of Senior Sukuk and Junior Sukuk under each Tranche shall be effected as follows:

- i. The Sukuk Trustee (acting on behalf of the investor(s) of the Senior Sukuk (“**Senior Sukukholders**”)) and the investor of the Junior Sukuk (“**Junior Sukukholder**”) shall appoint the Facility Agent as the buying and selling agent (“**Wakeel**”) of Shariah-compliant commodities (“**Commodities**”).
- ii. The Issuer shall issue a purchase order (the “**Purchase Order**”) to the Wakeel and the Sukuk Trustee (acting on behalf of the Senior Sukukholders) for the purchase of the Commodities. The Purchase Order which is based on an undertaking (wa’ad) constitutes a unilateral binding promise by the Issuer to purchase the said Commodities at a sale price to be paid on a deferred payment basis (“**Deferred Sale Price**”). The Deferred Sale Price represents the

principal amount equivalent to the Purchase Price (as defined in the paragraph below) and the profit portion to be agreed between the Issuer as the purchaser and the Wakeel who represents the Senior and Junior Sukukholders as the seller.

- iii. The Issuer shall issue and the respective Senior and Junior Sukukholders shall subscribe, to the respective Senior and Junior Sukuk issued by the Issuer to evidence the Senior and Junior Sukukholders' ownership of the Commodities and subsequently, represent the Senior and Junior Sukukholders' entitlement to receive the Deferred Sale Price once the Commodities are sold to the Issuer.
- iv. Pursuant to the Purchase Order, the Senior and Junior Sukukholders shall pay the purchase price (the "**Purchase Price**") of the Commodities which is equivalent to the relevant Senior and Junior Sukuk proceeds.
- v. Upon receipt of the Purchase Price, the Wakeel, on behalf of the Senior and Junior Sukukholders shall then purchase the Commodities from a commodity supplier acceptable to the Shariah Adviser ("**Commodity Supplier**") on a spot basis.
- vi. Upon completion of the purchase, the Wakeel, on behalf of the Senior and Junior Sukukholders, shall sell the Commodities to the Issuer at the Deferred Sale Price. The Issuer shall pay the Deferred Sale Price via the Wakeel to the Senior and Junior Sukukholders.
- vii. Thereafter, the Issuer shall sell the Commodities to commodity purchaser acceptable to the Shariah Adviser ("**Commodity Purchaser**") on a spot basis at an amount equivalent to the Purchase Price.
- viii. Throughout the tenure of the Senior

Sukuk Programme and Junior Sukuk Programme, the Issuer shall pay the relevant profit payment (subject to the fulfilment of the relevant provisions and conditions set out in item 2(j) and item 2(w)(ii)(i) below) to the Senior and Junior Sukukholders with the principal amount being paid on the relevant maturity date via the Wakeel.

Please refer to Appendix 1 of this Principal Terms and Conditions (“PTC”) for a diagrammatic illustration of the transaction above.

- (d) Identified assets : Shariah-compliant commodities (which shall, inter alia, exclude ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided by the Commodity Supplier.
- (e) Purchase and selling price/ rental (where applicable) : To be determined prior to each issuance of the Senior Sukuk and Junior Sukuk which shall be in compliance with the asset pricing requirement under the Sukuk Guidelines.
- (f) Issue/ sukuk programme size :

Facility	Issue size (RM)
Senior Sukuk Programme	Up to 360.0 million
Junior Sukuk Programme	Up to 40.0 million

The Issuer has the option to increase the size of the Senior Sukuk Programme subject to the following:

- (i) Approval from the SC for the proposed upsizing has been obtained;
- (ii) The Issuer has obtained consent from the relevant parties, including the Senior Sukukholders for the proposed upsizing and in obtaining consent from the Senior Sukukholders, the voting for the Senior Sukuk Programme is carried out on a “per series” basis and not on a collective basis; and

- (iii) The Issuer must ensure that any exercise to upsize the Senior Sukuk Programme shall not unfairly discriminate against or is otherwise prejudicial to existing Senior Sukukholders of the Senior Sukuk Programme.

For the avoidance of doubt, the Senior Sukuk Programme is subject to the following reduction schedule (“**Reduction Schedule**”) below:

Reduction Period (from first issuance date of Senior Sukuk)	Senior Sukuk Programme Available Limit (RM million)
By the 5 <sup>th</sup> anniversary date	300.0
By the 6 <sup>th</sup> anniversary date	240.0
By the 7 <sup>th</sup> anniversary date	180.0
By the 8 <sup>th</sup> anniversary date	120.0
By the 9 <sup>th</sup> anniversary date	60.0
By the 10 <sup>th</sup> anniversary date	0.0

In the event of an upsize of the Senior Sukuk Programme (as the case maybe), the Reduction Schedule will be amended accordingly subject to the consent from the Senior Sukukholders and in obtaining consent from the Senior Sukukholders, the voting for the Senior Sukuk Programme is carried out on a “per series” basis and not on a collective basis.

- (g) Tenure of issue/ sukuk : I) Senior Sukuk Programme  
Tenure of the Senior Sukuk Programme  
Up to ten (10) years from the date of first issue under the Senior Sukuk Programme.

Tenure of the Senior Sukuk  
Each Senior Sukuk shall have a tenure of more than one (1) year and up to ten (10) years. Provided always that the Senior Sukuk shall mature on or prior to the expiry of the Senior Sukuk Programme.

- II) Junior Sukuk Programme  
Tenure of the Junior Sukuk Programme

Up to ten (10) years from the date of first issue under the Junior Sukuk Programme.

Tenure of the Junior Sukuk

Each Junior Sukuk shall have a tenure of up to ten (10) years. For the avoidance of doubt, the maturity date of each of the Junior Sukuk shall fall on the maturity date of the Junior Sukuk Programme. Provided always that the Junior Sukuk under the Junior Sukuk Programme shall mature on or after the maturity of the Senior Sukuk Programme.

- (h) Availability period of sukuk : I) Senior Sukuk Programme  
programme The Senior Sukuk Programme is available for utilisation upon compliance of all conditions precedent to the satisfaction of the PA/LA.

For the avoidance of doubt, the Senior Sukuk Programme is only available for drawdown for a period of two (2) years from the date of the first issue of Senior Sukuk from the Senior Sukuk Programme provided that the first issue shall not be later than two (2) years from the date of the written authorisation issued by the SC.

II) Junior Sukuk Programme  
The Junior Sukuk Programme is available for utilisation upon compliance of all conditions precedent to the satisfaction of the PA/LA.

- (i) Profit/ coupon/ rental rate : I) Senior Sukuk Programme  
To be determined closer to the point of issuance of the relevant Senior Sukuk.

II) Junior Sukuk Programme  
The Junior Sukuk will bear a cumulative profit rate of ten per cent (10%) per annum. However, the profit payment amount is subject to the provisions stipulated in item 2(j) and item 2(w)(ii)(i) below.

- (j) Profit/ coupon/ rental : I) Senior Sukuk Programme  
payment frequency Profit on the Senior Sukuk shall be payable semi-annually in arrears with the first profit payment to be made six (6) months from the issue date of each Senior Sukuk.

II) Junior Sukuk Programme

Subject to meeting the conditions as described herein in item 2(w)(ii)(i), profit on the Junior Sukuk shall be payable annually in arrears in accordance to the following schedule and the maximum amount:

<b>Profit Payment Date (from first issuance date of Junior Sukuk)</b>	<b>Maximum Amount of Profit Payment</b>
1 <sup>st</sup> and 2 <sup>nd</sup> anniversary date	Zero per annum.
3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> anniversary date	The lower of the following:  (a) RM3.0 million per annum; or (b) Amount of profit payment based on the profit rate of 10% per annum of the total outstanding Junior Sukuk on the relevant profit payment date.
6 <sup>th</sup> anniversary date	The lower of the following:  (a) RM2.0 million per annum; or (b) Amount of profit payment based on the profit rate of 10% per annum of the total outstanding Junior Sukuk on the profit payment date.
1 December of each calendar year following the 7 <sup>th</sup> , 8 <sup>th</sup> and 9 <sup>th</sup> anniversary date	The amount of profit payable is subject to meeting the finance service coverage ratio ("Distribution FSCR") of at least 2.30 times after such proposed distribution as described in item 2(y)(A)(v) below.  Such profit amount payable is limited to the amount of profit payment based on the profit rate of 10% per annum of the total outstanding Junior Sukuk on the relevant profit payment date.

For the avoidance of doubt, the profit payment after the 6th anniversary date (from first issuance date of the Junior Sukuk) onwards shall be subject to Issuer making available its audited financial statement for the relevant financial year ended prior to the respective profit payment date. Any unpaid profit on the Junior Sukuk for any particular year shall be accumulated and payable after all the outstanding Senior Sukuk under the Senior Sukuk Programme has been fully redeemed.

