

**PRINCIPAL TERMS AND CONDITIONS OF THE ICP/IMTN PROGRAMME AND THE  
IMTN PROGRAMME**

**(Information required under paragraph 4.01 of the Revised Guidelines)**

**1. BACKGROUND INFORMATION OF THE ISSUER**

- Name** : UMW Holdings Berhad (“**Issuer**”).
- Address** : Registered and Business Address  
  
3<sup>rd</sup> Floor, The Corporate, No. 10 Jalan Utas (15/7),  
Batu Tiga Industrial Estate, 40200 Shah Alam,  
Selangor Darul Ehsan
- Business registration no.** : 090278-P.
- Date/Place of Incorporation** : 20 September 1982 / Malaysia
- Date of Listing (in the case of a public listed company)** : 2 December 1987
- Status (as at 31 March 2009)**
- **Resident/non-resident controlled company** : Resident controlled company
  - **Bumiputera/non-Bumiputera controlled company** : Bumiputera controlled company
- Principal Activities** : Investment holding
- Board Directors (as at 15 May 2009)** :
- (i) Tan Sri Datuk Asmat bin Kamaludin
  - (ii) Dato’ Abdul Halim bin Harun
  - (iii) Tan Sri Datuk Mohamed Khatib bin Abdul Hamid
  - (iv) Tan Sri Dato’ Mohamed Noordin bin Hassan
  - (v) Dato’ Ir. Lee Yee Cheong
  - (vi) Dr. Leong Chik Weng
  - (vii) Dato’ Dr. Nik Norzrul Thani bin N.Hassan Thani
  - (viii) Mohd. Nizam bin Zainordin

**Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders** : **Details of substantial shareholders as at 31 March 2009 are as follows:**

	<b>No of Ordinary Shares</b>	<b>Percentage</b>
Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	443,746,834	40.48
Employees Provident Fund Board	144,513,704	13.18
Permodalan Nasional Berhad	139,418,000	12.72

**Authorised and paid up capital** : **Authorised and paid-up capital as at 31 March 2009:**

	<b>No of Ordinary Shares</b>	<b>Par Value (RM)</b>	<b>Total (RM)</b>
<b>Authorised</b> :	2,000,000,000	0.50	1,000,000,000
<b>Paid up</b> :	1,096,171,132	0.50	548,085,566

## 2. PRINCIPAL TERMS AND CONDITIONS OF THE ICP/IMTN PROGRAMME AND THE IMTN PROGRAMME

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

- |        |   |   |
|--------|---|---|
| (i)    | <b>Principal Adviser / Lead Arranger / Lead Manager</b>               | : Maybank Investment Bank Berhad (15938-H) (formerly known as Aseambankers Malaysia Berhad) (“ <b>Maybank IB</b> ”)   |
| (ii)   | <b>Arranger(s)</b>  | : Not applicable.   |
| (iii)  | <b>Valuers</b>  | : Not applicable.   |
| (iv)   | <b>Solicitors</b>   | : Abdullah Chan   |
| (v)    | <b>Financial Adviser</b>  | : Not applicable.   |
| (vi)   | <b>Technical Adviser</b>  | : Not applicable.   |
| (vii)  | <b>Guarantor</b>  | : Not applicable.   |
| (viii) | <b>Trustee</b>  | : Mayban Trustees Berhad (Company No. 5004-P)   |
| (ix)   | <b>Facility Agent</b>   | : Maybank IB.   |
| (x)    | <b>Primary Subscriber(s) and Amount subscribed (where applicable)</b> | : If applicable, in a bought deal arrangement the Primary Subscriber will be determined prior to each point of issuance.  |
| (xi)   | <b>Underwriter(s) and amount underwritten</b>                         | : Not applicable.<br><br>However, in the event underwriting (either partial or full) is required, the ICP (as defined below) shall be underwritten by a consortium of eligible financial institutions to be arranged by the Lead Arranger on a best effort basis. |
| (xii)  | <b>Shariah Adviser</b>  | : Shariah Committee of Maybank Islamic Berhad (Company No. 787435-M)  |
| (xiii) | <b>Central Depository</b>   | : Bank Negara Malaysia (“ <b>BNM</b> ”).  |
| (xiv)  | <b>Paying Agent</b>   | : BNM.  |
| (xv)   | <b>Reporting Accountant</b>   | : Not applicable  |

- (xvi) **Others** : Auditors for the Issuer  
Ernst & Young
- : Tender Panel Members  
Persons to whom an issue of, or an offer or invitation to subscribe, the Islamic Securities is made would fall within Schedule 6 or Section 229(1) (b) of Capital Market and Services Act 2007 ("**CMSA**") and Schedule 7 or Section 230(1)(b) of CMSA and would fall within Schedule 9 or Section 257(3) of CMSA.
- (b) **Islamic Principle Used** : Musyarakah
- (c) **Facility Description** : Issuance of Islamic Commercial Papers ("**ICP**") and/or Islamic Medium Term Notes ("**IMTN1**") (the ICP and IMTN1 shall collectively be referred to as "**ICP/IMTN**") pursuant to an Islamic Commercial Papers and/or Islamic Medium Term Notes Programme of up to RM300.0 Million in nominal value ("**ICP/IMTN Programme**") and issuance of Islamic Medium Term Notes ("**IMTN2**") pursuant to an Islamic Medium Term Notes Programme of up to RM500.0 Million in nominal value ("**IMTN Programme**"). The ICP, IMTN1 and IMTN2 shall be collectively referred to as "**Sukuk**". The ICP/IMTN Programme and the IMTN Programme shall be collectively referred to as "the **Programmes**".

