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ATTACHED IS AN ELECTRONIC COPY OF THE ADDENDUM TO INFORMATION MEMORANDUM DATED 1 MARCH 2021 ("ADDENDUM TO INFORMATION MEMORANDUM") IN RELATION TO THE ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RINGGIT MALAYSIA TWO BILLION ONE HUNDRED FIFTY MILLION (RM2,150,000,000.00) IN NOMINAL VALUE (UPSIZED FROM RINGGIT MALAYSIA ONE BILLION NINE HUNDRED MILLION (RM1,900,000,000.00) IN NOMINAL VALUE) BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) ("SUKUK MURABAHAH PROGRAMME").

BY OPENING AND ACCEPTING THIS ELECTRONIC TRANSMISSION CONTAINING THE ADDENDUM TO INFORMATION MEMORANDUM, THE RECIPIENT AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS BELOW. IF YOU DO NOT AGREE TO ANY OF THE TERMS AND CONDITIONS, PLEASE DELETE THIS ELECTRONIC TRANSMISSION IMMEDIATELY.

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THE ADDENDUM TO INFORMATION MEMORANDUM IS STRICTLY CONFIDENTIAL AND DOES NOT CONSTITUTE AN OFFER TO ANY PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE PURCHASE ANY OF THE ISLAMIC MEDIUM TERM NOTES ISSUED AND TO BE ISSUED UNDER THE SUKUK MURABAHAH PROGRAMME ("SUKUK MURABAHAH") DESCRIBED HEREIN. DISTRIBUTION OF THE ADDENDUM TO INFORMATION MEMORANDUM TO ANY PERSONS, OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE PRINCIPAL ADVISER, THE LEAD ARRANGER, THE LEAD MANAGER AND ITS/THEIR RESPECTIVE AGENTS, IS UNAUTHORISED. THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER, THE PRINCIPAL ADVISER, THE LEAD ARRANGER, THE LEAD MANAGER AND ITS/THEIR RESPECTIVE AGENTS IS PROHIBITED FROM DISCLOSING THE ADDENDUM TO INFORMATION MEMORANDUM, ALTERING THE CONTENTS OF THE ADDENDUM TO INFORMATION MEMORANDUM OR FORWARDING A COPY OF THE ADDENDUM TO INFORMATION MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR OTHERWISE TO ANY PERSON.

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THIS TRANSMISSION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SUKUK MURABAHAH IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE LAWS OF SUCH JURISDICTIONS.

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THE FOREGOING IS IN ADDITION TO AND WITHOUT PREJUDICE TO ALL OTHER DISCLAIMERS AND AGREEMENTS WHICH A RECIPIENT OF THE ADDENDUM TO INFORMATION MEMORANDUM SHALL BE

DEEMED TO HAVE AGREED TO OR BE BOUND BY AS PROVIDED IN THE ADDENDUM TO INFORMATION MEMORANDUM.

STRICTLY PRIVATE AND CONFIDENTIAL



PELABUHAN TANJUNG PELEPAS SDN BHD
(Registration No. 199401043031 (328719-K))

ADDENDUM TO INFORMATION MEMORANDUM

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RINGGIT MALAYSIA
TWO BILLION ONE HUNDRED FIFTY MILLION (RM2,150,000,000.00) IN NOMINAL
VALUE (UPSIZED FROM RINGGIT MALAYSIA ONE BILLION NINE HUNDRED
MILLION (RM1,900,000,000.00) IN NOMINAL VALUE) BASED ON THE SHARIAH
PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT)**

Principal Adviser / Lead Arranger / Lead Manager



RHB Investment Bank Berhad
(Registration No. 197401002639 (19663-P))

This Addendum to Information Memorandum is dated 1 March 2021 and shall form an integral part of the Information Memorandum dated 12 May 2020. This Addendum to Information Memorandum must be read together with the Information Memorandum dated 12 May 2020.

IMPORTANT NOTICE

Responsibility Statements

This Addendum to information memorandum ("**Addendum to Information Memorandum**") has been approved by the directors of Pelabuhan Tanjung Pelepas Sdn Bhd (Registration No. 199401043031 (328719-K)) ("**Issuer**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Addendum to Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that this Addendum to Information Memorandum (read together with the Information Memorandum dated 12 May 2020) contains all information with respect to the Issuer which is material in the context of the Islamic medium term notes programme of up to Ringgit Malaysia Two Billion One Hundred Fifty Million (RM2,150,000,000.00) in nominal value (upsized from Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value) based on the Shariah principle of Murabahah (via Tawarruq arrangement) ("**Sukuk Murabahah Programme**"). The opinions and intentions expressed in this Addendum to Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the Sukuk Murabahah Programme the omission of which would, in the context of the Islamic medium term notes issued and to be issued under the Sukuk Murabahah Programme ("**Sukuk Murabahah**"), make any statement in this Addendum to Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Addendum to Information Memorandum. The Issuer and its board of directors accept full responsibility for the information contained in this Addendum to Information Memorandum.

Important Notice and General Statement of Disclaimer

This Addendum to Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Sukuk Murabahah to be issued pursuant to the Sukuk Murabahah Programme. This Addendum to Information Memorandum is not a prospectus and is not intended to be a prospectus.

The Sukuk Murabahah Programme has been accorded a final credit rating of AA_{-IS} by Malaysian Rating Corporation Berhad ("**Credit Rating Agency**") and the Credit Rating Agency has affirmed the credit rating of AA_{-IS} on the Sukuk Murabahah Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Credit Rating Agency.

None of the information or data contained in this Addendum to Information Memorandum has been independently verified by RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P)) as the principal adviser/ lead arranger/ lead manager of the Sukuk Murabahah Programme ("**Principal Adviser/ Lead Arranger/ Lead Manager**"). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Principal Adviser/ Lead Arranger/ Lead Manager as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Addendum to Information Memorandum. The Principal Adviser/ Lead Arranger/ Lead Manager has not accepted and will not accept any responsibility for the information and data contained in this Addendum to Information Memorandum or otherwise in relation to the Sukuk Murabahah Programme and shall not be liable for any consequences of reliance on any of the information or data in this Addendum to Information Memorandum except as provided by Malaysian laws.

It is to be noted that although the Issuer has sought the advice of RHB Islamic Bank Berhad (Registration No. 200501003283 (680329-V)) ("**Shariah Adviser**") with regard to the conformity of the Sukuk Murabahah and the structure and mechanism as described in the principal terms and conditions of the Sukuk Murabahah Programme with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer as to Shariah permissibility of the structure or the issue and trading of the Sukuk Murabahah and the Issuer, the Principal Adviser/ Lead Arranger/ Lead Manager and the Shariah Adviser shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on the Shariah permissibility of the structure or the issue and trading of the Sukuk Murabahah. Any non-compliance with Shariah principles may have legal consequences.

The information in this Addendum to Information Memorandum (read together with the Information Memorandum dated 12 May 2020) supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Addendum to Information Memorandum and the Information Memorandum dated 12 May 2020, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Addendum to Information Memorandum and the Information Memorandum dated 12 May 2020 and, if given or made, any such information,

data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Principal Adviser/ Lead Arranger/ Lead Manager or any other person.

This Addendum to Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Murabahah or any other securities of any kind by any party in any Foreign Jurisdiction.

The distribution or possession of this Addendum to Information Memorandum in or from any Foreign Jurisdiction may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Principal Adviser/ Lead Arranger/ Lead Manager accepts any responsibility or liability to any person in relation to the distribution or possession of this Addendum to Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Addendum to Information Memorandum, each recipient agrees to the terms upon which this Addendum to Information Memorandum is provided to such recipient as set out in this Addendum to Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Sukuk Murabahah under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Murabahah, (d) the Issuer, the Principal Adviser/ Lead Arranger/ Lead Manager and their respective directors, officers, employees and professional advisers and any of their agents or affiliates are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Murabahah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Murabahah is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk Murabahah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Murabahah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Murabahah, (g) it is subscribing or accepting the Sukuk Murabahah for its own account, and (h) it is a person who falls within Section 2(6) of the Companies Act 2016 (as amended and/or substituted from time to time) and to whom an issue, offer or invitation to subscribe or purchase the Sukuk Murabahah would constitute an excluded offer or excluded issue as specified in Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 (as amended and/or substituted from time to time) ("**CMSA**") at issuance and Part I of Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Addendum to Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Murabahah in relation to any recipient who does not fall within item (h) above.

This Addendum to Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Murabahah is not, and should not be construed as, a recommendation by the Issuer and/or the Principal Adviser/ Lead Arranger/ Lead Manager to subscribe or purchase the Sukuk Murabahah. This Addendum to Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Murabahah and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Unless otherwise specified in this Addendum to Information Memorandum, the information contained in this Addendum to Information Memorandum is current as at the date hereof. Neither the delivery of this Addendum to Information Memorandum nor the offering, sale or delivery of any Sukuk Murabahah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Murabahah Programme is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Principal Adviser/ Lead Arranger/ Lead Manager nor any other advisers to the Sukuk Murabahah Programme undertakes to review the financial condition or affairs of the Issuer or to advise any investor of the Sukuk Murabahah of any information coming to their attention.

All discrepancies (if any) in the tables included in this Addendum to Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Addendum to Information Memorandum are shown after, rounding. Where this Addendum to Information Memorandum contains or refers to a summary of a document or agreement, the summary is not meant to be exhaustive. The contents of the summary may be subject to some other provisions in the relevant document or agreement.

Forward-Looking Statements

This Addendum to Information Memorandum includes forward-looking statements and reflects projections of future events which may or may not prove to be correct. All of these statements are based on estimates and assumptions made by the Issuer and its advisers and although believed to be reasonable, are subject to risks and uncertainties that may cause actual events or future results to be materially different than expected or indicated by such statements and estimates, and no assurance can be given that any such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Addendum to Information Memorandum should not be regarded as a representation or warranty by the Issuer, its advisers or any other persons that the future events as anticipated by the Issuer will occur. Any such statements are not guarantees of performance and involve risks and uncertainties many of which are beyond the control of the Issuer.

This Addendum to Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Addendum to Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Principal Adviser/ Lead Arranger/ Lead Manager to circulate or distribute this Addendum to Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Sukuk Murabahah to prospective investors and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission Malaysia

A copy of this Addendum to Information Memorandum will be deposited, within seven (7) days after it is first issued, with the Securities Commission Malaysia (“SC”), which takes no responsibility for its contents.

The issue, offer or invitation to subscribe or purchase the Sukuk Murabahah in this Addendum to Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the Shariah endorsement by the SC’s Shariah Advisory Council and the lodgement of the lodgement kit with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015, effective on 15 June 2015 and revised on 12 November 2020 (as amended and/or substituted from time to time) (“**Guidelines on LOLA Framework**”) and each recipient of this Addendum to Information Memorandum acknowledges and agrees that the endorsement by and the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Murabahah.

The structure of the Sukuk Murabahah Programme was endorsed by the SC’s Shariah Advisory Council on 21 April 2020 and 9 February 2021.

The lodgement in respect of the Sukuk Murabahah Programme with the SC pursuant to the Guidelines on LOLA Framework was made on 12 May 2020 (initial lodgement) and 26 February 2021 (new lodgement for upsizing).

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Addendum to Information Memorandum.

THE ISSUE OF THE SUKUK MURABAHAH UNDER THE SUKUK MURABAHAH PROGRAMME WILL CARRY DIFFERENT RISKS AND ALL INVESTORS MUST EVALUATE THE ISSUE OF THE SUKUK MURABAHAH BASED ON ITS OWN MERITS. INVESTORS SHALL RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING THE SUKUK MURABAHAH.