- (k) Profit/ coupon/ rental : I) Senior Sukuk Programme  
payment basis The profit of the Senior Sukuk will be calculated on the basis of the actual number of days elapsed and a year of 365 days (actual/365 days).
- II) Junior Sukuk Programme  
The profit of the Junior Sukuk will be calculated on the basis of the actual number of days elapsed and a year of 365 days (actual/365 days).
- (l) Security/ collateral, where : I) Senior Sukuk Programme  
applicable The security for the Senior Sukuk is as follows:
- (a) Assignment (incorporating a power of attorney) of all of the Issuer's rights, title, benefit and interest in, to and under the Transaction Documents (as described in item 2(y)(A)(iii) below) and the Portfolio and any payments or amounts due from time to time to the Issuer;
  - (b) First fixed charge (incorporating a power of attorney) over all of the Issuer's right, title, benefit and interest in, to and under the Designated Accounts (as defined in item 2(n) below) including monies standing to the credit of the same;
  - (c) First fixed and floating charge (incorporating a power of attorney) over the whole of the Issuer's undertaking and all of its other property, assets and rights, both present and future;



- (d) Third party first fixed charge (incorporating a power of attorney) by Masraf over the entire issued paid-up share capital of the Issuer;
- (e) Assignment (incorporating a power of attorney) of all the Originator's rights, title, benefit and interest in, to and under the Credit Sales Agreement in respect of each Receivable forming part of the Portfolio and any security documents (if any) given pursuant thereto. For the avoidance of doubt and notwithstanding that each Tranche is to purchase an identified pool of Portfolio, each identified Portfolio for each Tranche will not only secure the relevant Senior Sukuk issued pursuant to such Tranche forming its purchase but also to secure all the other Senior Sukuk issued or to be issued pursuant to all the other Tranches on a pari passu basis;
- (f) Assignment (incorporating a power of attorney) of all the Originator's rights, title, benefit and interest in, to and under the Collaboration Agreement;
- (g) Assignment of Declaration of Trust; and
- (h) Assignment of Servicing Agreement (as defined in item 2(y)(C)(i) below).

(collectively, the "**Security Documents**").

## II) Junior Sukuk Programme

Nil.

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| <p>(m) Details on utilisation of proceeds by issuer/obligor and originator (in the case of ABS). If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable</p> | <p>: <u>Details on utilisation of proceeds by the Issuer</u><br/>The proceeds from the issue of the Senior Sukuk and the Junior Sukuk will be used by the Issuer to deposit a sum of RM30,000 into the Trustee Reimbursement Account and towards payment to the Originator for the purchase of the Portfolio.</p> <p><u>Details on utilisation of proceeds by the Originator</u><br/>The Originator will use the monies derived from the issuance of Senior Sukuk and Junior Sukuk for its working capital</p> |
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requirements which shall be Shariah-compliant.

- (n) Sinking fund and designated accounts, where applicable :
- I) Senior Sukuk Programme  
The Issuer is required to open and maintain three (3) Shariah-compliant designated accounts with a financial institution (with a minimum rating of A3/P1 or its equivalent) acceptable to the PA/LA as follows:-
- (i) Collection Account;
  - (ii) Liquidity Reserve Account; and
  - (iii) Prepayment Account;

(collectively, the “**Designated Accounts**”).

The Designated Accounts shall be operated solely by the Security Trustee. All withdrawals from the Designated Accounts shall be accompanied by the relevant supporting documents (in form and substance satisfactory to the Security Trustee). Upon full settlement of all Senior Sukuk and the cancellation of the Senior Sukuk Programme, all the Designated Accounts will be closed and the remaining monies will be transferred to the Issuer.

#### **Collection Account**

The Collection Account shall capture the following:-

- (a) Remittance by Coshare of the monthly installments in relation to the Portfolio after the relevant Purchase Request Date;
- (b) Remittance from the Prepayment Account of the prepayment (if any) received from the Obligors in relation to the Portfolio;
- (c) Remittance by the Originator of the one advance installment from the Obligors and any monies received in relation to each Portfolio after the Purchase Request Date to the period immediately preceding the Relevant Issue Date;
- (d) The repurchase consideration received from the Originator for the Mandatory Redemption in Full (as defined in item

2(y)(A)(x) below);

- (e) The amount recovered from any defaulted Receivable;
- (f) The amount in excess of the Minimum Required Balance (as defined in the subparagraph "Liquidity Reserve Account") from the Liquidity Reserve Account;
- (g) An amount equal to the total credit balance in the Liquidity Reserve Account upon full redemption of the Senior Sukuk or upon the declaration of a Dissolution Event (as defined in item 2(v)), as the case may be;
- (h) If any, all financing income earned on the funds in Permitted Investments (as defined in item 2(y)(A)(ix) below);
- (i) The excess funds (if any) from the issue proceeds.

**Before Dissolution Event**

Prior to the declaration of a Dissolution Event, all monies from time to time and at any time standing to the credit of the Collection Account will be applied in the following order and priority: -

- (aa) to pay taxes and meet other statutory payment (if any) falling due and payable;
- (bb) to pay the Issuer's operating expenses and administrative expenses (comprising fees and expenses relating to the Senior and Junior Sukuk Programmes) based on the annual budget prepared by the Issuer, approved by its board of directors to the satisfaction of the Sukuk Trustee;
- (cc) to pay the Servicer Fee (as defined in item 2(y)(C)(iv) below) if the Servicer is not a related corporation of Masraf;
- (dd) to pay the profit due and payable in respect of the Senior Sukuk;

- (ee) to pay the principal due and payable in respect of the Senior Sukuk;
- (ff) to top up and/or to maintain the Minimum Required Balance in the Liquidity Reserve Account;
- (gg) to pay the Servicer Fee, if the Servicer is Masraf itself or the Replacement Servicer is a related corporation of Masraf (as the case may be);
- (hh) if applicable, to pay the recovery costs to the Servicer in relation to any defaulted Receivable up to a maximum amount of RM10,000 per Obligor;
- (ii) to pay the profit, in full or in part, in respect of the Junior Sukuk annually, subject to the provisions and conditions stipulated in item 2(j) and item 2(w)(ii)(i) herein.

Upon Dissolution Event

Upon the declaration of a Dissolution Event, the funds in the Collection Account shall be utilised for payment in the following order:-

- (i) To pay taxes and meet other statutory payment (if any) falling due and payable;
- (ii) To pay the Issuer's operating expenses and administrative expenses (comprising fees and expenses relating to the Senior and Junior Sukuk Programmes) based on the annual budget prepared by the Issuer, approved by its board of directors to the satisfaction of the Sukuk Trustee;
- (iii) To pay the Servicer Fee if the Servicer is not a related corporation of Masraf;
- (iv) To pay the profit in respect of the Senior Sukuk on a pro-rata basis;

- (v) To redeem the outstanding principal amount in respect of the Senior Sukuk on a pro-rata basis;
- (vi) to pay the Servicer Fee, if the Servicer is Masraf itself or the Replacement Servicer is a related corporation of Masraf (as the case may be);
- (vii) To pay the profit in respect of the Junior Sukuk on a pro-rata basis;
- (viii) To redeem the principal amount in respect of the Junior Sukuk on a pro-rata basis (where applicable).

**Liquidity Reserve Account**

The Liquidity Reserve Account shall capture:

- (a) the progressive remittance of funds from the Collection Account in accordance with the schedule as set out below; and
- (b) the sum of not less than Ringgit Malaysia One Million (RM1,000,000.00) deposited by the Originator and/or the Issuer as referred to in item 2(t)(p) below.

In respect of profit payments due and payable on each Senior Sukuk, the Issuer shall maintain the minimum balances in the Liquidity Reserve Account ("**Minimum Required Balance**") in accordance with the schedule as follows:

Month(s) before the profit payment date of the relevant Senior Sukuk	Minimum Required Balance
5	20% of the profit payment due on the relevant Senior Sukuk
4	40% of the profit payment due on the relevant Senior Sukuk
3	60% of the profit payment due on the relevant Senior Sukuk

2	80% of the profit payment due on the relevant Senior Sukuk
1	100% of the profit payment due on the relevant Senior Sukuk

In respect of principal payments due and payable on each Senior Sukuk, monies shall be transferred from the Collection Account into the Liquidity Reserve Account as follows:

Months before the principal payment date of the relevant Senior Sukuk	Minimum Required Balance
6	20% of the principal payment due on the relevant Senior Sukuk
5	40% of the principal payment due on the relevant Senior Sukuk
4	60% of the principal payment due on the relevant Senior Sukuk
3	80% of the principal payment due on the relevant Senior Sukuk
2	100% of the principal payment due on the relevant Senior Sukuk

The monies in the Liquidity Reserve Account shall be withdrawn only for the purpose of meeting profit and principal payments in respect of the Senior Sukuk in the event that the amount in the Collection Account is not sufficient to meet the relevant profit and principal payments due and payable in respect of the Senior Sukuk.

In the event that the balance held in the Liquidity Reserve Account is less than the Minimum Required Balance, the shortfall shall be topped up from the Collection Account immediately. Any failure to meet the Minimum Required Balance shall constitute a Trigger Event (as defined in item 2(y)(A)(iv)). However, if the balance held in the Liquidity Reserve Account is

more than the Minimum Required Balance, the amount exceeding the Minimum Required Balance shall be transferred back to the Collection Account.

Upon full redemption of the Senior Sukuk or the declaration of a Dissolution Event, as the case may be, the funds in the Liquidity Reserve Account shall be transferred to the Collection Account and shall be applied in accordance with the order of priority stipulated in the relevant provisions in respect of the Collection Account.

**Prepayment Account**

The Prepayment Account shall capture any prepayment received from the Obligors in relation to the Portfolio after the Purchase Request Date and for this purpose, the notice to be given by the Originator/Security Trustee to the Obligors on the sale and purchase of the Portfolio between the Originator and the Issuer shall also provide that any prepayment shall be deposited directly into the Prepayment Account.