**Underlying Transaction**

In respect of each issue of the Sukuk, the investors with the issuer will from time to time, enter into a Musyarakah Agreement as partners (each a "partner" and collectively the "Musyarakah partners") for the purpose of undertaking a Musyarakah Venture to invest directly into the Shariah-compliant business of the Issuer ("**Business**").

The Issuer will from time to time issue Sukuk to investors ("**Sukukholders**"). Proceeds raised from the Sukuk shall be used as capital contribution of the Sukukholders in the Musyarakah Venture. Each Sukuk shall represent the respective Sukukholder's undivided proportionate interest in the Musyarakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust over all its interest in the Business for the benefit of the Sukukholders. The participation by the Sukukholders in the Musyarakah Venture is via the subscription of Sukuk issued by the Issuer. Meanwhile, the Issuer will, from time to time, contribute its Business as capital contribution into the Musyarakah Venture. The capital contribution ratio of the Musyarakah Partners in the Musyarakah Venture shall be based on their respective capital contribution.

The expected return to the Sukukholders under the Musyarakah Venture shall be the yield for the Sukuk up to the maturity date of the Sukuk ("**Expected Return**"). Any profit derived from the Musyarakah Venture will be distributed based on a pre-agreed profit sharing ratio which will be determined prior to issuance of the Sukuk from time to time. Any losses derived from the Musyarakah Venture shall be borne by each partner in proportion to each partner's respective capital contribution in the Musyarakah Venture.

The Issuer shall be appointed as the manager ("**Manager**") to manage the Musyarakah Venture. The Sukukholders shall agree that any excess of profit from the Expected Return shall be retained by the Manager as an incentive fee.

In respect of Sukuk with periodic distribution, income from the Musyarakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed semi annually in the form of periodic distribution ("**Periodic Distribution**"). Any shortfall between the Expected Periodic Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price (see below). The advance part payment will be set off in the Exercise Price payable by the Issuer pursuant to Purchase Undertaking.

In respect of Sukuk without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return shall be distributed on a one-off basis upon the maturity date or the Dissolution Date ("**One-off Distribution**"), whichever is applicable. Any shortfall between the One-off Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price. The advance part payment will be set off in the Exercise Price payable by the Issuer pursuant to Purchase Undertaking.

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

Pursuant to a Sale Undertaking issued by the Trustee for and on behalf of the Sukukholders, in favour of the Issuer, the Trustee for and on behalf of the Sukukholders undertakes to sell the Sukukholders' interest in the Musyarakah Venture to the Issuer at an Exercise Price on the Maturity Date of the Sukuk.

The transaction structure is illustrated in **Appendix 1**.

**Musyarakah Partners**

The Issuer and the Sukukholder(s)

**Exercise Price**

In the case of Sukuk with periodic distributions, the Exercise Price for the Sukuk is equivalent to the nominal value of the Sukuk plus all Periodic Distributions less the aggregate Periodic Distributions made and received and less the Unearned Periodic Distribution and less the sum of advance part payment.

In the case of Sukuk without periodic distributions, the Exercise Price for the Sukuk is equivalent to the nominal value of the Sukuk less the sum of advance part payment. Where applicable, the Exercise Price is to be adjusted based on the dissolution date upon declaration of a Dissolution Event(s) and the adjusted Exercise Price will be calculated based on a formula to be determined.

**Unearned Periodic Distribution**

The aggregate amount of all Periodic Distributions falling due after the declaration of a Dissolution Event(s) and shall exclude the remaining Periodic Distributions falling due immediately after the date of declaration of a Dissolution Event.

**(d) Issue Size (RM)****: ICP/IMTN1**

The outstanding nominal value of the ICP and/or IMTN1 issued under the ICP/IMTN Programme at any point in time shall not exceed RM300.0 Million.

**IMTN2**

The outstanding nominal value of the IMTN2 issued under the IMTN Programme at any point in time shall not exceed RM500.0 Million.

**(e) Issue Price (RM)**

**: ICP**

The ICP shall be issued at a discount to face value and the issue price shall be computed in accordance with the Rules on Fully Automated System for Issuing / Tendering ("**FAST**") issued by BNM, as may be amended or substituted from time to time ("**FAST Rules**").

**IMTN1 and IMTN2**

The IMTN1 and IMTN2 shall be issued at par or at a discount to nominal value and the issue price shall be calculated in accordance with the FAST Rules.