CONFIDENTIALITY

To the recipient of this Addendum to Information Memorandum:

This Addendum to Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Addendum to Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Addendum to Information Memorandum is submitted to prospective investors specifically in reference to the Sukuk Murabahah and may not be reproduced or used, in whole or in part, for any other purpose, or shown, given, copied to or filed with, in whole or in part, any other person including, without limitation, any governmental or regulatory authority except with the prior written consent of the Issuer or as required under Malaysian laws, regulations or guidelines. Should this Addendum to Information Memorandum, at the request of the recipient, be sent to the recipient or is received or viewed by the recipient in an electronic format, the recipient is reminded that documents transmitted via this mode of transmission may be altered or changed during the process of electronic transmission and consequently the Issuer, the Principal Adviser/ Lead Arranger/ Lead Manager or any of their respective directors, officers, employees and professional advisers and any of their agents or affiliates shall not be liable and/or responsible whatsoever in respect of the difference between the Addendum to Information Memorandum distributed to such recipient or viewed by such recipient in the electronic format and the hard copy version available to the recipient.

In the event that there is any contravention of this confidentiality undertaking or there is likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all cost, expenses and losses (including without limitation solicitors' costs) incurred and/or suffered by the Issuer, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons concerned with the Sukuk Murabahah.

The recipient must return this Addendum to Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the Principal Adviser/ Lead Arranger/ Lead Manager immediately upon the Principal Adviser/ Lead Arranger/ Lead Manager's request, unless the recipient provides proof in the form of a written undertaking satisfactory to the Principal Adviser/ Lead Arranger/ Lead Manager with respect to destroying these documents as soon as after the said request from the Principal Adviser/ Lead Arranger/ Lead Manager.

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TABLE OF CONTENTS

IMPORTANT NOTICE	i
DEFINITIONS	a
SECTION 1.0 INTRODUCTION	1
SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS	2
SECTION 3.0 UPDATED CORPORATE INFORMATION ON THE ISSUER	34
3.1 Shareholding structure	34
3.2 Profile of directors	34
3.3 Financial highlights	38
SECTION 4.0 UPDATED BUSINESS OVERVIEW	40
4.1 Updated business overview of the Issuer	40
4.2 Future outlook and strategies	41
SECTION 5.0 INDUSTRY OVERVIEW	44
5.1 Malaysian economy	44
5.2 Monetary and financial developments	49
5.3 Overview and outlook of the industry in Malaysia	52
SECTION 6.0 OTHER INFORMATION	54
6.1 Material contracts	54
6.2 Material litigations	54
6.3 Contingent liabilities	54
6.4 Conflict-of-interest situations and mitigating measures	54

DEFINITIONS

The following definitions shall apply throughout this Addendum to Information Memorandum unless the context otherwise requires:

APEC	:	Asia-Pacific Economic Cooperation
ASEAN	:	Association of Southeast Asian Nations
BNM	:	Bank Negara Malaysia
CEO	:	Chief Executive Officer
CMSA	:	Capital Markets and Services Act 2007 (as amended and/or substituted from time to time)
Central Depository	:	BNM
COVID-19	:	Coronavirus disease (COVID-19), an infectious disease caused by a newly discovered strain of coronavirus. The first outbreak of this new virus and disease was reported in December 2019 and it is now a pandemic affecting many countries globally. The disease was named by a combination of 'CO' which stands for corona, 'VI' for virus and 'D' for disease
Credit Rating Agency	:	Malaysian Rating Corporation Berhad (Registration No. 199501035601 (364803-V))
EBITDA	:	Earnings before interest, taxes, depreciation, and amortization
ERP	:	Enterprise resource planning
ERTG	:	Electrified rubber tyred gantry crane
Facility Agent	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
FWT	:	Freight Weight Tonnes
FYE	:	Financial year ended 31 December
Government	:	Government of Malaysia
GRT	:	Gross Register Tonnage
Guidelines on Framework	on LOLA	: Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015, effective on 15 June 2015 and revised on 12 November 2020 (as amended and/or substituted from time to time)
Issuer	:	Pelabuhan Tanjung Pelepas Sdn Bhd (Registration No. 199401043031 (328719-K))
Lead Arranger	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
Lead Manager	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
Maersk	:	AP Moller Maersk

Maersk Group	:	AP Moller Maersk Group
MCO	:	Movement Control Order imposed by the Government pursuant to the Prevention and Control of Infectious Diseases Act 1988
MITI	:	Ministry of International Trade and Industry, Malaysia
MOT	:	Ministry of Transport, Malaysia
MOTAC	:	Ministry of Tourism, Arts and Culture, Malaysia
MSC	:	Mediterranean Shipping Company
MSMEs	:	Micro, Small and Medium Enterprises
Paying Agent	:	BNM
PM	:	Prime movers
Principal Adviser	:	RHB Investment Bank Berhad (Registration No. 197401002639 (19663-P))
PTP	:	Port of Tanjung Pelepas
SC	:	Securities Commission Malaysia
Shariah Adviser	:	RHB Islamic Bank Berhad (Registration No. 200501003283 (680329-V))
Solicitors	:	Albar & Partners (as solicitors for the Principal Adviser/ Lead Arranger)
SOP	:	Standard Operating Procedures
Special Rights Preference Share	:	One special rights preference share of Ringgit Malaysia One (RM1.00) held by the Ministry of Finance (Incorporated)
Sukuk Murabahah	:	Islamic medium term notes to be issued and to be issued under the Sukuk Murabahah Programme
Sukuk Programme	Murabahah :	Islamic medium term notes programme of up to Ringgit Malaysia Two Billion One Hundred Fifty Million (RM2,150,000,000.00) in nominal value (upsized from Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value) based on the Shariah principle of Murabahah (via Tawarruq arrangement)
Sukuk Trustee	:	Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V))
Sukukholders	:	Holders of the Sukuk Murabahah
TEU	:	Twenty-Foot Equivalent Unit
TNB	:	Tenaga Nasional Berhad
Trust Deed	:	Trust deed dated 2 June 2020 made between the Issuer and the Sukuk Trustee in relation to the Sukuk Murabahah Programme

ULCV : Ultra large container vessel
USA : United States of America
WTO : World Trade Organization

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1. INTRODUCTION

The Issuer proposes to upsize the programme limit of its existing Islamic medium term notes programme based on the Shariah principle of Murabahah (via Tawarruq arrangement) from its existing programme limit of Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value to the upsized programme limit of Ringgit Malaysia Two Billion One Hundred Fifty Million (RM2,150,000,000.00) in nominal value.

Pursuant to the Trust Deed, the Issuer has the option to upsize the programme limit of its existing Islamic medium term notes programme of up to Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) (without the consent of the Sukukholders) from time to time provided always that all the following conditions are fulfilled:

- (a) the relevant requirements under the Guidelines on LOLA Framework in relation to the upsizing have been complied;
- (b) the relevant approvals (if applicable) and the necessary corporate authorisations of the Issuer have been obtained; and
- (c) the relevant documentation to evidence the upsizing has been executed.

Accordingly:

- (a) all the references to “**Sukuk Murabahah Programme**” in the Information Memorandum dated 12 May 2020 and this Addendum to Information Memorandum shall hereinafter refer to the Islamic medium term notes programme of up to Ringgit Malaysia Two Billion One Hundred Fifty Million (RM2,150,000,000.00) in nominal value (upsized from Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value) based on the Shariah principle of Murabahah (via Tawarruq arrangement); and
- (b) all the references to “**PTC**” in the Information Memorandum dated 12 May 2020 shall hereinafter refer to the principal terms and conditions of the Sukuk Murabahah Programme set out in Section 2 of this Addendum to Information Memorandum.

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2. PRINCIPAL TERMS AND CONDITIONS

Words and expressions used and defined in this Section 2 shall, in the event of an inconsistency with the definition of other sections within this Addendum to Information Memorandum, only be applicable for this Section 2.

Details of Facility / Programme

- (1) **Name of facility/ programme** : Islamic medium term notes programme of up to Ringgit Malaysia Two Billion One Hundred Fifty Million (RM2,150,000,000.00) in nominal value (upsized from Ringgit Malaysia One Billion Nine Hundred Million (RM1,900,000,000.00) in nominal value) based on the Shariah principle of Murabahah (via Tawarruq arrangement) ("**Sukuk Murabahah Programme**")
- (2) **One-time issue or programme** : Programme
- (3) **Shariah principles (for sukuk)** : Murabahah (via Tawarruq arrangement)
- (4) **Facility description (for ringgit-denominated sukuk, to provide description as cleared by the SC)** : The Islamic medium term notes issued and to be issued under the Sukuk Murabahah Programme ("**Sukuk Murabahah**") from time to time shall be effected as follows:

Step 1

The Sukuk Trustee (on behalf of the holders of the Sukuk Murabahah ("**Sukukholders**")), via an agency agreement ("**Agency Agreement**"), shall appoint the Issuer as agent of the Sukukholders (in such capacity, "**Agent**") to purchase and sell the Shariah-compliant commodities, which exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").

The Agent will then enter into a sub-agency agreement ("**Sub-Agency Agreement**") to appoint the Facility Agent as the sub-agent (in such capacity, "**Sub-Agent**") to purchase and sell the Commodities under the Sukuk Murabahah.

Step 2

The Issuer, in its capacity as the purchaser ("**Purchaser**"), will enter into a commodity Murabahah master agreement ("**Commodity Murabahah Master Agreement**") with the Agent, the Sub-Agent and the Sukuk Trustee. Pursuant to the Commodity Murabahah Master Agreement, the Purchaser shall from time to time, issue a purchase order ("**Purchase Order**") to the Agent and the Sub-Agent to purchase the Commodities.

In the Purchase Order, the Purchaser will request the Agent and the Sub-Agent to purchase the Commodities on behalf of the Sukukholders and will irrevocably and unconditionally undertake to purchase the

Commodities from the Sukukholders via the Sub-Agent at a deferred sale price which shall be equivalent to the Purchase Price (as defined below) plus the disclosed profit margin to be paid on deferred payment basis (“**Deferred Sale Price**”).

Step 3

Upon receiving the Purchase Order from the Purchaser, the Sub-Agent (acting on behalf of the Agent, who in turn acts as agent of the Sukukholders) will purchase on a spot basis, the Commodities, from commodity vendor(s) in the Bursa Suq Al-Sila’ commodity trading platform and/or any other independent commodity trading platform acceptable to the Shariah Adviser, which shall be identified prior to each issuance of the Sukuk Murabahah (“**Commodity Seller**”), through a Commodity Trading Participant (“**CTP**”), at a purchase price which shall be an amount equivalent to the proceeds raised from the issuance of the Sukuk Murabahah (“**Purchase Price**”). The Purchase Price shall be in compliance with the asset pricing requirements stipulated under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia (“**SC**”) on 9 March 2015, effective on 15 June 2015 and revised on 12 November 2020 (as amended and/or substituted from time to time) (“**Guidelines on LOLA Framework**”). The Purchase Price shall be payable to such Commodity Seller.

Step 4

The Issuer shall concurrently issue the Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price of the Commodities to the Commodity Seller. The Sukuk Murabahah shall evidence the Sukukholders’ ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to the Purchaser, the Sukuk Murabahah shall represent the Sukukholders’ entitlement to receive the Deferred Sale Price.

Step 5

Thereafter, pursuant to the undertaking to purchase under the Purchase Order, the Sub-Agent (acting on behalf of the Agent, who in turn acts as agent of the Sukukholders) shall sell the Commodities to the Purchaser at the Deferred Sale Price pursuant to a sale and purchase agreement (“**Sale and Purchase Agreement**”).

Step 6

Upon completion of such purchase, the Purchaser shall sell, on a spot basis, the Commodities to Bursa

Malaysia Islamic Services Sdn Bhd and/or commodity vendor(s) in any other independent commodity trading platform acceptable to the Shariah Adviser, which shall be identified prior to each issuance of the Sukuk Murabahah ("**Commodity Buyer**"), through a CTP, for a cash consideration equivalent to the Purchase Price.