All monies from time to time and at any time standing to the credit of the Prepayment Account will be transferred to the Collection Account and shall be applied in accordance with the order of priority stipulated in the relevant provisions (both before and after the declaration of a Dissolution Event) in respect of the Collection Account.

**II) Junior Sukuk Programme**

Not applicable.

**(o) Rating**

- Credit rating assigned and whether the rating is final or indicative. In the case of a Sukuk programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 9.04 of these Guidelines must be made; and
  - I) Senior Sukuk Programme  
Indicative rating of AA1.
  - II) Junior Sukuk Programme  
Not rated. The Junior Sukuk which is non-transferrable and non-tradable will be solely issued to Masraf.
- Name of credit rating : RAM Rating Services Berhad (Co. No.

agencies

763588-T) ("**RAM**").

(p) Mode of Issue

: I) Senior Sukuk Programme  
Private placement or book running on best efforts basis or bought deal without prospectus.

Issuance of the Senior Sukuk under the Senior Sukuk Programme shall be in accordance with (i) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") ("**MyClear Rules**"); and (ii) the Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**") or their replacement thereof (collectively referred to as "**MyClear Rules and MyClear Procedures**") applicable from time to time.

II) Junior Sukuk Programme  
Private placement without prospectus.

(q) Selling Restrictions, including tradability, i.e. whether tradable or non-tradable

: I) Senior Sukuk Programme  
The Senior Sukuk are tradable but shall not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons to whom the offer or invitation to purchase the Senior Sukuk would fall within:

At the point of issuance:  
Schedule 6 or subsection 229(1)(b); Schedule 7 or subsection 230(1)(b), read together with Schedule 9 or subsection 257(3) of the Capital Markets and Services Act 2007 ("**CMSA**");

After the issuance:  
Schedule 6 or subsection 229(1)(b) read together Schedule 9 or subsection 257(3) of the CMSA;

and to whom any issue, offer or invitation to subscribe for or purchase the Senior Sukuk does not constitute an offer to the public within the categories set out in Section 4(6) of the Companies Act, 1965 (as amended from time to time).



The Senior Sukuk are tradable and transferable subject to the selling restrictions set out in the preceding paragraph.

II) Junior Sukuk Programme

The Junior Sukuk will only be issued to the Originator who shall not, directly or indirectly, offer, sell, transfer or otherwise dispose of them to any other parties.

- (r) Listing status and types of listing, where applicable : The Senior Sukuk and the Junior Sukuk will not be listed or quoted on the Bursa Malaysia Securities Berhad or any other stock exchanges.
- (s) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase Sukuk, and whether or not obtained : None.
- (t) Conditions precedent : I) Senior Sukuk Programme  
Conditions precedent to the Senior Sukuk Programme include but not limited to the following:
- (a) Satisfactory completion and execution of all legal and security documentation and any other necessary documents in relation to the Senior Sukuk Programme, including but not limited to the Transaction Documents, with such documents being duly endorsed as exempted from stamp duty under Stamp Duty Exemption (No. 23) Order 2000 ( as amended by Stamp Duty (Exemption) (No.3) (Amendment) Order 2005), and presented for registration (if applicable);
  - (b) Evidence of authorisation from the SC in relation to the Senior Sukuk Programme;
  - (c) Satisfactory company and winding-up search in respect of the Originator and the Issuer;

- (d) Evidence that the Senior Sukuk Programme has received the required rating as stated herein;
- (e) Evidence of confirmation from the Shariah Adviser that the structure and mechanism of the Senior Sukuk Programme and the Transaction Documents are in compliance with Shariah;
- (f) Documentary evidence that the Designated Accounts and the Trustees' Reimbursement Account have been opened;
- (g) Certified true copy of board resolution(s) of the Issuer and the Originator authorising, among others, the issuance of the Senior Sukuk under the Senior Sukuk Programme and the execution of the Transaction Documents and all other documents relevant thereto;
- (h) Receipt of certified true copies of the Issuer's and the Originator's latest Forms 24, 44 and 49, Annual Return, Memorandum and Articles of Association, Certificate of Incorporation, subsisting Forms 34 and 40 and a list of authorised signatories and their specimen signatures;
- (i) Receipt of a certified true copy of the Collaboration Agreement;
- (j) Receipt of a legal opinion from the Solicitors confirming, based upon the terms of the Senior Sukuk Programme and the Junior Sukuk Programme, that the Issuer will have no recourse to the Originator for the Receivable forming part of the Portfolio to be sold from time to time by the Originator to the Issuer save and except for:
  - (i) occurrence of a breach of any condition, representations and warranties given by the Originator in relation to the Portfolio;

- (ii) any receivable forming part of the Portfolio that fails to comply with any of the Eligibility Criteria from the Purchase Request Date up to and including the date on which the first schedule salary deduction by the Collection Agent or the first schedules salary deduction is not received by on or prior to the scheduled date of deduction whereby the Originator will replace such Ineligible Receivable (as defined in item 2(y)(B)(ii) below); and
  - (iii) occurrence of relevant events under Mandatory Redemption in Full which obliges the Originator to repurchase the entire Portfolio;
- (k) Delivery of a satisfactory legal opinion from the Solicitors, addressed to the PA/LA as to (i) the legality, validity and enforceability of the Transaction Documents; and (ii) that all the conditions precedent under the Transaction Documents have been fulfilled unless waived by the PA/LA;
- (l) Documentary evidence that relevant notices of the assignment under relevant Transaction Documents shall have, to the extent that such conditions precedent are to be confirmed by the Solicitors, been served upon the relevant parties with the relevant acknowledgement thereof duly signed and returned;
- (m) Receipt of an undertaking addressed to the Security Trustee and/or the Sukuk Trustee in form and substance acceptable to the PA/LA from the Originator whereby the Originator will irrevocably undertake to inter alia deposit and/or procure the Collection Agent to deposit all or any proceeds relating to each Receivable forming part of the Portfolio sold to and purchased by the Issuer from the Originator into the Collection Account;

- (n) Evidence of payment or arrangement for payment by the Originator of all relevant upfront fees and amounts due by the Issuer in connection with the Senior Sukuk Programme;
- (o) Receipt of an undertaking addressed to the Security Trustee and/or the Sukuk Trustee in form and substance acceptable to the PA/LA from Coshare as the Collection Agent that it will irrevocably undertake to deposit and remit all proceeds received from the Obligors into the Collection Account;
- (p) Confirmation by the Issuer, approved by its board of directors and verified by the external auditor that the minimum Over-Collateralisation Ratio for each tranche ("**Tranche OC Ratio**") (as described in item 2(y)(A)(vi)) and Over-Collateralisation Ratio for the Portfolio ("**Portfolio OC Ratio**") (as described in item 2(y)(A)(vii)) as determined by RAM (the Tranche OC Ratio and Portfolio OC Ratio are collectively referred to as "**OC Ratios**") are fulfilled prior to the first issuance;
- (q) Documentary evidence satisfactory to PA/LA that a sum of not less than Ringgit Malaysia One Million (RM1,000,000.00) has been deposited in the Liquidity Reserve Account by the Originator and/or the Issuer; and
- (r) Such other conditions precedent as advised by the Solicitors and agreed between the Issuer and the PA/LA.

Conditions precedent to the issuance of each Tranche include but are not limited to the following:-

- (a) No Trigger Event and/or Dissolution Event has occurred;
- (b) If applicable, receipt of a redemption statement cum undertaking from the existing financier of the Originator in form and substance acceptable to the

PA/LA;

- (c) Documentary evidence that the advance installments from the Obligors in relation to each Receivable forming part of the Portfolio to be purchased have been paid to the Issuer's Collection Account;
- (d) Confirmation by the Issuer, approved by its board of directors and verified by the external auditor that the OC Ratios are fulfilled at the point of issuance of each Tranche;
- (e) Confirmation that all conditions precedent under the Junior Sukuk Programme, save and except for the condition precedent relating to the Senior Sukuk Programme, have been met;
- (f) Such other conditions precedent as advised by the Solicitors and agreed between the Issuer and the PA/LA.

II) Junior Sukuk Programme

- (a) Confirmation that all conditions precedent under the Senior Sukuk Programme, save and except for the condition precedent relating to the Junior Sukuk Programme, have been met;
- (b) Satisfactory completion and execution of all legal documentation and any other necessary documents in relation to the Junior Sukuk Programme, including but not limited to the Transaction Documents, with such documents being duly stamped and endorsed and presented for registration (if applicable);
- (c) Evidence of confirmation from the Shariah Adviser that the structure and mechanism of the Junior Sukuk Programme and the Transaction Documents are in compliance with Shariah;

- (d) Certified true copy of board resolution(s) of the Issuer and the Originator authorising, amongst others, the issuance of the Junior Sukuk under the Junior Sukuk Programme and the execution of the Transaction Documents and all other documents relevant thereto;
  - (e) Evidence of payment or arrangement for payment by the Originator of all relevant upfront fees and amounts due by the Issuer in connection with the Junior Sukuk Programme; and
  - (f) Such other conditions precedent as advised by the Solicitors and agreed between the Issuer and the PA/LA.
- (u) Representations and warranties
  - (i) Representations and warranties of the Originator : The Originator will make certain representations and warranties in the Declaration of Trust with respect to the Portfolio and the contracts in relation thereto including, but not limited to:
    - (a) the Originator has obtained all appropriate authorisations required under law to enable it to perform its obligations under the Declaration of Trust;
    - (b) the execution, delivery and performance of the Declaration of Trust will not constitute a Dissolution Event under any agreement to which it is party and are in compliance with all applicable laws;
    - (c) the Originator is not in violation of any order of any governmental agency and there are no actions, suits, litigation or proceedings against the Originator that could have a material adverse effect on the sale and transfer of the Portfolio to the Issuer;
    - (d) no litigation or other proceedings is in progress or pending against the

Originator that could have a material adverse impact on the Originator or the Portfolio;

- (e) no steps for the winding-up of the Originator has been taken;
- (f) the Originator is a going concern on the Purchase Request Date, being the date the Portfolio is sold to the Issuer under the Declaration of Trust;
- (g) the Declaration of Trust when executed constitutes the legal valid, binding and enforceable obligation of the Originator;
- (h) the Originator is, if applicable subject to the encumbrances created in favour of its financier and to be redeemed through the proceeds received from the issuance of the Senior Sukuk, the absolute legal and, prior to the sale of the Portfolio to the Issuer, beneficial owner of the Portfolio, free from all encumbrances; and
- (i) each Receivable forming part of the Portfolio sold and forming part of the Declaration of Trust complies with the Eligibility Criteria during the period from the Purchase Request Date up to the first scheduled salary deduction by the Collection Agent.