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

**: Tenure of the ICP/IMTN Programme**

Seven (7) years from the date of the first issue under the ICP/IMTN Programme, provided that the first issue of the ICP/IMTN shall not be later than two (2) years from the date of the Securities Commission's ("**SC**") approval.

**Tenure of the ICP**

The ICP can be issued for any tenure of up to twelve (12) months as the Issuer may select in consultation with the Lead Manager, provided that the ICP mature prior to the expiry of the ICP/IMTN Programme.

**Tenure of the IMTN1**

The IMTN1 shall have maturities of more than one (1) year but not exceeding seven (7) years from issue date provided that the maturity date of the IMTN1 shall not extend beyond the tenure of the ICP/IMTN Programme.

**Tenure of the IMTN Programme**

Ten (10) years from the date of the first issue under the IMTN Programme, provided that the first issue of the IMTN2 shall not be later than two (2) years from the date of the SC approval.

**Tenure of the IMTN2**

The tenure of the IMTN2 shall be more than one (1) year but not exceeding ten (10) years from issue date provided that the maturity date of the IMTN2 shall not extend beyond the tenure of the IMTN Programme.



- (g) **Profit or Equivalent Rate (%) (please specify)** : ICP  
The ICP shall be issued without Periodic Distribution.
- IMTN1 and IMTN2  
In the case of IMTN1 or IMTN2 issued with Periodic Distribution, the rate shall be determined prior to the issuance.
- (h) **Profit Payment Frequency and Basis** : ICP  
ICP will be issued without Periodic Distribution.
- IMTN1 and IMTN2  
In the case of IMTN1 or IMTN2 issued with Periodic Distribution, the Periodic Distribution shall be made semi-annually and calculated on the basis of the actual number of days elapsed and actual number of days basis (Actual/Actual).
- (i) **Yield to Maturity (%)** : The yield to maturity to be determined prior to issuance of the respective Sukuk.
- (j) **Security/Collateral (if any)** : Unsecured.
- (k) **Details on utilisation of proceeds** : The proceeds raised under the Programmes shall be utilized by the Issuer and/or its subsidiaries, associate companies and/or jointly controlled entities ("**UMW Holdings Group**") for the following purposes:
- (i) to finance domestic or foreign current and/or future working capital requirements;
  - (ii) to finance domestic or foreign current and/or future projects and/or investments and/or capital expenditure; and/or
  - (iii) if required, to refinance borrowings (whether in whole or in part).

*Notes :*

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

In any case, all utilization of funds under the Programmes shall be Shariah compliant.

(l) Sinking fund (if any) : Not Applicable.

(m) Rating

- Credit Rating Assigned [Please specify if this is an indicative rating]

Facility	Credit Rating Assigned
ICP	P1*
IMTN1	AAA/Stable*
IMTN2	AAA <sub>ID</sub>

*Note\*: the effective date of the rating assigned is 28 August 2013.*

- Name of Rating Agency : RAM Rating Services Berhad (Company No. 763588-T) (“**RAM**”) (pursuant to the Sukukholders resolution dated 3 May 2013 and passed 20 May 2013 and the SC consent letter dated 15 August 2013).

(n) Form and Denomination : The Sukuk shall be issued in accordance with the following:-

- the “Code of Conduct and Market Practices for the Malaysian Corporate Bond Market” issued by the Institute Peniaga Bon Malaysia and approved by BNM (“**IPBM Code**”);
- the “Rules on the Scripless Securities” under the Real Time Electronic Transfer of Funds and Securities (“**Rentas**”) system issued by BNM (“**Rentas Rules**”); and
- the FAST Rules,

or their replacement thereof (collectively the “**Codes of Conduct**”) applicable from time to time.

The Rentas Rules shall prevail to the extent of any inconsistency between the Rentas Rules and the IPBM Code.

Each tranche of the Sukuk shall be represented by a global certificate to be deposited with the Authorised Depository, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Sukuk shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

The Sukuk shall be deposited with the Central Depository and are exchangeable for Definitive Certificates only in certain limited circumstances. No physical delivery of the Global Certificates will be made.

**(o) Mode of Issue**

**: ICP**

The ICP may be issued through any of the following modes on a best effort basis to be determined by the Issuer and the Lead Manager:

- (i) via competitive tender
- (ii) via private placement; or
- (iii) via bought deal basis.

**IMTN1/IMTN2**

The IMTN1 and IMTN2 may be issued through any of the following modes on a best effort basis to be determined by the Issuer and the Lead Manager:

- (i) via private placement;
- (ii) via bought deal basis; or
- (iii) through book running or book building process on a best effort basis.

**(p) Selling Restrictions**

**: Selling Restrictions at issuance**

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

- (i) Schedule 6 (or Section 229(1)(b)); or

(ii) Schedule 7 (or Section 230(1)(b)); or

(iii) Schedule 9 (or Section 257(3));

of the CMSA, as amended from time to time.