Step 7

The Sukuk Murabahah may be issued with or without periodic profit payments ("**Periodic Profit Payments**"). During the tenure of the Sukuk Murabahah, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall make Periodic Profit Payments or a lump sum payment (in relation to Sukuk Murabahah without Periodic Profit Payments) of the Deferred Sale Price to the Sukukholders. Each such payment shall pro tanto reduce the obligation of the Purchaser on the Deferred Sale Price payable for the Commodities.

(i) On the maturity date of the relevant Sukuk Murabahah; or (ii) upon the declaration of an Event of Default (as defined in the section titled "Events of default or enforcement events, where applicable, including recourse available to investors"); or (iii) upon early redemption of the relevant Sukuk Murabahah, whichever is earlier, all amounts then outstanding on the Deferred Sale Price (subject to Ibra' (as defined in the section titled "Ibra' (for ringgit-denominated sukuk)", where applicable), shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the Sukukholders as final settlement of the same, whereupon the relevant Sukuk Murabahah shall be cancelled.

- (5) **Currency** : Foreign Currency
 Multi-currency excluding Ringgit
 Multi-currency including Ringgit
 Ringgit

- (6) **Expected facility/programme size** : Up to MYR2,150,000,000.00
 Combined limit with
 Sub-limit of

- (7) **Option to upsize (for programme)** Yes
 No

Additional notes:

The Issuer has the option to upsize the Sukuk Murabahah Programme (without the consent of the Sukukholders) provided that the following conditions have been fulfilled:

- (1) the compliance with the relevant requirements under the Guidelines on LOLA Framework in relation to the upsizing of the Sukuk Murabahah Programme;

(2) the relevant approvals (if applicable) and the necessary corporate authorisations of the Issuer being obtained; and

(3) the execution of the relevant documentation to evidence the upsizing of the Sukuk Murabahah Programme.

- (8) **Tenure of facility/programme** : Year(s) Month(s) Day(s)
20 - -
- (9) **Availability period for debt/ sukuk programme** : The Sukuk Murabahah shall be available for issuance under the Sukuk Murabahah Programme commencing from the date of fulfilment of the conditions precedent as set out in the programme agreement in relation to the Sukuk Murabahah Programme, unless waived by the Lead Arranger, and ending on the expiry date of the tenure of the Sukuk Murabahah Programme. The first issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme shall be made within sixty (60) business days from the date of lodgement of the information and documents relating to the Sukuk Murabahah Programme with the SC as required under the Guidelines on LOLA Framework.
- (10) **Clearing and settlement platform** : Payments Network Malaysia Sdn Bhd
- (11) **Mode of issue** : Private/direct placement
 Bought deal
 Book building
 Tender
- (12) **Selling restrictions** : (i) At Issuance
 Exclusively to persons outside Malaysia
 Part 1 of Schedule 6 of the Capital Markets and Services Act 2007 ("**CMSA**")
 Part 1 of Schedule 7 of the CMSA
 Read together with Schedule 9 of the CMSA
 Schedule 8 of the CMSA
 Section 2(6) of the Companies Act 2016
 Others
- (ii) After Issuance
 Exclusively to persons outside Malaysia
 Part 1 of Schedule 6 of the Capital Markets and Services Act 2007 ("**CMSA**")
 Part 1 of Schedule 7 of the CMSA
 Read together with Schedule 9 of the CMSA
 Schedule 8 of the CMSA
 Section 2(6) of the Companies Act 2016
 Others

Additional notes:

Selling Restrictions at Issuance

The Sukuk Murabahah issued under the Sukuk Murabahah Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within Section 2(6) of the Companies Act 2016 (as amended and/or substituted from time to time) ("**Companies Act**"); and Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 (as amended and/or substituted from time to time) ("**CMSA**").

Selling Restrictions Thereafter

The Sukuk Murabahah issued under the Sukuk Murabahah Programme may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within Section 2(6) of the Companies Act; and Part I of Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA.

- (13) **Tradability and transferability** : Non-tradable & non-transferable
 Restricted transferability
 Tradable & transferable MYR2,150,000,000.00
- (14) **Secured/combination of unsecured and secured, if applicable** : Unsecured
 Secured/ combination of unsecured and secured, details as follows:
- (15) **Details of guarantee, if applicable** : Not guaranteed
 Guaranteed, details as follows:
- (16) **Convertibility of issuance and details of the convertibility** : Non-convertible
 Convertible, details as follows:
- (17) **Exchangeability of issuance and details of the exchangeability** : Non-exchangeable
 Exchangeable, details as follows:
- (18) **Call option and details, if applicable** : No call option
 Call option, details as follows:
- (19) **Put option and details, if applicable** : No put option
 Put option, details as follows:
- (20) **Details of covenants** : **Positive Covenants**
 No positive covenant
 Positive covenant, details as follows:
(1) the Issuer shall maintain in full force and effect all relevant material governmental

authorisations, consents, rights, licences, approvals and permits and shall promptly obtain any further material governmental authorisations, consents, rights, licences, approvals and permits 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 (as defined in the section titled "Other terms and conditions") or to ensure the legality, validity, enforceability, admissibility in evidence of the obligations of the Issuer or the rights of the Sukukholders, the Sukuk Trustee, the Lead Arranger/ Lead Manager and/or the Facility Agent under the Transaction Documents and the Issuer shall comply with the same;

- (2) the Issuer shall at all times on written demand execute and cause and procure the execution of 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 to ensure that the Transaction Documents are legal, valid, binding and enforceable;
- (3) the Issuer shall exercise reasonable diligence in carrying out its business in a proper and efficient manner taking into account conditions and practices specific to the Issuer's business;
- (4) the Issuer shall keep proper books and accounts at all times and provide the Sukuk Trustee and any person appointed by the Sukuk Trustee (e.g. auditors) access to such books and accounts to the extent permitted by law;
- (5) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Sukuk Murabahah on the relevant maturity date(s) or any other date on which the Sukuk Murabahah are due and payable) and the Issuer shall promptly notify the Facility Agent and the Sukuk Trustee in the event the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (6) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with the approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the financial results of the Issuer for the period to which the financial statements are made up;

- (7) the Issuer shall maintain such takaful and/or conventional insurances in respect of its assets and business against all risks which a prudent company carrying a similar business to that of the Issuer would normally insure;
- (8) the Issuer shall maintain a paying agent or its equivalent, who is based in Malaysia at all times during the tenure of the Sukuk Murabahah Programme;
- (9) the Issuer shall procure that the Paying Agent shall notify the Sukuk Trustee, through the Facility Agent, if the Paying Agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents and the terms and conditions of the Sukuk Murabahah;
- (10) the Issuer shall ensure that the terms in the trust deed of the Sukuk Murabahah Programme ("**Trust Deed**") do not contain any matter which is inconsistent with the provisions of the information memorandum to be issued by the Issuer in respect of the Sukuk Murabahah Programme ("**Info Memo**");
- (11) the Issuer shall comply with all applicable provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued or published by the SC and other regulatory agencies from time to time in respect of the Sukuk Murabahah; and
- (12) such other covenants as may be required under the Guidelines on Trust Deeds (effective on 12 August 2011 and revised 23 July 2020) ("**Trust Deeds Guidelines**") or as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

Negative covenants

- No negative covenant
 Negative covenant, details as follows:

- (1) the Issuer shall not add, delete, amend, vary, supplement or substitute its constitution in a manner inconsistent with the provisions of the Transaction Documents or in a manner which may be materially prejudicial to the interests of the Sukukholders;
- (2) the Issuer shall not use the proceeds of the Sukuk Murabahah Programme for any purposes other than for the purposes set out in the Transaction Documents;

- (3) the Issuer shall not take any steps to consolidate or merge with any other entity, save and except where the surviving entity is the Issuer and such consolidation or merger will not result in a Material Adverse Effect (as defined below);

“Material Adverse Effect” means any material adverse effect on:

- (a) the financial condition of the Issuer; and/or
- (b) the ability of the Issuer to perform any of its material obligations under any of the Transaction Documents;

- (4) the Issuer shall not sell, transfer, lease (other than by way of operating lease) or otherwise dispose of or in any case, cease to exercise control over, whether by a single transaction or a number of transactions, related or not, the whole or a material part of the Issuer's undertaking, business or assets save and except for:

- (a) disposal of any of its assets the book value (as reflected in the Issuer's latest audited consolidated financial statements) of which is less than ten per centum (10%) of the Issuer's total consolidated net assets on an aggregate basis per annum and which will not have a Material Adverse Effect;
- (b) sale, transfer, lease or disposal of the Issuer's undertaking, business or assets which is in its ordinary course of business and/or on the basis of an arms' length transaction and which will not have a Material Adverse Effect;
- (c) sale, transfer, lease or disposal of the Issuer's undertaking, business or assets due to obsolescence and/or deterioration and which will not have a Material Adverse Effect; or
- (d) the asset disposal is solely for purposes of facilitating Shariah concepts used in Islamic financing facilities granted to the Issuer Group (as defined below);

“Issuer Group” means the Issuer and its subsidiary companies;

- (5) the Issuer shall not reduce or in any way whatsoever alter (except by way of an increase) its paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares where an Event of Default has occurred and is continuing or an Event of Default would occur if such proposed reduction or alteration is made;
- (6) the Issuer shall not 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 (collectively, "**Distributions**") where (a) an Event of Default has occurred and is continuing or an Event of Default would occur following such Distributions; or (b) the FSCR (as defined below under "Financial Covenants") would fall below 1.5 times following such Distributions, in the case of a Distribution from the First FSCR Calculation (as defined below under "Financial Covenants") onwards;
- (7) the Issuer shall not lend or advance any money to any person other than to the following:
 - (a) the Issuer's directors, officers or employees as part of their terms of employment;
 - (b) contract counterparties pursuant to contracts entered into in the Issuer's ordinary course of business; and
 - (c) the Issuer's subsidiaries, associated companies and joint ventures which the Issuer is a party to;
- (8) the Issuer shall not enter into a transaction, whether directly or indirectly with Interested Persons (as defined below) of the Issuer unless:
 - (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not Interested Persons of the Issuer; and
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than the relevant

percentage ratio as provided in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which require an independent adviser to be appointed to provide a certification, the Issuer obtains certification from such independent adviser that the transaction is carried out on fair and reasonable terms,

PROVIDED THAT:

- (i) the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (a) above;
- (ii) the Issuer has received the certification referred to in paragraph (b) above (where applicable); and
- (iii) the transaction has been approved by the majority of the Issuer's board of directors or shareholders in a general meeting, as the case may require;

"Interested Person" includes directors, major shareholders and chief executive officer or such other category of persons as prescribed under the Trust Deeds Guidelines;

- (9) the Issuer shall not create or permit to exist any Security Interest (as defined below) over the whole or any part of its assets, undertakings and/or revenues, save and except for:
 - (a) liens arising in its ordinary course of business by operations of law and/or Security Interest arising pursuant to agreements executed in its ordinary course of business and/or arising under any guarantee issued by the Issuer and for any right of set-off arising under any guarantee or set-off agreement issued and/or executed by the Issuer; or
 - (b) Security Interest created pursuant to the Issuer's existing secured credit facilities as disclosed prior to the date of the Trust Deed; or
 - (c) Security Interest created over its assets, undertakings and/or revenues, the book value of which is not more than fifteen per centum (15%) of the Issuer's total consolidated net assets, calculated by reference to the latest audited

consolidated financial statements of the Issuer; or

- (d) any Security Interest created over the Issuer's cash deposits, at any time to secure short term bank guarantee facilities and/or credit support facilities for the benefit of the Issuer Group; and

"Security Interest" means any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, assignment by way of security or other security interest of any kind or any agreement to create any of the foregoing;

- (10) the Issuer shall not change or permit any change in its shareholders or shareholding structure which will result in MMC's and APMT's collective shareholdings (directly and/or indirectly) in the Issuer to fall below fifty one per centum (51%). For the purpose of this item (10), **"MMC"** shall mean MMC Corporation Berhad and/or any of its subsidiaries and/or any entities which MMC Corporation Berhad has control over, and **"APMT"** shall mean APM Terminals B.V. and/or any of its subsidiaries and/or any entities which APM Terminals B.V. has control over; and
- (11) such other covenants as may be required under the Trust Deeds Guidelines or as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

Financial Covenants

- No financial covenant
- Financial covenant, details as follows:

Consolidated Gearing Ratio

Throughout the tenure of the Sukuk Murabahah Programme, the Issuer shall ensure that the Consolidated Gearing Ratio (as defined below) shall not be greater than 1.5 times.