The Originator will indemnify the Issuer against all damages, losses, and claims awarded against or incurred by the Issuer resulting from the breach of any representation, warranty or indemnity made by the Originator in the relevant Transaction Documents. Save as aforesaid and any breach of the Eligibility Criteria in relation to any Receivable forming part of the Portfolio sold, the Originator shall not be liable for any loss arising from the Portfolio.

- (ii) Representations and Warranties of the Issuer : The representations and warranties by the Issuer shall include but not limited to the following:

- (a) the Issuer is a company with limited liability duly incorporated and validly existing under the relevant laws, has full power to carry on its business and to own its property and assets, and to enter into, exercise its rights and perform its obligations under the Transaction Documents, and has full beneficial ownership of all its property and assets;
- (b) its memorandum and articles of association 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 have been duly obtained and are in full force and effect which are required to authorise it to execute, deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (c) the Senior Sukuk and the Junior Sukuk and the Transaction Documents are or will be when executed and/or issued, as the case may be, in full force and effect and constitute its valid and legally binding obligations enforceable in accordance with the terms of the Senior Sukuk and the Junior Sukuk respectively and the Transaction Documents;
- (d) the issuance of the Senior Sukuk and the Junior Sukuk, the execution and delivery of any of the Transaction Documents, and the performance of any of the transactions contemplated by the Transaction Documents by it, did not and does not as at the date this representation and warranty is made or repeated:
  - (i) 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 it or any of its property or assets are bound or which is applicable to it or any of its property or assets, or

- (ii) cause any limitation on it 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, licence, permit, consent or otherwise, to be exceeded, or
  - (iii) cause the creation or imposition of any security interest or restriction of any nature on any of its property or assets;
- (e) no authorisation, approval, consent, licence, exemption, registration, recording, filing, permit, order or notarisation and no payment of any duty or tax and no other action whatsoever which has not been duly and unconditionally obtained, made or taken is necessary or desirable to ensure the legality, validity and enforceability of its liabilities and obligations or the rights of the Sukuk Trustee under the Transaction Documents or the rights of the Senior and Junior Sukukholders under the respective Senior and Junior Sukuk Programmes;
- (f) no litigation or arbitration is current or, to its knowledge, is threatened, which if adversely determined will have a material adverse effect on the ability of the Issuer to perform any of its obligations under any of the Transaction Documents to which it is a party;
- (g) each of the Transaction Documents is or will when executed and/or issued, be in full force and effect and constitutes or will when executed or issued, constitutes or its valid and legally binding obligations enforceable

in accordance with its terms;

- (h) (1) the Senior Sukuk constitute direct, unconditional, secured and unsubordinated obligations of Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, subject to the provisions of the Transaction Documents and those preferred by law;  
  
(2) the Junior Sukuk shall rank after and in any event be subordinated to the Senior Sukuk and subject to the provisions of the Transaction Documents and those preferred by law. Save and except for this, the Junior Sukuk shall constitute direct, unconditional, unsecured and unsubordinated obligations of Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer;
- (i) all consents, licences, approvals and authorisations of governmental authorities which are required in connection with the issue and sale by the Issuer of the Senior Sukuk and Junior Sukuk or the performance of its obligations thereunder or under the Transaction Documents have been duly obtained and complied with and are in full force and effect;
- (j) the information memorandum issued in connection with the Senior and Junior Sukuk Programmes ("**Information Memorandum**") (i) does not contain any statement or information which is false or misleading or from which there is a material omission and all expressions of expectation, intention, belief and opinion contained therein were

honestly made on reasonable grounds after due and careful inquiry by it; and  
(ii) contains all information that an investor would reasonably expect to find in the Information Memorandum;

- (k) its audited financial statements have been or will be prepared in accordance with approved accounting standards in Malaysia and in accordance with all procedures required by their memorandum and articles of association and by-laws (as the case may be) and the laws of Malaysia and have been audited and certified by qualified auditors;
  - (l) the information furnished by the Issuer or on its behalf and with the knowledge of the Issuer, in connection with the Senior Sukuk Programme, the Junior Sukuk Programme and the Transaction Documents does not contain any false or misleading statement or any material omission and any opinions contained therein were honestly made on reasonable grounds after its due and careful enquiry;
  - (m) no Dissolution Event or Trigger Event has occurred and is continuing or would occur as a result of the issuance of the Senior Sukuk and the Junior Sukuk respectively;
  - (n) it is in compliance with all applicable laws and regulatory requirements; and
  - (o) such other representations and warranties as may be advised by the Solicitors and are mutually agreed to by the PA/LA and the Issuer.
- (v) Events of default, dissolution event and enforcement event, where applicable : The dissolution events (“**Dissolution Events**”) in respect of the Senior Sukuk Programme shall include but are not limited to the following:
- (a) the Issuer fails to pay any amount due on the Senior Sukuk under the Transaction Documents on the due

date and such failure is not remedied by the Issuer within seven (7) business days; or

- (b) breach of the representations and warranties by the Issuer as set forth under item 2(u) above and in the opinion of the Sukuk Trustee such event has a Material Adverse Effect on the ability of the Issuer and/or the party that provides security under item 2(l) above ("**Security Provider**") to perform its/their obligations under the relevant Transaction Documents to which it is a party; or

For the purpose of this PTC, "**Material Adverse Effect**" means any material adverse effect on the business or condition (financial or otherwise) or result of the operations of the Issuer and/or the Security Provider or the occurrence of any event which, in either case, may materially and adversely affect the ability of the Issuer and/or the Security Provider to perform any of their obligation under any of the Transaction Documents;

- (c) the Issuer and/or the Security Provider breaches its obligations and undertakings under any of the Transaction Documents to which it is/ they are a party (other than that stated in paragraph (a) above) which in the opinion of the Sukuk Trustee, is capable of remedy, is not remedied to the satisfaction of the Sukuk Trustee within thirty (30) days from the date the Issuer and/or the Security Provider becomes aware of such breach or is notified of such breach; or
- (d) it becomes unlawful for the Issuer and/or the Security Provider to perform its/their obligations under the Transaction Documents to which it is a party; or
- (e) the Issuer changes the nature or

scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations; or

- (f) a winding up order has been made against the Issuer or a resolution to wind up the Issuer has been passed; or
- (g) the Issuer becomes insolvent; or
- (h) the Issuer fails to satisfy any judgment obtained against it and in the opinion of the Sukuk Trustee such event has a Material Adverse Effect on the ability of the Issuer to perform its obligations under the Transaction Documents; or
- (i) the Issuer and/or the Security Provider repudiates or purports to repudiate to which it is or they are a party to any of the Transaction Documents; or
- (j) any party to the Transaction Documents (other than, the Sukuk Trustee, the Facility Agent, the Paying Agent and the Security Trustee) breaches its representations or warranties, obligations and undertakings under such documents and if capable of remedy, is not remedied within thirty (30) days from the date such party becomes aware or is notified of such breach and such unremedied breach has in the opinion of the Sukuk Trustee a Material Adverse Effect; or
- (k) revocation, withholding or modification of any relevant licence, consent, authorisation or approval which materially and adversely impairs the Issuer's and/or the Security Provider's ability to comply with the terms and conditions of any of the Transaction Documents; or
- (l) any of the provisions in the Transaction Documents becomes

ineffective, invalid or unenforceable;  
or

- (m) any other indebtedness of the Issuer (other than indebtedness in respect of the Senior Sukuk and Junior Sukuk issued in relation to the respective programmes) becomes due and payable prior to its stated maturity or where the security (if any) for such indebtedness becomes enforceable; or
- (n) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted by or against the Issuer; or
- (o) a receiver has been appointed over the whole or a substantial part of the assets of the Issuer; or
- (p) any of the assets, undertakings, rights or revenue of the Issuer are, or threatened in writing to be seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the reasonable opinion of the Sukuk Trustee may have Material Adverse Effect; or
- (q) any provision of any of the agreements entered into or to be entered into between Coshare and the Issuer and/or the Security Provider in relation to the Senior or Junior Sukuk Programmes, as the case may be, is or becomes for any reason whatsoever invalid or unenforceable in Malaysia, or any other persons challenges or repudiates or revokes or terminates or suspends any of the agreements or does or cause to do any act or thing evidencing an intention to challenge or repudiate or revoke or terminate or suspend such agreement or the validity or enforceability of any of the agreements is contested, revoked, suspended, terminated or disaffirmed

by any person; or

- (r) revocation, withholding or modification of the salary deduction code owned by Coshare which materially and adversely impairs the Issuer's ability to comply with the terms and conditions of any of the Transaction Documents; or
- (s) the Originator fails, refuses, omits and/or neglects to repurchase the relevant Portfolio pursuant to a Mandatory Redemption in Full; or
- (t) any other Dissolution Events as may be advised by the Solicitors.