Selling Restrictions thereafter

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

(i) Schedule 6 (or Section 229(1)(b)); and

(ii) Schedule 9 (or Section 257(3));

of the CMSA, as amended from time to time.

**(q) Listing Status**

: The Sukuk will not be listed on the Bursa Malaysia Securities Berhad or on any other stock exchange but will be reported on FAST.

**(r) Minimum Level of Subscription (RM or %)**

: **ICP**

(i) The minimum level of subscription for each issue that is not issued on a bought deal or private placement basis (which shall be fully subscribed) shall be 5% of the size of a particular issue.

(ii) In the event any issue, offer or invitation is under-subscribed and cannot meet the minimum level of subscription, the same shall be aborted and where applicable, any consideration received for the purpose of subscription must be immediately returned to the respective subscribers.

**IMTN1 and IMTN2**

(i) The minimum level of subscription for each issue that is not issued on a private placement or bought deal basis (which shall be fully subscribed) shall be 5% of the size of a particular issue.

- (ii) In the event any issue, offer or invitation is under-subscribed and cannot meet the minimum level of subscription, the same shall be aborted and where applicable, any consideration received for the purpose of subscription must be immediately returned to the respective subscribers.
- (s) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained [please specify]** : Where applicable, should any funds be required for overseas utilization, BNM approval will be sought prior to any utilization.
- (t) **Identified Assets** : Not applicable.
- (u) **Purchase and Selling Price/Rental (where applicable)** : Not applicable
- (v) **Conditions Precedent** : Conditions precedent to set up the Programmes and first issuance to include but not limited to the following (all have to be in form and substance acceptable to the Facility Agent):-

#### **A Main Documentation**

- (i) the transaction documents for the Programmes ("**Transaction Documents**") have been signed and, where applicable, stamped or endorsed as exempted from stamp duty and where applicable, presented for registration;
- (ii) the Issuer to furnish to the Lead Arranger the certified true copy of its Memorandum and Articles of Association together with latest Forms 24, 44 and 49 and the Annual Return; and
- (iii) the Lead Arranger shall have received the relevant company searches and winding-up search on the Issuer.

**B      The Issuer**

- (i) a certificate signed by a duly authorised officer of the Issuer that there is (i) no adverse change in the condition (financial, economic or otherwise) of the Issuer which is material to the issue of the Sukuk; (ii) no event rendering untrue or incorrect to a material extent any of the representations and warranties; (iii) no material breach of any of the undertakings by the Issuer; (iv) no Dissolution Event or event, which with the giving of notice or passage of time or both, would be a Dissolution Event has occurred and is continuing in the Transaction Documents; (v) no event of default / dissolution under any note or facility which have been issued or guaranteed by the Issuer has occurred or is continuing or will occur as a result of the issuance of the Sukuk;
- (ii) certified true copies of all resolutions, authorisations and consents required in connection with the issuance and sale of the Sukuk having been obtained or otherwise delivered to the Lead Manager;
- (iii) Board of Directors' resolution authorizing the acceptance of the Programmes and the appointment of authorised signatories to accept and to execute the relevant documents relating to the Programmes, duly certified by the company secretary or a director of the Issuer; and
- (iv) certificate from the Issuer certifying the names, titles and specimen signatures of the persons:
  - (a) to execute the Transaction Documents;
  - (b) to authorise issues of the Sukuk and sign or deliver all notices and other documents to be delivered in connection with the Transaction Documents; and

- (c) to take any action in relation to the Transaction Documents.

**C     General**

- (i) a written confirmation from MARC that the ICP has received a rating of MARC-1<sub>ID</sub> and the IMTN1 and IMTN2 have received a rating of AAA<sub>ID</sub>, respectively;
- (ii) written approval of the SC;
- (iii) a letter from the Solicitors that all necessary due diligence exercise have been conducted;
- (iv) completion of an Information Memorandum in form and substance to the satisfaction of the Principal Adviser/Lead Arranger/ Lead Manager;
- (v) a written opinion from the Solicitor on, inter alia, the validity, legality and enforceability of the Sukuk and the Transaction Documents and that all conditions precedent have been fulfilled with or waived;
- (vi) evidence that all fees due and payable under the Programmes and in connection with the preparation of the Sukuk shall have been received by the relevant parties;
- (vii) receipt of an endorsement from the Shariah Adviser in respect of the Programmes; and
- (viii) such other conditions precedent as advised by the legal counsel of the Principal Adviser/ Lead Arranger/ Lead Manager and agreed to by the Issuer.

**(w)   Representations and warranties**

: To include but not limited to the following:-

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its assets;
- (ii) the memorandum and articles of association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any Security Interest or restriction of any nature on any of the Issuer's assets;



- (iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the Issuer's audited accounts are prepared in accordance with generally accepted accounting principles and standards;
- (vi) no tax liabilities of any kind having a Material Adverse Effect are outstanding in payments and all computations and payments should be or should have been made to the Department of Inland Revenue have been made within the requisite periods and are up-to-date, correct and made on a proper basis with the Department of Inland Revenue;
- (vii) there is no existing litigation or arbitration or to the Issuer's knowledge any litigation or arbitration which is threatened, which would have a Material Adverse Effect; and
- (viii) such other representations and warranties as may be advised by the Solicitors and any other representations and warranties required to comply with the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds.