"Consolidated Gearing Ratio" means the ratio of Consolidated Indebtedness (as defined below) to Consolidated Total Equity (as defined below).

"Consolidated Indebtedness" means the Issuer Group's indebtedness represented by:

- (1) all amounts outstanding under the Sukuk Murabahah Programme; and

- (2) all other indebtedness for borrowed monies, financing arrangements (be it actual or obligations under guarantees issued by any company within the Issuer Group in favour of third parties), hire purchase obligations, net finance lease obligations, net exposure determined on a marked to market basis under any derivative instrument,

less

deposits, cash and bank balances as reported in the Issuer's audited consolidated financial statements.

For the avoidance of doubt, Consolidated Indebtedness shall exclude those amounts owing to trade and other creditors and payables arising from the ordinary course of business.

"Consolidated Total Equity" means the Issuer Group's total equity, including share capital, reserves and non-controlling interests, as reported in the Issuer's audited consolidated financial statements.

The Consolidated Gearing Ratio shall be calculated for each financial year during the tenure of the Sukuk Murabahah Programme based on the Issuer's latest audited consolidated financial statements and the Issuer shall provide to the Sukuk Trustee a yearly compliance certificate duly signed by one (1) authorised signatory of the Issuer in relation to the Consolidated Gearing Ratio.

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

Financial Service Cover Ratio

Effective the financial year 2021 and thereafter throughout the tenure of the Sukuk Murabahah Programme, the Issuer shall maintain the FSCR of not less than 1.25 times at all times pursuant to the Sukuk Murabahah Programme. In the event that the FSCR falls below 1.25 times, the Issuer shall remedy the breach within a period of thirty (30) days from the date of receipt of a written notice from the Sukuk Trustee requesting the Issuer to remedy such breach.

"FSCR" means the ratio of Net Available Cash (as defined below) to Total Finance Service (as defined below).

"Net Available Cash" means the aggregate of all cash and bank balances at the beginning of the financial year and net cash flow (excluding Total Finance Service) in the preceding twelve (12) months period.

"Total Finance Service" means the aggregate of the following:

- (1) all amounts paid in respect of the Sukuk Murabahah Programme;
- (2) net payment/ repayment of short term banking facilities, both conventional and Islamic; and
- (3) all other principal, profit and related costs paid for external financing/ borrowings and redeemable loan stocks,

in the preceding twelve (12) months period.

For the avoidance of doubt:

- (a) any double counting shall be disregarded; and
- (b) for any refinancing for the early redemption and/or payment/ repayment of (1) and (2), only the net amount paid shall be counted.

The FSCR shall be calculated for each financial year during the tenure of the Sukuk Murabahah Programme based on the Issuer's latest audited consolidated financial statements and the Issuer shall provide to the Sukuk Trustee a yearly compliance certificate duly signed by one (1) authorised signatory of the Issuer in relation to the FSCR. The first FSCR calculation will be based on the Issuer's audited consolidated financial statements for financial year ended 2021 ("**First FSCR Calculation**").

Information Covenants

No information covenant

Information covenant, details as follows:

- (1) the Issuer shall provide to the Sukuk Trustee on an annual basis a certificate signed by any one (1) authorised signatory of the Issuer confirming that it has observed, complied with and performed all its covenants and obligations under the Transaction Documents and the terms and conditions of the Sukuk Murabahah and that there did not exist or had not existed, from the date the Sukuk Murabahah were first issued or the date of the previous certificate, as the case may be, any Event of Default, and if such is not the case, to specify the same;
- (2) the Issuer shall deliver to the Sukuk Trustee the following:
 - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial year) two (2) copies of its statutory financial statements for that financial year which are audited and certified without

any qualification that may materially and adversely affect the interests of the Sukukholders, by a firm of independent certified public accountants appointed by the Issuer;

- (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) two (2) copies of its unaudited half yearly financial statements for that period which are certified by any one (1) authorised signatory of the Issuer;
 - (c) to the extent permitted by applicable laws, such additional information as the Sukuk Trustee may from time to time request and such information relating to the Issuer's business, financial, operations and creditors as the Sukuk Trustee may reasonably require in order to discharge the Sukuk Trustee's duties and obligations under the Trust Deed provided that three (3) business days' prior written notice has been given to the Issuer; and
 - (d) promptly, to the extent permitted by applicable laws, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents have a Material Adverse Effect and a copy of all notices or other documents dispatched by the Issuer to its shareholders (or any class of them) which contents have a Material Adverse Effect;
- (3) the Issuer shall permit the accounts, reports, notices, statements or circulars as provided by the Issuer to the Sukuk Trustee to be circulated by the Sukuk Trustee at its discretion to the Sukukholders, the qualified investors of the Sukuk Murabahah as well as the Credit Rating Agency;
- (4) the Issuer shall promptly give notice to the Sukuk Trustee in the event the Issuer becomes aware of the occurrence of:
- (a) any Event of Default or any event which, upon the giving of notice and/or the lapse of time and/or the issue of a certificate as contemplated under the relevant Transaction Document would constitute an Event of Default ("**Potential Event of Default**"), and it

shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default, as the case may be;

- (b) the happening of any event that has caused or could cause, one (1) or more of the following:
 - (i) any amount payable under the Sukuk Murabahah to become immediately payable;
 - (ii) the Sukuk Murabahah to become immediately enforceable; and
 - (iii) any other right or remedy under the terms, provisions or covenants of the Sukuk Murabahah or the Transaction Documents to become immediately enforceable;
- (c) any circumstance that has occurred that would materially prejudice the Issuer;
- (d) any substantial change in the nature of the business of the Issuer which has or would have a Material Adverse Effect;
- (e) any change in the Issuer's withholding tax position which has or would have a Material Adverse Effect;
- (f) any change in the utilisation of the proceeds of the Sukuk Murabahah Programme other than for the purposes set out in the Info Memo and the Transaction Documents; and
- (g) any other matter that may materially prejudice the interests of the Sukukholders which has or would have a Material Adverse Effect;

for the purpose of item (d) above, reference to "**substantial**" shall mean such business of the Issuer, the book value of which is more than ten per centum (10%) of the Issuer's total consolidated net assets. For the avoidance of doubt, the book value of the business is as reflected in the Issuer's latest available audited financial statements;

- (5) the Issuer will promptly notify the Sukuk Trustee in the event the Issuer becomes aware that any one (1) of the existing main line operators with whom the Issuer has a terminal agreement as at the date of the Transaction Documents who contributes to more than ten per centum (10%) of the Issuer's revenue, decides to terminate its terminal agreement with the Issuer; and
- (6) such other covenants as may be required under the Trust Deeds Guidelines or as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

(21) **Details of designated account, if applicable** : No designated account
 Designated account, details as follows:

(22) **Details of credit rating agency, credit rating and amount rated, if applicable** : Not Rated
 Rated as follows:

Credit Rating Agency	:	Malaysian Corporation Bhd (MARC)	Rating
Credit Rating	:	AA-1s	
Final/Indicative	:	Final	
Name of Tranche / Series / Class	:	Not applicable	
Partial rating	:	No	
Amount rated	:	RM2,150,000,000.00	

(23) **Conditions precedent** : The availability of the Sukuk Murabahah Programme shall be subject to compliance of all of the following conditions precedent by the Issuer (unless waived by the Lead Arranger), which are applicable prior to the upsizing of the Sukuk Murabahah Programme:

A. Main Documentation

- (1) The relevant Transaction Documents have been duly executed and endorsed as exempted from stamp duty under Stamp Duty (Exemption) (No. 23) Order 2000.
- (2) The Trust Deed has been presented to the High Court of Malaya for the registration of the power of attorney therein contained.

B. The Issuer

- (1) Delivery of the certified true copies of the Certificate of Incorporation and the constitution of the Issuer.
- (2) Delivery of the certified true copies of the latest Return for allotment of shares, Notification of Change in the Registered Address and Notification of Change in the Register of Directors, Managers and

Secretaries and the latest Annual Return of the Issuer.

- (3) Delivery of the certified true copy of an extract of the board of directors' resolution(s) of the Issuer approving, amongst others, the establishment of the Sukuk Murabahah Programme, the issuance of the Sukuk Murabahah and the execution of the Transaction Documents.
- (4) Delivery of a list of the authorised signatories of the Issuer and their respective specimen signatures.
- (5) Delivery of a report of the company search conducted at the Companies Commission Malaysia.
- (6) Delivery of a report of the winding-up search conducted at the Department of Insolvency Malaysia which reveals that no winding-up order has been made against the Issuer.

C. General

- (1) Evidence that the lodgment kit in respect of the Sukuk Murabahah Programme has been lodged with the SC.
- (2) All necessary approvals and consents required (including but not limited to the existing lenders/ financiers of the Issuer) for the implementation of the Sukuk Murabahah Programme and the execution of the Transaction Documents (if required) have been obtained and the Issuer is in compliance with all conditions of such approvals and consents.
- (3) Delivery of confirmation from the Shariah Adviser that the structure and mechanism together with the Transaction Documents of the Sukuk Murabahah Programme are in compliance with Shariah.
- (4) The Sukuk Murabahah Programme has obtained a final credit rating of AA-1S from the Credit Rating Agency.
- (5) Evidence that arrangements have been made for the payment of all transaction fees, costs and expenses in connection with the establishment of the Sukuk Murabahah Programme.
- (6) The Lead Arranger has received from the Solicitors, a satisfactory legal opinion addressed to the Lead Arranger, advising with respect to, amongst others, the legality, validity and enforceability of the Transaction

Documents and a confirmation addressed to the Lead Arranger that all the conditions precedent have been fulfilled or otherwise waived by the Lead Arranger as the case may be.

- (7) Evidence that the Trustees' Reimbursement Account (as defined in the section titled "Other terms and conditions") has been opened in accordance with the Trust Deeds Guidelines and a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) has been deposited therein.
- (8) Such other conditions precedent as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

The availability of the Sukuk Murabahah Programme shall be subject to compliance of all of the following conditions precedent by the Issuer (unless waived by the Lead Arranger), which are applicable for the upsizing of the Sukuk Murabahah Programme:

A. Main Documentation

- (1) The relevant Transaction Documents have been duly executed and endorsed as exempted from stamp duty under Stamp Duty (Exemption) (No. 23) Order 2000.

B. The Issuer

- (1) Delivery of the certified true copies of the Certificate of Incorporation and the constitution of the Issuer.
- (2) Delivery of the certified true copies of the latest Return for allotment of shares, Notification of Change in the Registered Address and Notification of Change in the Register of Directors, Managers and Secretaries and the latest Annual Return of the Issuer.
- (3) Delivery of the certified true copy of an extract of the board of directors' resolution(s) of the Issuer approving, amongst others, the upsizing of the Sukuk Murabahah Programme, the issuance of the Sukuk Murabahah and the execution of the relevant Transaction Documents.
- (4) Delivery of a list of the authorised signatories of the Issuer and their respective specimen signatures.