Upon the occurrence of a Dissolution Event, no new Tranche can be issued under the Senior Sukuk Programme and subject to any remedy period, where relevant, the Sukuk Trustee may at its sole and absolute discretion and shall, if so directed by an extraordinary resolution of the holders of the Senior Sukuk, issue a notice declaring that a Dissolution Event has occurred and all accrued profit and principal in respect of the outstanding Senior Sukuk are immediately due and payable and the holders of the Senior Sukuk, shall have recourse against the Security/Collateral (as defined in item 2(l) above).

For the avoidance of doubts, non-payment or partial payment of any amounts due and payable under the Servicer Fee shall not constitute a Dissolution Event unless:-

- (i) the Servicer is not a related corporation of Masraf; or
- (ii) if the Servicer is Masraf or a related corporation of Masraf (as the case may be), all moneys due or owing or payable in respect of the outstanding Senior Sukuk have been paid or settled in full.

(w) Covenants

- (i) Positive : Positive covenants under the Senior Sukuk

Covenants

Programme, include but not limited to covenants that the Issuer shall:

- (a) perform all its obligations and promptly comply with all applicable provisions of the Transaction Documents and terms and conditions of the Senior Sukuk;
- (b) redeem in full all outstanding Senior Sukuk in accordance with the terms and conditions of the Transaction Documents;
- (c) at all times exercise reasonable care and diligence in carrying out its business in a proper and efficient manner and obtain, preserve and keep in full force and effect all necessary consents, approvals, rights or relevant licences for the conduct of its/their respective business;
- (d) at all times maintain a paying agent in Malaysia and shall cause and procure such paying agent to notify the Sukuk Trustee (through the Facility Agent) in the event the paying agent does not receive payment from the Issuer on the due dates as required under the Senior Sukuk;
- (e) at all times keep and maintain proper financial books and accounts in accordance with the relevant laws and to provide the Sukuk Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law and upon written notice from the Sukuk Trustee requesting the same;
- (f) deliver to the Sukuk Trustee as soon as they become available (and in any event within one hundred and eighty (180) days of the end of each of its respective financial year) its audited financial statements, and within ninety (90) days of the expiration of each half of its respective financial year, its respective unaudited financial statements for that period;



- (g) utilise the proceeds from the issuance of Senior Sukuk and Junior Sukuk for the purpose as represented herein;
- (h) shall deliver to the Sukuk Trustee any information which the Sukuk Trustee may require in order to discharge its duties and obligations under the trust deed governing the Senior Sukuk Programme (the “**Trust Deed**”);
- (i) deliver, on a continuous and timely basis, to RAM any information which it may require in order for it to continuously make available to the Senior Sukukholders the rating for the Senior Sukuk under the Senior Sukuk Programme;
- (j) ensure that the terms in any of the applicable Transaction Documents do not contain any matter which is inconsistent with the provisions of the Information Memorandum;
- (k) immediately inform the Sukuk Trustee in the event that it/they becomes aware of the following:
  - i. any Dissolution Event or any Trigger Event or any other right or remedy under the terms, provisions and covenants of the Transaction Documents has occurred or become enforceable;
  - ii. any circumstance that has occurred may in the opinion of the Sukuk Trustee have a material adverse effect;
  - iii. any substantial change in the nature of its respective business;
  - iv. any change in its withholding tax position or taxing jurisdiction;
  - v. any change in the utilisation of proceeds from the issuance of the Senior Sukuk and Junior Sukuk;
  - vi. any other matter that may materially

prejudice the interests of the Senior Sukukholders;

- vii. any change in its respective name;
- (l) deliver to the Sukuk Trustee any other accounts, report, notice, statement or circular issued to shareholders which the Sukuk Trustee shall at its respective discretion circulate to the Senior Sukukholders as well as RAM;
- (m) deliver to the Sukuk Trustee at least annually a certificate that it has/they have complied with its respective obligations under the Transaction Documents and the terms and conditions of the Senior Sukuk and that there did not exist or had not existed, from the issuance date of the Senior Sukuk or the date of the previous certificate as the case may be, any Dissolution Event, where applicable and if such is not the case, to specify the same;
- (n) the Issuer covenants that it shall maintain at all times throughout the tenure of the Senior Sukuk Programme, the Sukuk Trustees' Reimbursement Account with a sum of RM30,000.00 to be set up from the moneys received by the Issuer when the Senior Sukuk is issued;
- (o) take such steps as may have been notified by the Sukuk Trustee following the occurrence of a Dissolution Event to remedy or mitigate the effect of the Dissolution Event or any other step as the Sukuk Trustee may request;
- (p) make available for inspection by the Sukuk Trustee and RAM all reports received by the Issuer from the Servicer and provide to the Sukuk Trustee and, at the request of RAM, to RAM copies of all reports received by the Issuer from the Servicer;
- (q) exercise its rights under the Transaction Documents to require

repurchase or compensation by the Originator of any Portfolio in accordance with the instructions of the Sukuk Trustee;

- (r) any other covenants as advised by the Solicitors and to be mutually agreed between the PA/LA and the Issuer.

(ii) Negative Covenants

: Negative covenants usual and customary for an issuance of this nature, including but not limited to covenants that the Issuer shall not, without the prior written consent of the Sukuk Trustee, for so long as any Senior Sukuk is outstanding:

- (a) add to, delete, vary, amend or substitute its respective memorandum and articles of association in any manner prejudicial to the interest of the holders of the Senior Sukuk or may affect its ability to perform its obligation under the Transaction Documents;
- (b) enter into a transaction, whether directly or indirectly with interested persons (including a director, major shareholder and chief executive) unless:
  - (i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - (ii) with respect to transactions involving an aggregate payment or value equal to or greater than RM1,000,000, the Issuer shall obtain certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED that the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (i) above, that the Issuer has received the certification referred to in paragraph (ii) (where applicable) and that

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

- (c) create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangement having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract and such security to be provided for in the Senior Sukuk Programme;
- (d) undertake any activity other than those contemplated under the Transaction Documents;
- (e) incur or assume additional indebtedness save and except for the indebtedness incurred or to be incurred in connection with the issuance of the Senior Sukuk and Junior Sukuk and in any event all indebtedness shall at all times be subordinated to the Senior Sukuk;
- (f) amalgamate, consolidate or merge with any other person or convey or transfer its respective properties or assets substantially as an entirety to any person;
- (g) decrease or in any way whatsoever reduce its/their respective authorised or issued capital;
- (h) declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders, or make any payments (whether in relation to principal, interest or otherwise) to its shareholders in connection with any loans or advances

from its shareholders;

- (i) allow any profit payment to the holder of the Junior Sukuk ("**Payment**") if:
  - 1) any of the Trigger Event or Dissolution Event has occurred, or
  - 2) the balance standing to the credit of the Liquidity Reserve Account is less than the Minimum Required Balance stipulated in the provisions in respect of the Liquidity Reserve Account; or
  - 3) the Payment on the relevant profit payment date of the Junior Sukuk will result in a drop in the credit rating of Senior Sukuk and/or there has been a drop in the credit rating of Senior Sukuk to A1 or below;
- (j) agree to any change to the terms and conditions of the documentation relating to any Receivable forming part of the Portfolio or agree to the exercise by the Originator of any rights thereunder which may be prejudicial to the interest of holders of the Senior Sukuk or may affect its/their ability to perform its/their obligations under the Transaction Documents;
- (k) vary or waive any terms or conditions of any of the Transaction Documents or grant any time or indulgence to or release or vary the liability of any person from time to time liable thereunder in any manner which may be prejudicial to the interest of holders of the Senior Sukuk or may affect its/their ability to perform its/their obligations under the Transaction Documents;
- (l) transfer, assign, relinquish or otherwise dispose of (other than as provided under the security documents), any of its/their respective rights and interests under the Transaction Documents;
- (m) give any financing to its/their respective

directors, shareholder(s) or related or associated companies;

(n) change the utilisation of proceeds from the issuance of the Senior Sukuk and the Junior Sukuk;

(o) any other covenants as advised by the Solicitors and to be mutually agreed between the PA/LA and the Issuer.

(x) Provisions on buy-back and early redemption of Sukuk

(i) Buy-back

: I) Senior Sukuk Programme

The Issuer or any of its subsidiaries or agents or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer may, at any time, purchase any outstanding Senior Sukuk at any price in the open market by way of private treaty.

Any Senior Sukuk so purchased by the Issuer or any of its subsidiaries or agents acting for the redemption or purchase are to be surrendered for cancellation and shall not be reissued or resold.

Any Senior Sukuk held by any interested person of the Issuer (who shall include directors, major shareholders and chief executive officer) shall not entitle such interested person to vote at any of the meetings of the holders of Senior Sukuk and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the holders of Senior Sukuk whenever such determination is required under the Transaction Documents.