Any reference in this term sheet to an event or events having a Material Adverse Effect shall be reference to an event or combination of events which will materially affect (1) the Issuer's ability to perform its obligations under the Transaction Documents, (2) the business or financial condition of the Issuer or (3) the validity or enforceability of any Transaction Documents and/or the rights or remedies of (i) in the case of the Transaction Documents any party thereto other than the Issuer or (ii) in the case of any Sukuk, any Sukukholder.

**(x) Events of Default**

: The Events of Default (“**Dissolution Events**”) shall include but not limited to the following:

- (i) Non-payment: where the Issuer fails to pay any amount that is due and payable from it under any of the Issue Documents on the due date;
- (ii) Breach of obligations under the Transaction Documents: default is made in the performance or observance of any other obligations of the Issuer under or in respect of the Sukuk and the Transaction Documents, and such default remains unremedied for 30 days after the Issuer became aware or having been notified by the Trustee of the breach;
- (iii) Breach of Other Obligations: there has been a breach by the Issuer of any obligation under any of the Issuer’s existing contractual obligations which may have Material Adverse Effect and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the breach;

- (iv) Cross-default: any Financial Indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of Financial Indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within 14 days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such Financial Indebtedness, guarantee or other obligations, or any security created to secure such Financial Indebtedness becomes enforceable. No Dissolution Event will occur under this paragraph (iv) if the aggregate amount of Financial Indebtedness (denominated in RM or its equivalent in any other currency or currencies) falling within this paragraph (iv) is less than RM400 Million or if it does not have a Material Adverse Effect.
- (v) Enforcement proceedings: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued upon or against the whole or a material part of the assets or revenues of the Issuer and is not discharged or stayed within 14 days after the Issuer has effective notice thereof;
- (vi) Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of the Issuer and such action is not discharged or stayed within 30 days thereof;

- (vii) Insolvency, etc.: (1) the Issuer becomes insolvent or is unable to pay its debts as they fall due, (2) an administrator or liquidator of the Issuer or the whole or any part of the undertaking, assets and revenues of the Issuer is appointed (or application for any such appointment is made (or documents filed with a court) and is not discharged, stayed or withdrawn within 14 days after the Issuer has effective notice thereof), (3) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any surety given by it or (4) the Issuer ceases or threatens to cease to carry on all or any material part of its business;
- (viii) Winding-up, etc.: The Issuer convenes the meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or a petition is presented or a meeting is convened for the winding up of the Issuer;
- (ix) Section 176: Where a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted in respect of the Issuer's debts;
- (x) Appointment of receiver, legal process: Where a receiver has been appointed over the whole or a substantial part of the assets of the Issuer;

- (xi) Misrepresentation: any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the financing facilities and/or any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given;
- (xii) Ineffective or invalid provision: any material provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable or if any law is brought into effect which would prevent the Issuer from performing any of their obligations thereunder;
- (xiii) Change of business: the Issuer changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Trustee may have a Material Adverse Effect;
- (xiv) Analogous event: any event occurs which under the laws of Malaysia has an analogous effect to any of the events referred to in paragraphs (iv) to (vii) above;

- (xv) Failure to take action, etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (1) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Programmes and the Transaction Documents, (2) to ensure that those obligations are legal, valid, binding and enforceable and (3) to make the Sukuk and the Transaction Documents admissible in evidence in the courts of Malaysia is not taken, fulfilled or done;
- (xvi) Unlawfulness: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under or in respect of any of the Sukuk or the Transaction Documents;
- (xvii) Government intervention: (1) all or any material part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting or purporting to act under the authority of any national, regional or local government agency of the Malaysia or (2) the Issuer is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues;
- (xviii) Such other dissolution events as may be mutually agreed by the Issuer and the Principal Adviser/ Lead Arrangers/ Lead Manager and/or such other dissolution events (if any) as prescribed by the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds.

Upon occurrence of a Dissolution Event, the Trustee may or shall (if directed to do so by the Sukukholders) declare that a Dissolution Event has occurred and may take such proceedings against the Issuer as it may think fit to enforce the Transaction Documents.