- (5) Delivery of a report of the company search conducted at the Companies Commission Malaysia.
- (6) Delivery of a report of the winding-up search conducted at the Department of Insolvency Malaysia which reveals that no winding-up order has been made against the Issuer.

C. General

- (1) Evidence that the lodgment kit in respect of the Sukuk Murabahah Programme has been lodged with the SC.
- (2) All necessary approvals and consents required (including but not limited to the existing lenders/ financiers of the Issuer) for the upsizing of the Sukuk Murabahah Programme and the execution of the relevant Transaction Documents (if required) have been obtained and the Issuer is in compliance with all conditions of such approvals and consents.
- (3) Delivery of confirmation from the Shariah Adviser that the structure and mechanism together with the relevant Transaction Documents of the Sukuk Murabahah Programme are in compliance with Shariah.
- (4) The Credit Rating Agency has affirmed the credit rating of AA-Is on the Sukuk Murabahah Programme.
- (5) Evidence that arrangements have been made for the payment of all transaction fees, costs and expenses in connection with the upsizing of the Sukuk Murabahah Programme.
- (6) The Lead Arranger has received from the Solicitors, a satisfactory legal opinion addressed to the Lead Arranger, advising with respect to, amongst others, the legality, validity and enforceability of the relevant Transaction Documents and a confirmation addressed to the Lead Arranger that all the relevant conditions precedent have been fulfilled or otherwise waived by the Lead Arranger as the case may be.
- (7) Such other conditions precedent as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

(24) Representations and warranties : To include the following:

- (1) the Issuer is a company duly incorporated and validly existing under the laws of Malaysia, has full power and all relevant governmental

- authorisations, consents, rights, licences, approvals and permits to carry on its business;
- (2) the constitution of the Issuer incorporates provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant material governmental authorisations, consents, rights, licences, approvals and permits 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;
- (3) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date of this representation and warranty is made or repeated:
- (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its properties and assets is bound or which is applicable to the Issuer or any of its properties and assets whereby such default would have a Material Adverse Effect; or
- (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its constitution or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded;
- (4) 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 their respective terms;
- (5) as at the date thereof, the Issuer's audited financial statements for the relevant financial year have been and shall be prepared on a basis consistently applied in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of its financial results for that financial year and the state of its financial affairs at that date;

- (6) there has been no change nor any development in the financial condition of the Issuer since the date of its last audited financial statements which has or would have a Material Adverse Effect;
 - (7) as at each issue date of the Sukuk Murabahah, no litigation or arbitration is being initiated or presently in progress or, to the best of the Issuer's knowledge and belief, is threatened against the Issuer, which if adversely determined has or would have a Material Adverse Effect;
 - (8) no Event of Default or Potential Event of Default has occurred and is continuing or would occur as a result of the issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme;
 - (9) no tax liabilities of any kind above an amount equivalent to ten per centum (10%) of the current profit before tax of the Issuer are outstanding in payments (other than taxes contested in good faith within sixty (60) days from the notice from the Department of Inland Revenue or other relevant authorities and to the extent such withholding is permissible under the relevant law); and
 - (10) such other representations and warranties as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.
- (25) **Events of default or enforcement events, where applicable, including recourse available to investors** : To include the following (collectively, "**Events of Default**" and each an "**Event of Default**"):
 - (1) the Issuer fails to pay any amount due under the Sukuk Murabahah and any of the Transaction Documents on the due date or, if so payable, on demand and such default continues for a period of five (5) business days;
 - (2) any representation or warranty made or given or deemed 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 Sukuk Murabahah and/or any of the Transaction Documents is or 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 or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate or would be misleading which has or would have a Material Adverse Effect,

and in the case of a failure which is capable of being remedied, the Issuer does not remedy such failure within a period of thirty (30) days after the Issuer became aware or having been notified in writing by the Sukuk Trustee of the failure, whichever is earlier;

- (3) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk Murabahah which has or would have a Material Adverse Effect (other than an obligation of the type referred to in sub-paragraph (1) above), and in the case of a failure which is capable of being remedied, the Issuer does not remedy such failure within a period of thirty (30) days after the Issuer became aware or having been notified in writing by the Sukuk Trustee of the failure, whichever is earlier;
- (4)
 - (a) any indebtedness for borrowed moneys of the Issuer in excess of Ringgit Malaysia One Hundred Million (RM100,000,000) becomes due or payable or capable of being declared due or payable prior to its stated maturity; or
 - (b) any guarantee or similar obligations of the Issuer exceeding the sum of Ringgit Malaysia One Hundred Million (RM100,000,000) is not discharged or paid in accordance with its terms; or
 - (c) the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations the value of which exceeds the sum of Ringgit Malaysia One Hundred Million (RM100,000,000); or
 - (d) any security created to secure such indebtedness, guarantee or other obligations exceeding the sum of Ringgit Malaysia One Hundred Million (RM100,000,000) becomes enforceable,

and where any of the above is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction or with the relevant arbitral forum within thirty (30) days from the date of such event occurring after the Issuer became aware or having been notified in writing by the Sukuk Trustee to the Issuer, whichever is earlier;

- (5) the Issuer repudiates any of the Transaction Documents or does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (6) the Issuer changes, suspends or ceases or threatens to change, suspend or cease to carry on a material part of its business which it now conducts and such change, suspension or cessation has or would have a Material Adverse Effect. For the avoidance of doubt:
 - (a) in the event the Issuer transfers any material part of its business to another company within the Issuer Group and:
 - (i) where such company is not a listed entity, the Issuer at all times maintains full control of the said company; or
 - (ii) where such company is a listed entity, the Issuer remains the single largest and controlling shareholder of the said company, or
 - (b) where the Issuer transfers all or any of its operational responsibilities to another government-approved entity,then, the Issuer shall not be deemed to have suspended or ceased nor has threatened to suspend or cease to carry on a material part of its business;
- (7) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business property or assets of the Issuer, or distress, legal process, sequestration or any form of execution or process is levied or enforced or sued out against the Issuer or any of its assets which has or would have a Material Adverse Effect and is not discharged within thirty (30) days after being levied, enforced or sued out against the Issuer or any of its assets;
- (8) the Issuer fails to satisfy any monetary judgement passed against it by any court of competent jurisdiction which has or would have a Material Adverse Effect and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been finally judicially dismissed;

- (9) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to oppose or set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the Issuer, as the case may be;
- (10) the Issuer proposes or makes any arrangement including any scheme of arrangement (whether instituted against it or otherwise, and whether or not pursuant to Section 366 of the Companies Act) or, takes any proceedings or other steps with any relevant court with a view to a rescheduling or deferral of all or any substantial part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any substantial part of its indebtedness or any assignment is made for the benefit of its creditors (other than for the purposes of and followed by a reconstruction which has been approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent);
- (11) (a) the Issuer, for the purpose of Section 466(1) of the Companies Act, is deemed unable to pay any of its debts; or (b) the Issuer becomes unable to pay any of its debts as they fall due; or (c) the Issuer suspends or stops or notifies in writing to the relevant creditor that it will suspend or stop making payments with respect to any of its financial indebtedness and such event, in each case, has or would have a Material Adverse Effect, unless in any of the above, the Issuer is disputing in good faith and taking proper legal steps in respect of the matter;
- (12) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable or ceases to be binding;
- (13) where there is a revocation, withholding, invalidation or modification of any licence, authorisation, approval or consent which in the opinion of the Sukuk Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Sukuk Murabahah or the provisions of the Transaction Documents;
- (14) any event or events has or have occurred or a situation exists which has or would have a

Material Adverse Effect, and in the case of the occurrence of such event or situation which is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) days after the Issuer became aware or having been notified in writing by the Sukuk Trustee of the event or situation, whichever is earlier; and

- (15) such other events of default as may be advised by the Solicitors and to be mutually agreed in writing between the Issuer and the Lead Arranger.

For the purpose of item (7) and item (10) above, reference to “**substantial**” shall mean such business, property or assets of the Issuer, the book value of which is more than ten per centum (10%) of the Issuer’s total consolidated net assets. For the avoidance of doubt, the book value of the business, property or assets is as reflected in the Issuer’s latest available audited financial statements.

Upon the occurrence of an Event of Default and for so long as such Event of Default remains outstanding and unremedied, the Sukuk Trustee may or shall (if directed to do so by the Sukukholders) declare that an Event of Default has occurred, and in furtherance thereto, the Sukuk Trustee may or shall (if directed to do so by the Sukukholders) exercise its rights under the Transaction Documents, including declaring that the Redemption Amount (as defined below) and all other amount payable under the Transaction Documents shall become immediately due and payable and may take such proceedings against the Issuer as it may deem fit to enforce its rights under the Transaction Documents.

“**Redemption Amount**” means the amount equivalent to the Deferred Sale Price at the date of issuance of the Sukuk Murabahah less the aggregate of Periodic Profit Payments paid (if any) and Ibra’ (if any).

- (26) **Governing laws** : Laws of Malaysia.
- (27) **Provisions on buy-back, if applicable** : No provision on buy-back
 Provision on buy-back, details as follows:

Redemption on maturity

Unless previously redeemed, or purchased, and cancelled, the Sukuk Murabahah shall be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

Repurchase and cancellation

The Issuer or its subsidiaries or agent(s) of the Issuer who is/are acting for the redemption or purchase, may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty, but such

Sukuk Murabahah shall be cancelled by the Issuer and cannot be resold.

Any of the Sukuk Murabahah acquired in the open market or by private treaty by the Issuer's related corporations (other than the Issuer's subsidiaries) or Interested Persons need not be cancelled but shall not entitle them to participate in the voting of any Sukukholders' resolution nor form part of the quorum of any meeting subject to any exceptions contained in the Trust Deeds Guidelines.

- (28) **Provisions on early redemption, applicable if** : No provision on early redemption
 Provision on early redemption, details as follows:
- Subject to the consent of the Sukukholders by an extraordinary resolution in accordance with the terms of the Trust Deed, the Issuer may redeem the Sukuk Murabahah prior to their maturity by giving the requisite notice at a Redemption Price (as defined below) to be mutually agreed in writing between the Issuer and the Sukukholders in the said extraordinary resolution.
- "Redemption Price"** means the outstanding Deferred Sale Price less Ibra' (if any). The Sukuk Murabahah so redeemed shall be cancelled by the Issuer and cannot be resold.
- (29) **Voting** : Prior to upsizing of the Sukuk Murabahah Programme, all matters which require the Sukukholders' consent under the Sukuk Murabahah Programme shall be carried out on a collective basis.
- Post upsizing of the Sukuk Murabahah Programme, all matters which require the Sukukholders' consent under the Sukuk Murabahah Programme shall be carried out on a "per series" (as defined below) basis. Sukukholders holding a requisite amount under each series (to be determined under the Trust Deed) shall provide their consent for the relevant matters to be passed under the Sukuk Murabahah Programme and the consent from the Sukukholders of all outstanding series shall have been obtained for any such resolution to be carried.
- "series"** shall mean, in relation to any Sukuk Murabahah, such Sukuk Murabahah with the same issue date.
- (30) **Permitted investments, if applicable** : No permitted investments
 Permitted investments, details as follows:
- (31) **Ta'widh (for ringgit-denominated sukuk)** : In the event of delay in payments of the Deferred Sale Price under the Sukuk Murabahah, the Issuer shall pay to the Sukukholder(s) Ta'widh (compensation) on such delayed payments at the rate and in the manner prescribed by the SC's Shariah Advisory Council ("**SAC**") from time to time.