II) Junior Sukuk Programme

The Junior Sukuk shall not be transferable and tradable in the secondary market as such, the Issuer or any of its subsidiaries or agent(s) of the Issuer may not purchase the Junior Sukuk in the open market or by way of private treaty.

(ii) Early Redemption : Not applicable.

(y) Other principal terms and conditions for the proposal :

**(A) General Terms**

(i) Redemption : Unless previously redeemed or cancelled, any series of the Senior Sukuk and Junior Sukuk will be redeemed by the Issuer at one hundred per cent (100%) of their nominal value on maturity date.

(ii) Status : I) Senior Sukuk Programme  
The Senior Sukuk issued and/or to be issued under the Senior Sukuk Programme will constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves, but subject to payments preferred under law and the Transaction Documents. For the avoidance of doubt and notwithstanding that each Tranche is to purchase an identified pool of Portfolio, each identified Portfolio from each Tranche will not only secure the relevant Senior Sukuk issued pursuant to such Tranche forming its purchase but also secure all the other Senior Sukuk issued or to be issued pursuant to all the other Tranches on a pari passu basis

II) Junior Sukuk Programme  
The Junior Sukuk issued and/or to be issued under the Junior Sukuk Programme will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times, be subordinated to the Senior Sukuk and rank pari passu without discrimination, preference or priority subject to the payments preferred under law and the Transaction Documents.

For the avoidance of doubt, and for so long as any amount of the Senior Sukuk issued shall remain outstanding or payable, the holder of the Junior Sukuk should not be entitled to decide and/or declare the occurrence of a Dissolution Event and/or to grant any indulgence or modification or

waiver to any terms and conditions of the Junior Sukuk Programme and/or the Transaction Documents.

(iii) Transaction Documents

: Completion, execution and delivery of all documentation in connection with the Senior Sukuk Programme and Junior Sukuk Programme which include inter-alia the following documents:

- (a) Senior Sukuk and Junior Sukuk Programme Agreements;
- (b) Trust Deed for Senior Sukuk;
- (c) Commodities Murabahah Sale Agreement including Purchase Order;
- (d) Securities Lodgement Form;
- (e) Security Documents for Senior Sukuk;
- (f) Such other relevant documentation which may be advised by the Solicitors.

(the above documents are hereinafter collectively referred to as the “**Transaction Documents**”).

(iv) Trigger Events

: Trigger Events shall include, but are not limited to the following:

- (a) occurrence of a Servicer Dissolution Event (as defined in item 2(y)(C)(v) below); or
- (b) failure by the Issuer to meet the Minimum Required Balance as stipulated in the provisions in relation to the Liquidity Reserve Account above; or
- (c) failure by the Originator to replace the Ineligible Receivable ; or
- (d) any other Trigger Event as may be advised by the Solicitors and PA/LA.

Upon the occurrence of a Trigger Event, the Issuer or the Originator may remedy it to the satisfaction of the Sukuk Trustee.

For the avoidance of doubt, upon the



occurrence of a Trigger Event and for so long as the Trigger Event subsist; no new Tranche can be issued under the Senior Sukuk Programme. Furthermore, no monies in the Collection Account are allowed to be used for any profit payment, in full or in part, in respect of the Junior Sukuk.

In the event that a Trigger Event has been remedied by the Issuer or the Originator to the satisfaction of the Sukuk Trustee, the Trigger Event shall cease to exist and the restriction mentioned above shall not apply.

- (v) Distribution FSCR : The Distribution FSCR is the ratio of Available Cash Flow (as defined hereunder) to the aggregate of:
- a. all principal obligations payable by the Issuer on the outstanding Senior Sukuk for the next twelve (12) months; plus
  - b. all profit payments payable on the outstanding Senior Sukuk for the next twelve (12) months.

Available Cash Flow

In any annual period, the sum of:

- i. all collections received by the Issuer in relation to each Portfolio; and
- ii. all credit balances in the Designated Accounts and the amount utilised from the Designated Accounts for Permitted Investments at the beginning of the relevant twelve (12) month period; and

Less:

- i. proposed distribution to the holder of Junior Sukuk; and
- ii. the total amount spent on management, administrative and operation of the Issuer;
- iii. taxes paid or such other statutory contributions paid by the Issuer to GOM; and
- iv. recurring fees relating to the Senior and Junior Sukuk Programmes.

The Distribution FSCR calculations shall be

duly confirmed by the Issuer's external auditor and the Issuer's board of directors as per the latest audited financial statements of the Issuer of the financial year ended prior to the relevant Junior Sukuk's profit payment date. Such calculations would be made as and when they are required to be made under the terms of the Transaction Documents. The Issuer shall arrange for the said confirmation to be forwarded to the Facility Agent, Security Trustee and Sukuk Trustee.

For the avoidance of doubt, any double counting shall be disregarded.

(vi) Tranche OC Ratio : The Tranche OC Ratio is the ratio of:

The aggregate of the advance installment received and monthly installments to be received from the Obligors pursuant to the Credit Sales Agreement in relation to each Portfolio to be purchased from the Originator;

to

The aggregate nominal value of the Senior Sukuk to be issued under each Tranche.

The calculation of the Tranche OC Ratio shall be done by the Servicer, duly confirmed by the Issuer, approved by its board of directors and verified by its external auditor prior to the issuance of each Tranche. The Issuer shall arrange for the said confirmation to be forwarded to the Facility Agent, Security Trustee and Sukuk Trustee.

(vii) Portfolio OC Ratio : The Portfolio OC Ratio is the ratio of:

The sum of (i) the remaining aggregate monthly installments to be received from the Obligors of all outstanding Portfolio purchased from the Originator by the Issuer and (ii) all credit balances in the Designated Accounts at the point of calculation;

to

The aggregate outstanding nominal value of the Senior Sukuk issued under the Senior Sukuk Programme.

The calculation of the Portfolio OC Ratio shall be done by the Servicer, duly confirmed by the Issuer, approved by its board of directors and verified by its external auditor prior to the issuance of each Tranche. The Issuer shall arrange for the said confirmation to be forwarded to the Facility Agent, Security Trustee and Sukuk Trustee.

(viii) Trustees'  
Reimbursement  
Account

: The Issuer shall open and maintain a Shariah-compliant account designated as "Trustees' Reimbursement Account" (as required under the SC's Trust Deeds Guidelines revised on 12 July 2011 and effective on 12 August 2011), in which a sum of RM30,000.00 from the monies received by the Issuer when the Senior Sukuk under the Senior Sukuk Programme are first issued are to be deposited.

The Trustees' Reimbursement Account shall be operated by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of Dissolution Events which are to be provided in the Trust Deed for the Senior Sukuk.

The sum of RM30,000.00 in the Trustees' Reimbursement Account shall be maintained at all times throughout the tenure of the Senior Sukuk Programme.

(ix) Permitted Investments

: The funds standing to the credit of the Designated Accounts may be placed in permitted investments limited to the following ("**Permitted Investments**") which shall comprise investment products approved by the SAC, BNM's Shariah Advisory Council and/or other recognised Shariah authorities from time to time but shall not include any product of investment on a profit and/or loss sharing scheme. Permitted Investments are as follows:

(a) Shariah-compliant deposits with licensed financial institutions in

Malaysia with a minimum rating of A3/P1 or its equivalent;

- (b) Shariah-compliant money market instruments by licensed financial institutions with a short-term rating of P1 and a minimum long-term rating of AA3, or their equivalent;
- (c) Shariah-compliant treasury bills, Islamic money market instruments, and other Islamic securities or Sukuk issued by BNM or the GOM;
- (d) Sukuk issued by quasi-government or government related entities with a short-term rating of P1 and a minimum long-term rating of AA3, or their equivalent, or debt securities guaranteed by GOM;
- (e) Sukuk issued by corporations with a short-term rating of P1 and a minimum long-term rating of AA3, or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short-term rating of P1 and a minimum long-term rating of AA3, or their equivalent; or
- (f) Any Shariah-compliant fund approved by the SC and to be agreed by RAM which invests in any of the instruments above.

Provided that the maturity of the Permitted Investments shall fall on a date, which is at least five (5) business days before the next profit or principal payment date of the Senior Sukuk, whichever is earlier. However, the maturity of the Permitted Investments in money market instruments of a financial institution and accounts maintained with financial institutions shall fall on a date, which is at least three (3) business days before the next profit or principal payment date of the Senior Sukuk, whichever is earlier.

- (x) **Mandatory Redemption** : The Issuer shall redeem all outstanding series of Senior Sukuk of any Tranches, in Full

whole and not in part, on their respective profit payment dates falling after the date on which the Originator repurchases the outstanding Portfolio.

The occurrence of any of the following events which in the opinion of the Issuer affects the entire Portfolio will, by written notice from the Issuer to the Originator, oblige such repurchase by the Originator:

- (a) the failure by the Originator to comply with any applicable law with respect to the Portfolio;
- (b) the failure to vest and maintain vested in the Issuer on absolute beneficial ownership interest in the Portfolio free and clear of any encumbrances;
- (c) any successful dispute, claim or defence of any of the Obligors as to the legality and enforceability of any Receivable and such dispute, claim or defence would be applicable to all Portfolio; and
- (d) any successful attempt by any person to avoid, rescind or set aside any transfer by the Originator to the Issuer of any Receivable under any law, including any bankruptcy law or other insolvency law and such avoidance, rescission or setting aside would be applicable to all Portfolio.