- (y) **Principal terms and conditions for warrants (where applicable)** : Not applicable
- (z) **Other principal terms and conditions for the issue**
- (1) **Negative Pledge** : So long as any Sukuk remains outstanding or any amount is due under or in respect of any Sukuk or otherwise under the Transaction Documents, the Issuer will not (i) give or assume any guarantee, letter of comfort and undertaking of any of the indebtedness of any person, except the Permitted Indebtedness or (ii) incur any Financial Indebtedness, except the Permitted Indebtedness or (iii) create or permit to subsist any Security Interest upon or over the whole or any part of its property, assets or revenues (whether present or future).
- (2) **Status** : The Sukuk will constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge) unsecured obligations of the Issuer ranking at all times pari-passu, without preference among themselves, with all other direct, unconditional, unsubordinated and unsecured obligations (whether present or future) of the Issuer, save and except those obligations preferred by law liens.
- (3) **Issue conditions** : The Sukuk may be issued in multiples of RM1,000, but subject to the FAST Rules and other standard conditions including, without limitation, the following:-
- (i) a minimum issue size of RM5,000,000 for each issue; and
  - (ii) the issue request shall be given to the Facility Agent at least eight (8) business days (for the first issue) or six (6) business days (for subsequent issues) prior to and excluding the date of proposed issue.
- (4) **Purchase and cancellation** : The Issuer or any of its subsidiaries may at any time purchase the Sukuk at any price in the open market or by private treaty, but these purchased Sukuk shall be cancelled and cannot be reissued.

- (5) Redemption** : Unless the Sukuk are declared to be immediately due and payable pursuant to the occurrence of a Dissolution Event or previously redeemed or purchased and cancelled, the Sukuk will be redeemed by the Issuer at one hundred per centum (100%) of their nominal value on their respective maturity dates.
- (6) Trading** : The Sukuk shall be tradeable on the secondary market on a willing-buyer willing-seller basis under Rentas.
- (7) Information covenants** : To include but not limited to the following:-
- (i) the Issuer shall provide to the Facility Agent and Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk and that there does not exist or had not existed, from the date the Sukuk were issued, any Dissolution Events, and if such is not the case, to specify the same;
  - (ii) the Issuer shall deliver to the Facility Agent and Trustee the following:
    - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its consolidated financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to Facility Agent and Trustee;



- (b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one of its directors;
  - (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Facility Agent and/or Trustee may from time to time reasonably request (save and except for price sensitive and/or confidential information); and
  - (d) promptly, all statutory notices or other documents in relation to the Programmes received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally at the same time as these documents are dispatched to these shareholders or creditors;
- (iii) the Issuer shall promptly notify the Facility Agent and Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency involving itself which may have a Material Adverse Effect;

- (iv) the Issuer shall promptly give notice to the Facility Agent and Trustee of the occurrence of any Dissolution Events or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfillment of the relevant requirement as contemplated under the relevant transaction document would constitute Dissolution Events ("**Potential Dissolution Events**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Facility Agent and/or Trustee to remedy and/or mitigate the effect of the Dissolution Events or the Potential Dissolution Events;
- (v) the Issuer shall promptly inform the Facility Agent and Trustee of any substantial change in the nature of the business of the Issuer; and
- (vi) any other covenants as advised by the Solicitors.

**(8) Positive covenants**

: To include but not limited to the following:-

- (i) the Issuer shall maintain in full force and effect all relevant authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) and will promptly obtain any further authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the financiers under the Transaction Documents and the Issuer shall comply with the same;

- (ii) the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall diligently pursue all claims against third parties which would have a Material Adverse Effect.
- (v) the Issuer will notify the Facility Agent and Trustee of claims against it which would have a Material Adverse Effect and will defend itself against such claims;
- (vi) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Sukuk on the relevant maturity date(s) or any other date on which the Sukuk are due and payable) and ensure that it shall immediately notify the Facility Agent and Trustee in the event that the Issuer is unable to fulfill or comply with any of the provisions of the Transaction Documents;
- (vii) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;

- (viii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA, as amended from time to time and/or the notes, circulars, conditions or guidelines issued by SC from time to time; and
- (ix) such other undertakings as may be advised by the Solicitors.

**(9) Negative covenants**

: To include but not be limited to the following:-

- (i) the Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (ii) the Issuer shall not enter into any agreement with interested persons except on ordinary commercial term and on the basis of arm's length arrangements and where the transaction does not have a Material Adverse Effect;
- (iii) the Issuer shall not undertake or acquire any other business or subsidiaries where such undertaking or acquisition would have a Material Adverse Effect;
- (iv) the Issuer shall not use the proceeds of the Programmes except for the purposes set out in the Programmes;
- (v) the Issuer shall not declare or pay any dividends or make any distribution whether income or capital if an Dissolution Event has been declared, is continuing and has not been waived, or if following such payment or distribution a Dissolution Event would occur;
- (vi) the Issuer shall not make payments (whether in relation to principal, profit or otherwise) to its directors in connection with loans or financing or advances from its directors;

- (vii) such other undertakings as may be advised by the Solicitors and any other undertakings required to comply with the SC's Guidelines on the Minimum Content Requirements for Trust Deeds.

**(10) Financial Covenant**

: The Issuer shall maintain a Debt to Equity Ratio not exceeding 1.5:1 throughout the tenure of the Programmes.