(32) Ibra' (for ringgit-denominated sukuk) : The Sukukholder(s) in subscribing or purchasing the Sukuk Murabahah consent to grant *Ibra'* on the Deferred Sale Price, if the Sukuk Murabahah is redeemed before the maturity date, either upon the declaration of an Event of Default or upon an early redemption.

In the case of declaration of an Event of Default:

- (1) in relation to the Sukuk Murabahah with Periodic Profit Payments issued at a discount, at par or at a premium, the amount of *Ibra'* shall be the unearned profit due to the Sukukholders and calculated from the date of the declaration of an Event of Default up to the Sukuk Murabahah's respective maturity date(s); and
- (2) in relation to the Sukuk Murabahah without Periodic Profit Payments and issued at a discount, the amount of *Ibra'* shall be the unearned discounted amount due to the Sukukholders and calculated from the date of the declaration of an Event of Default up to the Sukuk Murabahah's respective maturity date(s).

In the case of an early redemption, the amount of *Ibra'* (if any) shall be at the discretion of the Sukukholders (to be determined by an extraordinary resolution) based on a formula to be mutually agreed in writing between the Issuer and the Sukukholders in the said extraordinary resolution.

"Ibra'" means an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full.

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

(33) Kafalah (for ringgit-denominated sukuk) : Not applicable.

Other terms and conditions

- (1) **Identified assets** : Shariah-compliant commodities, which exclude ribawi items in the category of medium of exchange such as currency, gold and silver.
- (2) **Purchase and selling price/rental (where applicable)** : **Purchase Price**
An amount equivalent to the proceeds raised from the issuance of the Sukuk Murabahah. The Purchase Price shall be in compliance with the asset pricing

requirements stipulated under the Guidelines on LOLA Framework.

Deferred Sale Price

An amount equivalent to the Purchase Price plus the disclosed profit margin to be paid on deferred payment basis.

- (3) **Profit/ coupon/ rental payment frequency** : **Sukuk Murabahah with Periodic Profit Payments**

The Periodic Profit Payments are payable at semi-annual intervals or such other periodic intervals in arrears to be agreed in writing between the Issuer and the Lead Manager prior to the issuance of such Sukuk Murabahah.

Sukuk Murabahah without Periodic Profit Payments

Not applicable.

- (4) **Profit/ coupon/ rental payment basis** : **Sukuk Murabahah with Periodic Profit Payments**

The Periodic Profit Payments shall be calculated on an actual number of days based on 365-day basis.

Sukuk Murabahah without Periodic Profit Payments

Not applicable.

- (5) **Profit/ coupon/ rental payment rate** : **Sukuk Murabahah with Periodic Profit Payments**

The profit rate, if applicable, shall be on a fixed rate basis and to be mutually determined and mutually agreed in writing between the Issuer and the Lead Arranger/ Lead Manager and/or the relevant Sukukholders prior to each issuance of the Sukuk Murabahah.

The applicable yield-to-maturity for the respective series of the Sukuk Murabahah will be determined upon written agreement between the Issuer and the Lead Arranger/ Lead Manager (in the case of bought deal) or upon written agreement between the Issuer and the Lead Arranger/ Lead Manager and/or the relevant Sukukholder(s) (in the case of private placement) or at the point of book closure (in the case of book-building).

Sukuk Murabahah without Periodic Profit Payments

Not applicable.

- (6) **Tenure of the Sukuk Murabahah Programme** : In addition to the section titled "Tenure of facility/programme" in the "Principal Terms and Conditions":

The tenure of the Sukuk Murabahah Programme is up to twenty (20) years from the first issue date, provided that the first issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme shall be made within sixty (60) business days from the date of lodgement of the information and documents relating to the Sukuk Murabahah Programme with the SC as required under the Guidelines on LOLA Framework.

- (7) **Tenure of the Sukuk Murabahah** : Each tranche of the Sukuk Murabahah shall have a tenure of at least one (1) year and up to fifteen (15) years from the issue date, provided always that the maturity of each tranche of Sukuk Murabahah does not extend beyond the tenure of the Sukuk Murabahah Programme.
- (8) **Details on utilisation of proceeds by the Issuer** : The proceeds raised from the Sukuk Murabahah shall be utilised by the Issuer for the following Shariah-compliant purposes:
- (1) repay or refinance the financing or borrowings of the Issuer Group;
 - (2) finance present and future investments;
 - (3) finance the Issuer's working capital requirements;
 - (4) finance and/or reimburse the Issuer's capital expenditure requirements; and
 - (5) pay and/or reimburse fees, expenses, costs and all other amounts payable in relation to the Sukuk Murabahah Programme.

For the avoidance of doubt, the utilisation of the proceeds of the Sukuk Murabahah under the Sukuk Murabahah Programme shall at all times be for Shariah-compliant purposes.

- (9) **Listing status and types of listing, where applicable** : The Sukuk Murabahah are not and will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges.
- (10) **Issue price** : The Sukuk Murabahah may be issued at par, at a premium or at a discount. The issue price shall be calculated in accordance with the PayNet Rules (as defined herein) and the PayNet Procedures (as defined herein).
- (11) **Status** : The Sukuk Murabahah will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least rank pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, except for those preferred by law and the Transaction Documents.

- (12) Transaction Documents** : Such documentation which shall include, amongst others, the following:
- (1) the programme agreement;
 - (2) the Trust Deed;
 - (3) the Islamic transaction documents;
 - (4) the securities lodgement form for central securities depository and paying agency services;
 - (5) the supplemental programme agreement (to give effect to the upsizing);
 - (6) the supplemental trust deed (to give effect to the upsizing);
 - (7) the securities lodgement form for central securities depository and paying agency services (to give effect to the upsizing); and
 - (8) any other relevant documents to be executed in connection with the Sukuk Murabahah Programme and to be mutually agreed in writing between the Issuer and the Lead Arranger to be designated as a "Transaction Document".
- (13) Taxation** : All payments by the Issuer under any of the Transaction Documents and the Sukuk Murabahah shall be paid without set-off or counter claim and shall be made in full without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia, or any applicable jurisdiction or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.
- The Issuer shall not be required to gross up in connection with such withholding or deduction.
- (14) Form and Denomination** : Issuance of the Sukuk Murabahah shall be in accordance with:
- (1) the Participation and Operation Rules of Payments and Securities Services (as amended and/or substituted from time to time) issued by Payments Network Malaysia Sdn Bhd ("**PayNet**") or its successor in title, assigns or any successor in such capacity ("**PayNet Rules**");
 - (2) the Operational Procedures for Securities Services and Operational Procedures for Malaysian Ringgit Settlement in the Real Time Electronic Transfer of Funds and Securities System (as amended and/or substituted from

time to time) issued by PayNet or its successor in title, assigns or any successor in such capacity ("**PayNet Procedures**"); and

- (3) any other procedures/guidelines/rules (as amended and/or substituted from time to time) issued by the relevant authorities from time to time.

Form

The Sukuk Murabahah shall be represented by a global certificate to be deposited with Bank Negara Malaysia ("**BNM**") and is exchangeable for definitive bearer certificates only in certain limited circumstances.

Denomination

The denomination of the Sukuk Murabahah shall be Ringgit Malaysia One Million (RM1,000,000.00) and in multiples of Ringgit Malaysia One Million (RM1,000,000.00) thereof or such other denomination as may be mutually agreed in writing between the Issuer and the Principal Adviser/ Lead Arranger/ Lead Manager as may be allowed under the PayNet Rules and the PayNet Procedures.

(15) Trustees' Reimbursement Account

- : The Issuer shall open or procure the opening of and maintain a Shariah-compliant account designated as "**Trustees' Reimbursement Account for Sukukholders' Actions**" with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00) deposited therein by the Issuer (which shall be maintained at all times by the Issuer throughout the tenure of the Sukuk Murabahah Programme). In the event that the amount outstanding to the credit of the Trustees' Reimbursement Account falls below Ringgit Malaysia Thirty Thousand (RM30,000.00) at any time during the tenure of the Sukuk Murabahah Programme, the Issuer shall immediately remit such amount as to maintain the balance in the Trustees' Reimbursement Account at Ringgit Malaysia Thirty Thousand (RM30,000.00). The Trustees' Reimbursement Account shall be operated solely by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee for the purpose of carrying out its duties in relation to the occurrence of an Event of Default.

Any unutilised money in the Trustees' Reimbursement Account shall be returned to the Issuer upon the cancellation and/or termination of the Sukuk Murabahah Programme or the expiry of the tenure of the Sukuk Murabahah Programme subject to the full redemption of any Sukuk Murabahah issued thereunder, provided always that no Event of Default has occurred and is continuing.

(16) Costs and Expenses

- : All legal fees, stamp duties (if any) and reasonable expenses incurred in connection with the Sukuk Murabahah Programme, including professional due

diligence fees and fees payable to the Central Depository, the Paying Agent, the SC and the Credit Rating Agency, where applicable, shall be for the account of the Issuer.

- (17) Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
- (18) Other Conditions** : The Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or PayNet having jurisdiction over matters pertaining to the Sukuk Murabahah.

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3. UPDATED CORPORATE INFORMATION ON THE ISSUER

3.1 Shareholding structure

The Issuer is currently owned by MMC Port Holdings Sdn Bhd (70.0%) (a wholly owned subsidiary of MMC Corporation Berhad) and APM Terminals B.V. (30.0%).

The present structure of shareholding and the names of the shareholders of the Issuer are as follows:

Names of shareholders	Number of shares held	Percentage of shareholding
MMC Port Holdings Sdn Bhd	509,494,049 ordinary shares	70.00%
APM Terminals B.V.	218,354,594 ordinary shares	30.00%
Minister of Finance (Incorporated)	1 Special Rights Preference Share*	Negligible

**The Special Rights Preference Share, which may be held only by, or transferred only to, the Minister of Finance (Incorporated) or its successors or any minister, representative or any person acting on behalf of the Government, carries certain special rights as provided by Article 19 of the Issuer's Articles of Association. Please see Section 3.3 of the Information Memorandum dated 12 May 2020 on the terms of the Special Rights Preference Share.*

3.2 Profile of directors

The present Board of Directors of the Issuer comprises the following:

Dato' Sri Che Khalib bin Mohamad Noh
Chairman

Dato' Sri Che Khalib bin Mohamad Noh was appointed as a Director of the Issuer on 2 July 2013 and assumed the position of Chairman on 1 January 2015. He is also the Chairman of the Executive Committee.

A qualified accountant, Dato' Sri Che Khalib is a member of the Malaysian Institute of Accountants (CA, M) and a Fellow of the Association of Chartered Certified Accountants (FCCA, UK), United Kingdom.

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as the CEO. He then assumed the position of Managing Director and CEO of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/CEO of TNB on 1 July 2004 where he served TNB for eight (8) years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012. Currently, Dato' Sri Che Khalib is the Group Managing Director of MMC Corporation Berhad

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad.

Dato' Sri Che Khalib currently sits on the Boards of MMC Corporation Berhad, Gas Malaysia Berhad, Malakoff Corporation Berhad, Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, Johor Port Berhad, MMC Engineering Group Berhad, NCB Holdings Bhd, Northport (Malaysia) Bhd, Kontena Nasional Berhad and several other private limited companies.

Dato' Mohd Taufik bin Abdullah

Director

Dato' Mohd Taufik bin Abdullah was appointed as a Director of the Issuer on 12 December 1995. He is also the Chairman of the Audit Committee.

Dato' Mohd Taufik completed his secondary education at Malay College, Kuala Kangsar in 1961 and obtained a Bachelor of Science Degree from University of Malaya in 1966. In 1968, he obtained a post-graduate Diploma in Operational Research from Woolwich Polytechnic, London. He continued his post-graduate education at Essex University, United Kingdom where he obtained a Master of Science Degree in Statistics and Operational Research in 1969.