In the case of the Senior Sukuk, such redemption shall be at par value, on a pro rata basis among all outstanding Senior Sukuk.

Subject to the availability of funds and upon full redemption of the Senior Sukuk as well as all conditions described herein, redemption of Junior Sukuk shall be at par value, on a pro rata basis among all outstanding Junior Sukuk.

- (xi) Repurchase Price of Portfolio : The price payable by the Originator to repurchase or purchase the Portfolio under the Mandatory Redemption in Full shall be

equal to the aggregate of:-

- (a) The outstanding principal component of such Portfolio as at the date of repurchase;
- (b) The amount of all accrued and unearned profit on such Portfolio up to the date of repurchase; and
- (c) All other ancillary costs which shall include, but are not limited to, late payment charges (if any) on any delinquent Portfolio.

The Originator shall remit the repurchase consideration, as quantified using the above formula to the Issuer within a period of ten (10) business days from the date of repurchase or such longer period as may be mutually agreed between the Issuer and the Originator.

(xii) Compensation for late and default payments (“**Ta’widh**”) : In the event of any overdue payments of the Deferred Sale Price, the Issuer shall pay the compensation on such overdue amounts at the rate and manner prescribed by the SAC from time to time in accordance with Shariah.

(xiii) Ibra’ (Release from Debt Obligation) : I) Senior Sukuk Programme  
Not applicable

II) Junior Sukuk Programme

In respect of the Junior Sukuk, the holder of Junior Sukuk shall undertake to release the Issuer’s obligation to settle the outstanding Deferred Sale Price in the event the Issuer has no ability to settle such amount at the end of the tenure of Junior Sukuk.

Ibra’ refers to the act of surrendering one’s claims and rights, such as a creditor writing off the debts of a debtor either fully or partly.

(xiv) Taxation : All payments by the Issuer in respect of the Senior Sukuk and Junior Sukuk shall be made in full without any withholding or deductions for or on account of any present and future tax, duty, or charge of whatsoever nature imposed or levied by law or on behalf of any authority having power to tax, unless such withholding or deduction is required by law, in which event the Issuer

shall be required to gross up in connection with such withholding or deduction on these payments or distributions.

(xv) Governing Law and Jurisdiction : The Senior Sukuk, Junior Sukuk and all of the Transaction Documents will be governed by the laws of Malaysia and the parties thereto will submit to the non-exclusive jurisdiction of the Malaysian courts.

(xvi) Voting by Senior Sukukholders : Once the option to upsize is exercised and implemented by the Issuer with the requisite approvals, moving forward, all matters/resolutions which require the consent from the Senior Sukukholders shall only be carried out if the consent from the Senior Sukukholders have been obtained through voting that is carried out on a “per series” basis.

## **(B) The Portfolio**

(i) Portfolio : The Portfolio will be a static portfolio and shall comprise of the Shariah-compliant receivables which comply with the Eligibility Criteria pursuant to the Deferred Payment Programme granted to the Obligors(each a “**Receivable**”, collectively referred to as “**Portfolio**”).

(ii) Eligibility Criteria : There are Eligibility Criteria for each Receivable forming part of the Portfolio. The Eligibility Criteria in relation to each Receivable that must be satisfied from the Purchase Request Date up to and including the date on which the first scheduled salary deduction is to be made by the Collection Agent are:

(i) It is legally and beneficially owned by the Originator and, if applicable subject to the encumbrances created in favour of the Originator’s financier and to be redeemed through the proceeds received from the issuance of the Senior Sukuk, free from all encumbrances.;

(ii) It has been originated in the ordinary course of business of the Originator in accordance with its credit sales policy;

- (iii) It was created in accordance with credit standards no less stringent than those generally applied by the Originator in its ordinary course of business;
- (iv) It has not been classified as having been written-off by the Originator in accordance with its usual practices generally applicable to its business;
- (v) It has arisen and is covered under the relevant credit sales agreements entered into and/or to be entered into between Originator and the relevant Obligors in connection with the Deferred Payment Programme ("**Credit Sales Agreement**");
- (v) The Obligor must be a salaried civil servant of the GOM;
- (vi) Evidence that the repayment by the Obligors has been approved and accepted for deduction at source by the Collection Agent;
- (vii) One advance installment has been received from each of the Obligors in relation to each receivable by the Originator;
- (viii) The Obligor must be a citizen and resident of Malaysia and to the best knowledge of the Originator, is not a person identified in the records of the Originator as (a) being or having been the subject of bankruptcy proceedings or is an undischarged bankrupt; (b) having been convicted of any offence capable of resulting in imprisonment; (c) being deceased; or (d) being a retiree;
- (ix) Its repayment and all other amounts to be accrued and/or to be realised thereof shall be payable in Ringgit Malaysia;
- (x) Its relevant Credit Sales Agreement provides for settlement of amounts



due from the Obligor by equal monthly installments save and except for the final installment and the Originator has not waived any material terms of the relevant Credit Sales Agreement from the date of the initial creation thereof;

- (xi) It is not a defaulted receivable in respect of which installments are due more than three (3) months in arrears on a cumulative basis.
- (xii) It is a receivable where no prepayment (other than the first advance installment) shall have been received on or prior to the Purchase Request Date and that, to the best knowledge of the Originator, the Obligor has not exercised or indicated an intention to exercise any option of early settlement/prepayment, any right of rescission, set-off, counterclaim or defence (including the defence of usury);
- (xiii) It is not included in any other pool of receivables for the purpose of any other securitisation or financing;
- (xiv) It is and will at all relevant times be capable of being segregated and identified for ownership purposes;
- (xv) It is not the subject of any adverse claim or set-off or security claim by any party and no circumstances exist, to the best of knowledge of the Originator, which would give the Obligor the right to refuse to make any payment under the relevant Credit Sales Agreement;
- (xvi) It is a receivable where the relevant Credit Sales Agreement and all other documents relating to it, have been duly authorised and executed, are in full force and effect, and constitute legal, valid and binding obligations of the relevant Obligor enforceable against the relevant Obligor in accordance with their terms;

(xvii) It is a receivable where there is no prohibition or restriction on, or requirement for consent to be obtained or notice to be given (other than pursuant to Section 4(3) of the Civil Law Act 1956) for, any assignment, transfer or sale of the receivable; and

(xviii) Such other criteria which may be set out in the Transaction Documents (if any).

If any of the receivables forming part of the Portfolio fails to comply with any of the Eligibility Criteria from the Purchase Request Date up to and including the date on which the first scheduled salary deduction is to be made by the Collection Agent or the first scheduled salary deduction is not received by the Collection Agent on or prior to the scheduled date of deduction ("**Ineligible Receivable**"), then the Originator shall, pursuant to a written notice from the Issuer, replace the Ineligible Receivable, failing which it will be a Trigger Event. For the avoidance of doubt:-

- (a) the replacement Receivable ("**Replacement Receivable**") shall:-
- (1) comply with the Eligibility Criteria;
  - (2) have had the first salary deduction made by the Collection Agent;
  - (3) be of an outstanding amount which is no less than the outstanding amount payable by the relevant Obligor under the Ineligible Receivable and
  - (4) form part and parcel of the relevant Declaration of Trust to which the Ineligible Receivable relates to as if the Replacement Receivable had formed part of the trust assets since the date of such Declaration of Trust;

- (b) the Credit Sales Agreement relating to the Replacement Receivable shall form part and parcel of the assigned property under the Assignment of the Credit Sales Agreement in favour of the Security Trustee as if such Credit Sales Agreement had formed part of the assigned property since the date of the Assignment of the Credit Sales Agreement;
- (c) the relevant notice of the sale and purchase of the Replacement Receivable and assignment of the Credit Sales Agreement to which the Replacement Receivable relates to shall be given to the relevant Obligor; and
- (d) for the purposes of items (a) and (b) above, the Originator shall forthwith upon its receipt of the written notice from the Issuer and in any event not later than thirty (30) days from such receipt deliver to the Security Trustee the relevant documents relating to the Replacement Receivable and deposit or cause to be deposited into the Collection Account all proceeds received from the Obligors relating to the Replacement Receivable, together with an irrevocable written confirmation in favour of the Security Trustee confirming the matters stated in items (a) and (b) above.

(iii) Sale of the Portfolio

From time to time during the Drawdown Availability Period, the Originator will pursuant to the Declaration of Trust, transfer all of its rights, title and interest in, to and under the Portfolio, to the Issuer. The Issuer will issue a new Tranche to finance the purchase of such Portfolio.

**(C) Servicing the Portfolio**

(i) Servicing

: Pursuant to a servicing agreement entered or to be entered into between the Servicer and the Issuer ("**Servicing Agreement**"), the Servicer will be responsible for servicing

and administering the Portfolio and these include but are not limited to:

- (a) instruct the Collection Agent to remit all payments in relation to the Portfolio to the Issuer's Collection Account;
- (b) provision of monthly servicer report to the Issuer, Facility Agent, RAM and Sukuk Trustee setting forth, inter alia, the amount of collections, prepayments and any other payments received, and delinquency information;
- (c) where relevant, maintaining the relevant insurance policies;
- (d) keeping of records as required under the Servicing Agreement and maintain such books of account, records and data (including electronic) as will enable a substitute servicer, if appointed, to determine the status of each Portfolio at the time of such appointment;
- (e) communicating with and, where appropriate or required, providing billing records to Obligors and responding to inquiries of Obligors with respect to the Portfolio;
- (f) sending any required notices and/or requests for acknowledgements to Obligors, whether required hereunder, pursuant to the Credit Sales Contracts or under any applicable Malaysian laws or regulations;
- (g) where any payment in respect of any Receivable forming part of the Portfolio is not made on the due date for payment, investigating the cause of the delay thereof and taking steps to recover such payment;
- (h) calculate the Tranche OC Ratio and Portfolio OC Ratio; and
- (i) any other duties stipulated under the Servicing Agreement to be entered between the Issuer and the Servicer.