The Debt to Equity Ratio is the ratio of the indebtedness of the UMW Holdings Group represented by:

- (i) the aggregate face value of all outstanding ICPs and all outstanding principal amount of the IMTNs; and
- (ii) all other indebtedness for borrowed monies (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, net exposure determined on a mark to market basis under any derivative instrument and obligations/contingent liabilities under guarantees/call or put options of UMW Holdings Group but excluding any inter company loans which are subordinated to the Sukuk,

to the equity of UMW Holdings Group including, if any, preference equity, subordinated shareholders' advances/loans, minority interests of UMW Holdings Group and retained earnings/losses.

The Debt to Equity Ratio shall be calculated for each financial year during the tenure of the Programmes based on the latest consolidated audited accounts of the Issuer. The calculations of the Debt to Equity shall be duly confirmed by the Board of Directors of the Issuer on annual basis and as and when such calculations are required to be made under the terms of the Financing Documents. For the avoidance of doubt, any double counting shall be disregarded.

- (11) Ta'widh** : In the event of any overdue payments of any amounts due under the Purchase Undertaking, the Issuer shall pay to Sukukholders compensation ("**Ta'widh**") on such overdue amounts at an amount and manner prescribed by the SC's Syariah Advisory Council from time to time in accordance with the Shariah principles.
- (12) Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Sukukholders after such withholding or deduction shall equal the respective amounts of principal and profit which would otherwise have been receivable in respect of the Sukuk in the absence of such withholding or deduction.
- (13) Legal Fees, Stamp duty and other expenses** : All expenses, including legal fees, stamp duty, out-of-pocket expenses and other costs incurred in arranging the Programmes shall be for the account of the Issuer and on a full indemnity basis.
- (14) Governing laws and jurisdiction** : Laws of Malaysia and exclusive jurisdiction of the Courts of Malaysia.
- (15) Transaction Documents** : Standard documentation for a programme of this nature, which would include, inter-alia:
- (i) the Programme Agreements;
  - (ii) the Trust Deed;
  - (iii) Depository and Paying Agency Agreement;
  - (iv) Negative Pledge; and
  - (v) The relevant Islamic Transaction Documents or any such other agreements that may be advised by the Solicitor.

**(16) Change In  
Circumstances**

: If as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if compliance by the Lead Arranger for the Sukuk with any applicable direction, request or requirement (whether or not having the force of law) will be imposed on the Lead Arranger, any material condition burden or obligation then the commitment of the Lead Arranger to the Sukuk will end upon notice to the Issuer of the happening of such events after becoming aware thereof.

**(17) Other Conditions**

- : (i) The Sukuk shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Sukuk, and the FAST Rules.
- (ii) The ICP/IMTN Programme and the IMTN Programme are two separate programmes and notwithstanding that some of the provisions contained in this principal terms and conditions are applicable to both the ICP/IMTN Programme and the IMTN Programme, such provisions shall be applicable independently and separately to each of the ICP/IMTN Programme and the IMTN Programme respectively.

**(20) Definitions**

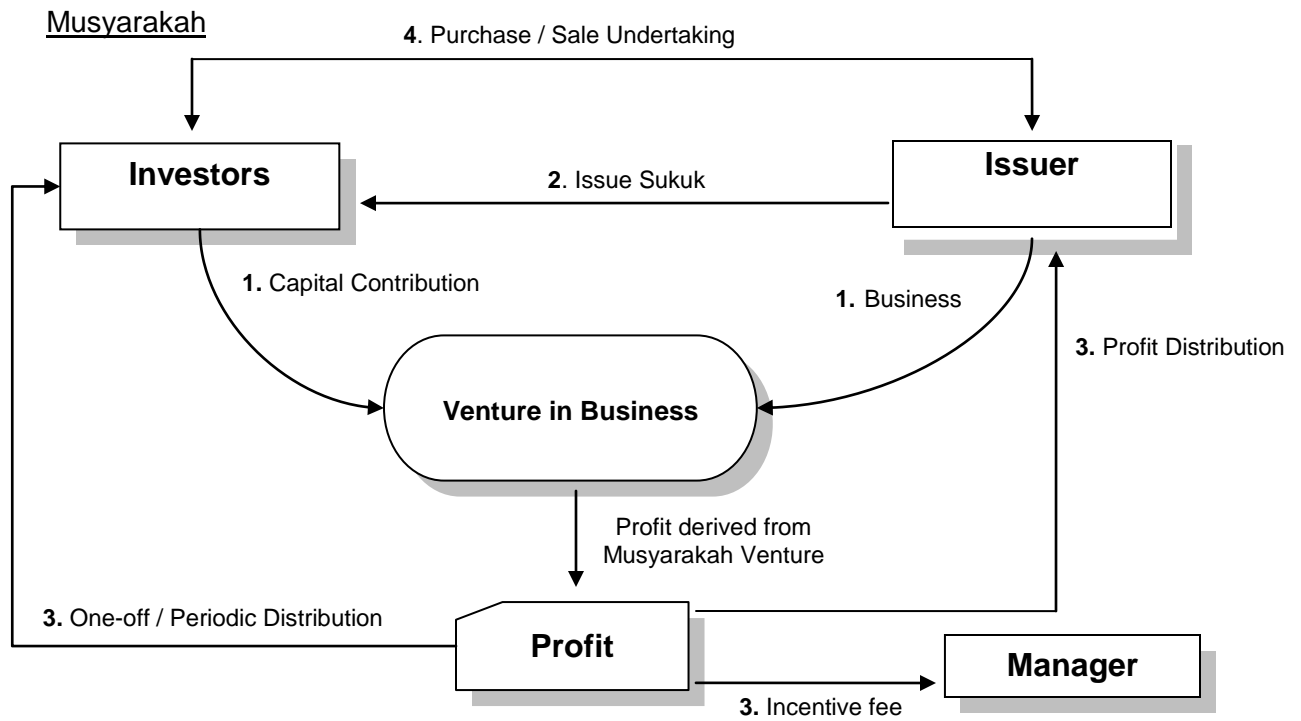
- : In these principal terms and conditions:
  - (i) **Financial Indebtedness** means any indebtedness for or in respect of:
    - (a) moneys borrowed;
    - (b) any amount raised by acceptance under any acceptance credit facility (not being acceptances of trade bills in respect of the sale or purchase of goods in the ordinary course of trading without recourse to the Issuer);
    - (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with accounting principles generally accepted in Malaysia, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) required under accounting principles generally accepted in Malaysia to be shown as a borrowing in the financial statements of the Issuer;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account) required under accounting principles generally accepted in Malaysia to be shown in financial statements of the Issuer (including the notes to such financial statements);
- (h) shares which are expressed to be redeemable (other than those redeemable solely at the option of the issuer);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and



- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.
- (ii) **Permitted Indebtedness** means:
  - (a) any Financial Indebtedness created, incurred or assumed by the Issuer under any guarantee, letter of comfort or undertaking for the payment or repayment of moneys relating to or in connection with the Financial Indebtedness of any member of the UMW Holdings Group [as defined in Item 2(k) above];
  - (b) any unsecured Financial Indebtedness of the Issuer;
  - (c) any Financial Indebtedness under the Transaction Documents; and
  - (d) all hire purchase obligations and finance lease obligations, of the Issuer in the ordinary course of business of the Issuer.
- (iii) **Security Interest** means 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 of any kind.
- (iv) **Material Adverse Effect** means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

## Appendix 1 – Transaction Structure



<b>Step 1</b>	The investors with the Issuer will from time to time, enter into a Musyarakah Agreement as partners (each a “partner” and collectively the “Musyarakah Partners”) for the purpose of undertaking a Musyarakah Venture to invest directly into the Shariah-compliant business of the Issuer (“Business”).
<b>Step 2</b>	The Issuer will from time to time issue Sukuk to investors (“Sukukholders”). Proceeds raised from the Sukuk shall be used as capital contribution of the Sukukholders in the Musyarakah Venture. Each Sukuk shall represent the respective Sukukholders’ undivided proportionate interest in the Musyarakah Venture. Simultaneously, the Issuer shall make declaration that it holds on trust over all its interest in the Business for the benefit of the Sukukholders. The participation by the Sukukholders in the Musyarakah Venture is via the subscription of Sukuk issued by the Issuer. Meanwhile, the Issuer, will, from time to time, contribute its Business as capital contribution into the Musyarakah Venture. The capital contribution ratio of the Musyarakah Partners in the Musyarakah Venture shall be based on their respective capital contribution.
<b>Step 3</b>	<p>Any profit derived from the Musyarakah Venture will be distributed based on a pre-agreed profit sharing ratio which will be determined prior to issuance of the Sukuk from time to time.</p> <p>The Issuer shall be appointed as the manager (“Manager”) to manage the Musyarakah Venture. The Sukukholders shall agree that any excess of profit from the Expected Return shall be retained by the Manager as an incentive fee.</p> <p>In respect of Sukuk with periodic distribution, income from the Musyarakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk per annum, calculated on the basis of the actual number of days in the relevant period (“Expected Periodic Distribution”) shall be distributed semi annually in the form of periodic distribution (“Periodic Distribution”). Any shortfall between the Expected Periodic Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price.</p> <p>In respect of Sukuk without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return shall be distributed on a one-off basis upon the maturity date or the Dissolution Date (“One-off Distribution”), whichever is applicable. Any shortfall between the One-off Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price.</p>
<b>Step 4</b>	<p>The Issuer shall issue a Purchase Undertaking to Trustee for and on behalf of the Sukukholders, wherein the Issuer undertakes to purchase the Sukukholders’ interest in the Musyarakah Venture at an Exercise Price upon declaration of Dissolution Event(s).</p> <p>Pursuant to a Sale Undertaking issued by the Trustee for and on behalf of the Sukukholders, in favour of the Issuer, the Trustee for and on behalf of the Sukukholders undertakes to sell the Sukukholders’ interest in the Musyarakah Venture to the Issuer at an Exercise Price on the Maturity Date of the Sukuk.</p>