Dato' Mohd Taufik joined BNM in 1970 where he served in various positions until 1984. His last position at BNM was as an Assistant Governor. In January 1985, he was appointed as Executive Director of Bank Bumiputra Malaysia Berhad. He then joined United Asian Bank Berhad as CEO/Director of the bank, a position he held until 1991. He was then appointed as the Chairman of Johor Port Berhad from 1995 until 2011.

Joao Carlos Vendeirinho Almeida

Director

Joao Carlos Vendeirinho Almeida was appointed as a Director of the Issuer on 26 November 2018.

Joao Almeida is a KPMG trained qualified Chartered Accountant with audit and management consultancy expertise. Joao Almeida holds Bachelors' of Commerce and Accountancy from the University of the Witwatersrand (South Africa) and a Masters' in Management (Sloan Fellowship) from the London Business School. Joao Almeida is a qualified Chartered Accountant (South Africa).

Joao Almeida joined the Maersk Group in 2017 as the Chief Financial Officer, COO Portfolio (Hubs, Project Under Implementation, IT). With around 20 years' expertise in blue-chip matrix structured multinational organisations, Joao Almeida has held full finance leadership responsibilities in Europe, Latin America, Middle East and Africa.

Before joining APM Terminals B.V., Joao Almeida served CRH Europe as the Transformation Director Europe. His extensive career also includes being a Finance Director at SECIL, S.A (CRH Joint Venture), Managing Director at National Business M&A Advisors, Chief Financial Officer at CABOVISAO S.A. (part of Altice Group) and Divisional Finance Director for Southern Europe at Royal NUMICO N.V (part of Danone Group).

Joao Almeida currently sits on the Boards of Egyptian International Container Terminal SA, Suez Canal Container Terminal SAE, APM Terminals Tangier S.A. and APM Terminals Rotterdam B.V.

Datuk Ooi Teik Huat

Director

Datuk Ooi Teik Huat was appointed as a Director of the Issuer on 28 August 2008.

Datuk Ooi is a member of Malaysian Institute of Accountants and CPA Australia and holds a Bachelor's Degree in Economics from Monash University, Australia.

Datuk Ooi began his career with Messrs. Hew & Co., Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Berhad as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn Bhd where he is presently a Director.

Datuk Ooi currently sits on the Boards of MMC Corporation Berhad, DRB-HICOM Berhad, Zelan Berhad, Malakoff Corporation Berhad, Gas Malaysia Berhad, Johor Port Berhad, Tradewinds (M) Berhad and several other private limited companies.

Keith Martin Urup Svendsen

Director

Keith Martin Urup Svendsen was appointed as a Director of the Issuer on 11 July 2017.

Keith Svendsen holds a Master Mariner from Fano Navigation College in Denmark and earned an Executive Master of Business Administration from the London Business School in United Kingdom with a concentration in strategy and marketing.

Keith Svendsen joined the Maersk Group in 1990 as a sea-going cadet. For the past 18 years, he worked in various leadership positions within the Maersk Group across several businesses and countries including Denmark, Italy, Holland, United Kingdom, Turkey and China. Before his appointment as Chief Operating Officer for APM Terminals B.V. in February 2017, Keith Svendsen served as Head of Operational Execution for Maersk Group's Maersk Line business unit, where his responsibilities included the procurement function and the daily execution of the world's largest container shipping company, delivering competitive service at the most efficient unit cost.

Keith Svendsen currently sits on the Boards of APM Terminals Costa Rica S.A., Rail Terminal Bremerhaven GmbH, North Sea Terminal Bremerhaven GmbH and Co KG, Egyptian International Container Terminal SA and Meridian Port Services Ltd.

Datuk Isham Bin Ishak

Director

Datuk Isham Bin Ishak was appointed as a Director of the Issuer on 28 May 2020.

Datuk Isham holds a Master of Arts in Strategic Management from Claremont Graduate University, USA. He had also attended the Oxford Advanced Management and Leadership Programme at the Oxford University, United Kingdom, and Harvard Advanced Management Programme at the Harvard Business School, USA.

Datuk Isham was appointed as the Secretary-General of the MOT on 25 November 2019. Prior to his appointment in MOT, he was the Secretary-General of the MOTAC and the Secretary-General of the MITI.

Datuk Isham had served in several divisions related to international and regional aspects of trade and industry while in MITI, including Trade Facilitation, Strategic Planning, WTO, APEC and ASEAN. He had assisted the MSMEs in Malaysia while serving as the Chief Operating Officer and Deputy CEO at the SME Corporation Malaysia, an agency under MITI from 2014 to 2016. Besides, Datuk Isham spent five (5) years in USA, from 2006 to 2011, as the Minister Counselor at the MITI Washington D.C. Office.

Datuk Isham was also the Special Officer to the Minister of International Trade and Industry Malaysia Yang Berhormat Tan Sri Rafidah Aziz from 2004 to 2006, and the Special Officer to the Yang Amat Berhormat Tun Abdullah Ahmad Badawi, Malaysia's fifth Prime Minister.

Datuk Isham currently sits on the Boards of Johor Port Berhad and several other private limited companies.

Raja Muhammad Azhan Shah Bin Raja Muhammad
Director

Raja Muhammad Azhan Shah Bin Raja Muhammad was appointed as a Director of the Issuer on 28 May 2020.

Raja Muhammad Azhan graduated with an M.A. (Econ) Development Economics from Vanderbilt University, USA. He also holds a Diploma in Public Management from INTAN Bukit Kiara, Kuala Lumpur and a Bachelor's Degree in Science (Agribusiness) from University of Agriculture, Malaysia.

Raja Muhammad Azhan is currently the Deputy Under Secretary, in the Government Investment Companies Division in the Ministry of Finance.

With more than 25 years of working experience in the government sector, Raja Muhammad Azhan had served various other positions including as the Deputy Director (Development II) for the Government Investment Department (UKAS), in the Prime Minister's Department as well as other posts within the Economic Planning Unit of Prime Minister's Department.

Raja Muhammad Azhan currently sits on the Boards of Indah Water Konsortium and several other private limited companies.

Badrulhisyam Bin Fauzi
Director

Badrulhisyam Bin Fauzi was appointed as a Director of the Issuer on 1 July 2020.

Badrulhisyam graduated with a Bachelor of Engineering in Computing from Imperial College London and is a Chartered Financial Analyst charter holder of the CFA Institute. He is also a Chartered Global Management Accountant being a Fellow member of the Chartered Institute of Management Accountants as well as a member of Malaysian Institute of Accountants.

Badrulhisyam is the Group Chief Financial Officer of MMC Corporation Berhad. He joined the Group Managing Director's Office of MMC Corporation Berhad on 11 July 2011 and subsequently became Head, Group Strategy before assuming his current position effective 1 July 2020. Badrulhisyam started his career as an Investment Analyst in Permodalan Nasional Berhad and was the Head of Analysts for the global equity research team in the International Fund Management Department before joining MMC Corporation Berhad.

Badrulhisyam currently sits on the Boards of Johor Port Berhad, Kontena Nasional Berhad, Northport (Malaysia) Bhd, Kramat Tin Dredging Berhad and several other private limited companies within MMC Corporation Berhad.

Catharina Maria Otten
Alternate Director

Catharina Maria Otten was appointed as an Alternate Director to Joao Carlos Vendeirinho Almeida on the Board of Issuer on 26 November 2018. She is also an alternate to Joao Carlos Vendeirinho Almeida in the Executive Committee.

Catharina holds a degree in Business Economics from Erasmus University, Rotterdam, the Netherlands, and has completed advanced business programs at the Geneva-based International Institute for Management Development (IMD), and the Fontainebleau, France-based Institut Européen d'Administration des Affaires (INSEAD).

Catharina currently is a Vice President and Chief Financial Officer of APM Terminals B.V.

Prior to joining APM Terminals B.V., Catharina spent 20 years with Netherlands-based Royal Dutch Shell in various finance roles including as Chief Financial Officer for Shell's Integrated Gas Projects business in Malaysia.

Catharina currently sits on the Boards of A.P. Moller Finance S.A., APM Terminals - Aarhus A/S, APM Terminals B.V., APM Terminals Maasvlakte II B.V., APM Terminals Management (Shanghai) Co. Ltd., APM Terminals Management (Singapore) Pte. Ltd., APM Terminals Management B.V., APM Terminals MedPort Tangier S.A., APM Terminals Moin S.A., Maersk Holding B.V. and Meridian Port Holdings Ltd.

Jens Rolf Nielsen
Alternate Director

Jens Rolf Nielsen was appointed as an Alternate Director to Keith Martin Urup Svendsen of the Board of the Issuer on 26 November 2018. He is also an alternate to Keith Martin Urup Svendsen in the Executive Committee.

Rolf holds an Executive MBA (GEMBA) from INSEAD, France. He is an international business executive with over 20 years of leadership experience in the maritime industry (Inland operations, liner operations cluster, terminal operations, network strategy, development of sophisticated analytical tools/network optimisation customer service, and supply chain management).

Rolf currently is the Vice President and Head of Hub Terminals in APM Terminals B.V., the Netherlands.

Rolf currently sits on the Boards of APM Terminals MedPort Tangier S.A., Eurogate Container Terminal Wilhelmshaven GmbH & Co. KG, Rail Terminal Bremerhaven GmbH, North Sea Terminal Bremerhaven GmbH & Co. KG, APM Terminals Algeciras S.A., Suez Canal Container Terminal SAE, Salalah Port Services Company SAOG, APM Terminals Tangier S.A., A.P. Moller Terminals & Co. LLC, APM Terminals Rotterdam B.V. and Rail Terminal Wilhelmshaven GmbH.

3.3 Financial highlights

The following is a summary of the Issuer's financial highlights from FYE 2018 to FYE 2020 on a consolidated basis comprising unaudited financial information for the FYE 2020 as well as audited financial information for the FYE 2019 and FYE 2018.

Statements of comprehensive income

	<--- Unaudited --->	<----- Audited ----->	
	31 December 2020	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000
Revenue	1,479,419	1,320,523	1,294,290
Operating Profit	471,858	376,950	324,991
Profit before taxation	309,608	211,414	196,020
Net profit for the financial year	229,877	137,542	148,359
Other comprehensive income for the financial year, net of tax	(2,894)	(1,080)	7,041
Total comprehensive income for the financial year	226,983	136,462	155,400

Statement of financial position

	<--- Unaudited ---> 31 December 2020	<----- Audited -----> 31 December 2019 31 December 2018	
	RM'000	RM'000	RM'000
Non-Current Assets	4,796,316	4,689,426	4,977,796
Current Assets	1,034,418	920,169	870,301
Non-Current Liabilities	2,661,603	1,252,324	3,001,098
Current Liabilities	681,600	1,944,865	522,072
Total Equity	2,487,531	2,412,406	2,324,927

Despite the devastating impact of the COVID-19 pandemic on global economies, PTP's financial performance in FYE 2020 held steady partly due to the strong pre-pandemic performance in the first quarter of 2020, and a strong rebound in container handling volume in the third and fourth quarters. PTP's full-year volume in 2020 stood at a record-breaking 9.85 million TEUs, exceeding the previous year by 8%. The growth benefited from the higher-than-expected recovery in the Asia-Europe route and from the diversion of additional volume from neighbouring ports that had faced capacity issues during the year. Maersk continued to use PTP as their preferred regional hub to consolidate more regional cargos from Singapore and other ports to maximise their vessels utilisation. Similarly, MSC also moved more cargo from Singapore and other regional ports into PTP.

PTP's financial performance targets were achieved and exceeded in FYE 2020. Total revenue grew by 12% year-on-year to RM1,479 million, mainly due to the higher volume handled as mentioned above. EBITDA margin increased by 3% from 51% in 2019 to 54% from the higher revenue and lower costs achieved from the on-going company-wide cost efficiency measures. Consequently, PTP recorded an unaudited profit after tax of RM229 million in FYE 2020, which is 67% higher than FYE 2019.