- (ii) Periodic Payment : The Collection Agent will make payment of collections in relation to the Portfolio (the “**Collections**”) into the Collection Accounts on a weekly basis.

Within seven (7) business days after receipt by the Collection Agent of the Collections from the respective Obligors, the Collection Agent shall provide to the Issuer, a collection activities report in relation to the Collections in an agreed format and medium (whether electronic or otherwise and if electronic, in readable form) to enable a verification by the Issuer of the Collections for the relevant Tranche of Senior Sukuk and Junior Sukuk.

In the event of any errors detected by the Collection Agent and/or the Issuer, the Collection Agent and the Issuer shall take all necessary actions to correct such errors.

- (iii) Monthly Report : On a monthly basis, the Servicer will deliver to the Issuer, the Facility Agent, RAM, the Sukuk Trustee and the Security Trustee a report setting forth, among other things, the total collections including prepayments, delinquencies and defaults; and certain portfolio performance statistics of the Portfolio, if any and where applicable, have been satisfied.

- (iv) Servicer Fee : Masraf as the Servicer will receive as compensation for its services, a fee of up to 0.5% of the total collection of amounts due under the Portfolio per annum, payable semi-annually in arrears (the “**Servicer Fee**”). The Servicer Fee is non-cumulative in nature with non-payment of any amount due shall not be carried forward into the next payment date.

For the avoidance of doubt, non-payment of the Servicer Fee to Masraf or a related corporation of Masraf ( as the case may be) or any part thereof shall not constitute a Dissolution Event.

The Servicer Fee payable to any replacement Servicer (“**Replacement Servicer**”) will be subject to the mutual

agreement of the relevant parties.

- (v) Servicer Dissolution Events : If any of the following events (each, a **“Servicer Dissolution Event”**) occurs:
- (a) the Servicer fails to effect transfer or deposit any payment as required under the Servicing Agreement;
  - (b) the Servicer fails to perform any of its obligations under the Servicing Agreement or breaches any of the terms of the Servicing Agreement and (except where in the opinion of the Issuer such failure is not capable of remedy) does not remedy such default within fourteen (14) days after the earlier of (i) receipt of written notice thereof from the Issuer or the Sukuk Trustee; and (ii) having actual knowledge thereof;
  - (c) any indebtedness of the Servicer to the Issuer is not paid after a period of thirty (30) days as notified by the Issuer in writing,
  - (d) a distress or execution or other legal process is levied or enforced or taken out upon or against any part of the undertaking, property, assets or revenues of the Servicer and is not discharged or stayed within thirty (30) days of having been so levied or enforced or taken out
  - (e) an encumbrancer takes possession of, or a provisional injunction, order for attachment or order for preservative measure is issued in relation to, or a receiver is appointed for the whole or any part of the undertaking, property, assets or revenues of the Servicer;
  - (f) an order is made or an effective resolution is passed for the winding up or dissolution of the Servicer;
  - (g) any governmental authority or agency has condemned, seized,

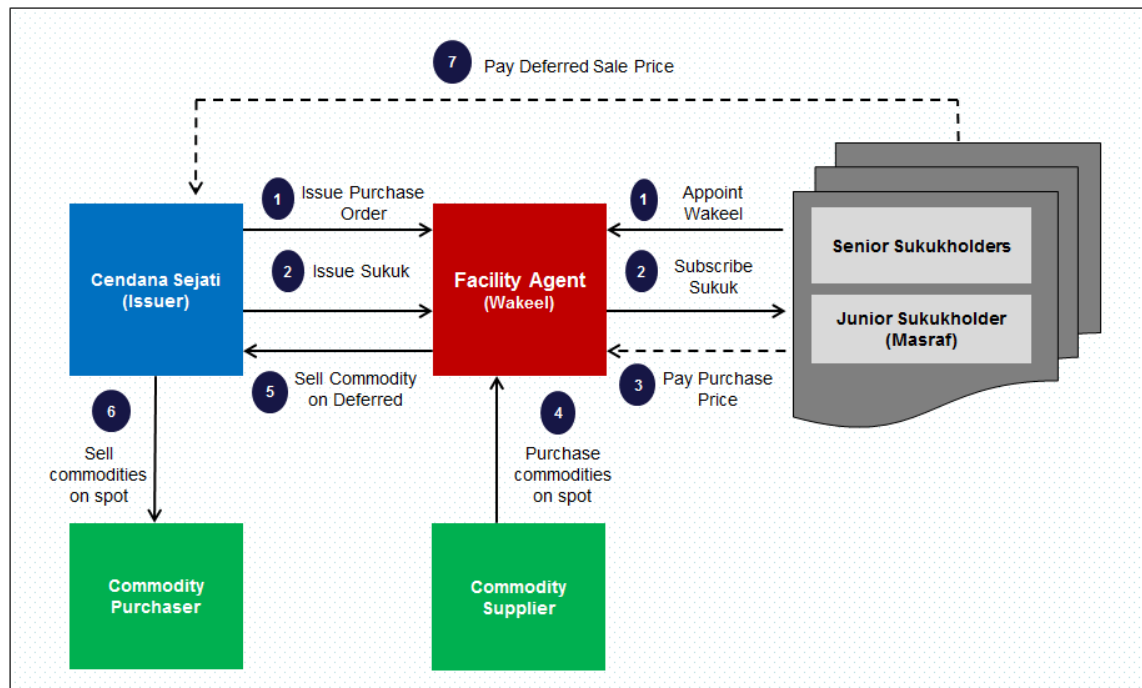
compulsorily purchased or expropriated all or a material part of the undertaking, property, assets or revenues of the Servicer;

- (h) the Servicer changes the nature or scope of its business, or suspends or ceases or threatens to change, suspend or cease its present business operations;
- (i) any material adverse change in the financial condition or operations of the Servicer or any other event which will materially and adversely affect the Servicer's ability to perform its obligations under the Servicing Agreement;
- (j) any other Servicer Dissolution Event as may be advised by the Solicitors and PA/LA.

If any of the above events occurs, the Issuer or the Sukuk Trustee shall appoint a Replacement Servicer acceptable to the Sukuk Trustee to replace the Servicer.

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## APPENDIX 1



### STEPS

1	<p>The Sukuk Trustee (acting on behalf of the investor(s) of the Senior Sukuk (“<b>Senior Sukukholders</b>”)) and the investor of Junior Sukuk (“<b>Junior Sukukholder</b>”) shall appoint the Facility Agent as the buying and selling agent (“<b>Wakeel</b>”) of Shariah-compliant commodities (“<b>Commodities</b>”).</p> <p>The Issuer shall issue a purchase order (the “<b>Purchase Order</b>”) to the Wakeel and the Sukuk Trustee (acting on behalf of the Senior Sukukholders) for the purchase of the Commodities. The Purchase Order which is based on an undertaking (wa’ad) constitutes a unilateral binding promise by the Issuer to purchase the said Commodities at a sale price to be paid on a deferred payment basis (“<b>Deferred Sale Price</b>”). The Deferred Sale Price represents the principal amount equivalent to the Purchase Price (as defined below) and the profit portion to be agreed between the Issuer as the purchaser and the Wakeel who represents the Senior and Junior Sukukholders as the seller.</p>
2	<p>The Issuer shall issue and the Senior and Junior Sukukholders shall subscribe, to the respective Senior and Junior Sukuk issued by the Issuer to evidence the Senior and Junior Sukukholders’ ownership of the Commodities and subsequently, represent the Senior and Junior Sukukholders’ entitlement to receive the Deferred Sale Price once the Commodities are sold to the Issuer.</p>
3	<p>Pursuant to the Purchase Order, the Senior and Junior Sukukholders shall pay the purchase price (the “<b>Purchase Price</b>”) of the Commodities which is equivalent to the relevant Senior and Junior Sukuk proceeds.</p>



4	Upon receipt of the Purchase Price, the Wakeel, on behalf of the Senior and Junior Sukukholders shall then purchase the Commodities from a commodity supplier acceptable to the Shariah Adviser (" <b>Commodity Supplier</b> ") on a spot basis.
5	Upon completion of the purchase, the Wakeel, on behalf of the Senior and Junior Sukukholders, shall sell the Commodities to the Issuer at the Deferred Sale Price. The Issuer shall pay the Deferred Sale Price via the Wakeel to the Senior and Junior Sukukholders.
6	Thereafter, the Issuer shall sell the Commodities to a commodity purchaser acceptable to the Shariah Adviser (" <b>Commodity Purchaser</b> ") on a spot basis at an amount equivalent to the Purchase Price.
7	Throughout the tenure of the Senior Sukuk Programme and the Junior Sukuk Programme, the Issuer shall pay the profit payment to Senior and Junior Sukukholders in accordance with the terms and conditions of this PTC with the principal amount being paid on the relevant maturity date via the Wakeel.

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