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4. UPDATED BUSINESS OVERVIEW

4.1 Updated business overview of the Issuer

The Government gazetted port services as one of the essential services allowed to continue to operate during the MCO promulgated due to the COVID-19 pandemic. Pursuant to this, the Issuer closely collaborated with relevant authorities and proactively implemented necessary measures to ensure compliance with strict regulations associated to the SOP imposed by the Government on the movement and congregation of people under the MCO. As a result, the Issuer's vendors and logistics operators operated according to scheduled work at the terminal, while the Issuer's terminal operations itself were carried out with very minimal disruption.

During the pandemic, shipping lines benefited from the post recovery volumes and the corresponding improvement to freight rates. Lesser quantities of vessels with bigger capacity (ULCV size) were deployed in order to maximise utilisation. These ULCV require deep draft and capable cranes to operate them, and PTP is one of the few ports which has the capability to handle such vessels. During the year, the Issuer took delivery and commissioned an additional 8 units of ULCV quay cranes and 10 ERTG, further strengthening its capability to handle the ULCV. The Issuer also continued with the on-going channel deepening project which was recently completed in January 2021.

Based on the strong partnership with its customers, and capability to offer capacity at such dire times when its competitors in the region were facing capacity constraints, the Issuer benefited by receiving more volume contributions from Maersk and MSC (the 2M alliance). Maersk continued to use PTP as their preferred regional hub to consolidate more regional cargos from Singapore and other ports to maximise their vessels utilisation. Similarly, MSC also moved more cargo from Singapore and other regional ports into PTP.

Volume development in 2020

Overall for the year 2020, PTP recorded a commendable growth of 8% in volume compared to the previous year despite other ports facing challenges in meeting their growth targets.

In the first quarter, PTP recorded an 8% growth in volume as compared to the same period for the previous year.

In the second quarter, although volume declined from local cargos, such decline was not as severe as that faced by other gateway ports, as PTP is a transshipment hub that is not heavily reliant on volume contributed from the local economy.

From the third quarter onwards, volume picked up at an encouraging pace amidst the ongoing pandemic (5% higher than the previous year) and saw shipping lines such as Maersk, MSC and CMA CGM S.A. providing extra/ad-hoc calls to PTP and utilising PTP to execute contingencies plans to recover their network. Volume steadily increased commencing September 2020, mainly attributed by additional ad-hoc calls from Maersk and MSC.

Volume for the months of November and December 2020 reached record highs at 922,000 TEUs and 967,000 TEUs respectively as MSC and Maersk continued to divert volume to PTP due to the aforementioned reasons.

Achievements in the year

The procurement and delivery of 8 new ULCV quay cranes and 10 ERTG in the year have further increased PTP's container handling capacity and service reliability. Additionally, the successful completion of the dredging of PTP's navigation channel in January 2021 ensures that the new generation of ULCV can safely navigate through the approach channel.

To keep itself at the forefront of technological advancements in port digitisation and internet of things, the Issuer embarked on various initiatives to improve operational efficiency as well as enabling provision of real time operational data. Examples of the investments are an upgraded

terminal operating system known as Navis N4, collaboration with manufacturers and the Government on pilot project for autonomous prime movers, asset digitisation pilot project, and a more advanced ERP system that will streamline processes and integration of workflows to enhance reporting and data analysis on financials, procurement, projects, assets, etc.

The significant volume growth and challenges associated to the pandemic has also sharpened the need for a well-defined human capital development strategy. Understanding this need, the Issuer had introduced a digital literacy program via LinkedIn Training and Microsoft Teams as well as established a Centre of Excellence for Technical and Advanced training. The Issuer also implemented and matured a foundation for “LEAN” principles in the year to improve processes and cutting out wastes.

In supporting gender inclusion especially in technical areas of the terminal operations, the Issuer recruited female harbor pilots and prime mover drivers with a view to integrate all genders at all aspects of its business and operations. The Issuer also continues its endeavour in promoting gender mainstreaming in other key areas of the organisation as well.

Apart from that, the Issuer made major efforts to further improve waste management, recycling efficiency and minimisation of scheduled waste. Main initiatives that were carried out during the year were general waste recycling and return of used wet batteries to supplier for recycling purposes.

The combination of investment into assets, infrastructure, technology, people development, social and environmental aspects as mentioned above, along with protecting the interests of its various stakeholders in mind, will continue to strengthen PTP’s position as the world-class transshipment hub within the region.

4.2 Future outlook and strategies

4.2.1 Optimisation of Current Footprint

(a) Equipment and infrastructure enhancement

As liners consolidate their fleet with the focus given to larger and more operationally efficient vessels, the Issuer, foreseeing this opportunity, prepared itself by investing into a channel deepening project in 2018. The project was completed in January 2021 with the Issuer’s channel depth standing currently at 18.5 metres. With the increased competition from neighbouring ports in Singapore and Port Klang, the Issuer continued to invest in the port to strengthen its productivity measures. From 2021 to 2025, the Issuer is expected to spend more than RM2.3 billion in port equipment and infrastructure. Main investments expected in 2021 are the purchase of 7 units of quay cranes and 11 units of ERTG to replace and modernise PTP’s existing crane fleet, and terminal enhancement by expanding the container yard to cater for additional storage of empty containers. With the equipment and infrastructure enhancement plan which will be executed in the next few years, the Issuer shall be able to cater up to 15.3 million TEUs on the existing footprint, which will position the Issuer to be among the top choices for the berthing of larger vessels such as the 400m ULCV.

(b) Digitisation and Automation

(i) Terminal Operating System

For optimal port efficiency, the Issuer upgraded its terminal operating systems to highly advanced operating systems such as Navis N4, a Berth Optimisation Engine, Asset Digitisation and Real Time Performance Monitoring. In 2021, the Issuer will further invest in an upgraded Navis 3.8 system. These operating systems will result in:

- (A) supporting multi-terminal visibility and control;
- (B) real time operational data that will enable monitoring and management of operational activities;
- (C) supporting future growth that benefits workforce and customer value;
- (D) increased efficiency in planning and execution;
- (E) maximising operational capacity;
- (F) minimising labour cost;
- (G) maximising terminal performance; and
- (H) pro-active approach to problem solving.

The Issuer will continue to upgrade and implement more advanced terminal operating systems in the foreseeable future to keep up with industry advancements and demands.

(ii) Productivity Application

The Issuer leverages the following applications for human capital productivity that help to increase work efficiency:

- (A) Blue Collar Incentive Application – to encourage monetary performance delivery; and
- (B) PTP Connect – among others, for incident reporting functions.

(iii) Autonomous Driving PM

The Issuer will embark on Project Pathfinder by partnering with Terberg Tractors Malaysia and the government to explore, test and evaluate current technologies in autonomous operation of terminal tractors. The pilot project is already underway and is expected to be completed by December 2021. Should the autonomous driving PM technology materialise, it is expected to result in:

- (A) reduced dependency on physical labour especially foreign labour;
- (B) more stable and consistent productivity;
- (C) maintaining high levels of safety; and
- (D) enhancement of local expertise.

(iv) ERP system

In 2021, the Issuer will complete a full rollout of an advanced ERP system that will streamline processes and enhance day-to-day business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations.

(c) Expansion of Free Zone

The Issuer plans to expand its free zone area, with an additional 81 acres of leasable land. The area currently being developed (Tanjung Adang Phase 2C) is expected to be ready by Q4 2022.

With the expansion of its current footprint through the abovementioned plan, the Issuer can cater for set ups of regional consolidation and distribution hubs from various industries, such as e-commerce, auto-parts, fast moving consumer goods, commodities, food based light manufacturing, furniture, apparel, halal trade, cold storage and other highly import/export driven containerised cargo, to say the least.

4.2.2 Master Plan

The Issuer's master plan, which is a general but coordinated plan designed to guide the development of the port and footprint was approved by the State Government in September 2019, and was subsequently approved at federal level by the National Physical Planning Council in October 2019.

Following the approval, the Issuer appointed a consultant to assist the Issuer in relation to the master plan footprint. The Issuer is also actively engaging with various government authorities and stakeholders in obtaining the required approval for the purpose of incorporating the master plan into the 2025 Johor Bahru District Local Plan. This process is currently ongoing and is being coordinated by Majlis Bandaraya Iskandar Puteri and is targeted to be completed by Q3 2021.

With the expansion programme underway, the Issuer has attracted more key players to invest in PTP, including among others, a significant customer that has shown serious interest to move its East Asia logistics center to PTP.

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5. INDUSTRY OVERVIEW

5.1 Malaysian economy

Growth declined in 4Q 2020

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

Continued negative growth in all economic sectors, except manufacturing

In terms of sectoral performance, all economic sectors, except manufacturing, registered negative growth in the fourth quarter.

The services sector registered a larger contraction of 4.9% in the fourth quarter of 2020 (3Q 2020: -4.0%), as tighter restrictions on mobility and stricter standard operating procedures (SOPs) affected domestic-oriented activities. The restrictions (e.g. shorter operating hours) and weak sentiments adversely impacted spending, particularly on recreational activity and non-essential retail goods, which in turn weighed on activity in the wholesale and retail trade subsector. This was partially offset by continued growth in the motor vehicle segment. In addition, the weakness in tourism activity amid continued closure of international borders weighed on key sub-sectors, such as food and beverage, accommodation as well as transport and storage. Meanwhile, finance and insurance continued to grow amid sustained loan and deposit growth. Growth in the information and communication sub-sector also improved, amid higher demand for data communication services, particularly broadband.

The agriculture sector contracted further by 0.7% (3Q 2020: -0.5%). This was due mainly to weak oil palm output as labour shortages continued to affect harvesting activities, while deteriorating weather conditions towards the end of the year led to operational constraints in production. Growth was also weighed by the continued weaknesses in the rubber, fisheries, forestry and logging subsectors, which partially offset the continued expansion in the livestock and other agriculture subsectors.

The construction sector registered a larger contraction (-13.9%; 3Q 2020: -12.4%). Labour shortages, site shutdowns due to COVID-19 outbreaks and interruptions in progress of selected work packages have affected growth, particularly in the civil engineering and residential sub sectors. The special trade sub sector, however, continued to register positive growth following support from small-scale projects under the PRIHATIN stimulus package.

The mining sector contracted further by 10.6% (3Q 2020: -6.8%). Both crude oil and natural gas production were lower during the quarter, attributed mainly to several facility closures for maintenance purposes.

The manufacturing sector expanded by 3.0% (3Q 20: 3.3%), as robust E&E production more than offset lower activity in the consumer cluster. The strong performance in the E&E sub-sector was supported by sustained global demand for semiconductors components, which has led to a global shortage. This has resulted in a build-up of order backlogs among Malaysian producers which are highly integrated in the global value chain. The positive growth in E&E was partially offset by the weakness in consumer-cluster. In particular, the refining and manufacture of palm-oil related products was affected by disruptions in the agriculture sector amid labour shortages. Several consumer-clusters, such as food and beverages, tobacco, and textiles subsectors, were affected by weaker demand due to the re-imposition of CMCO.

Decline in domestic demand

Domestic demand recorded a decline of 4.4% in the fourth quarter of 2020 (3Q 2020: -3.3%), mainly due to the subdued private consumption and public investment activities. Net exports grew by 12.4% (3Q 2020: 21.9%), with continued expansion in manufactured exports.

Private consumption contracted by 3.4% (3Q 2020: -2.1%). Household spending was subdued amid continued weaknesses in income and employment conditions during the quarter. Spending was also affected by tighter movement restrictions in selected states. Nevertheless, the decline in physical spending was partly mitigated by the continued acceleration in online spending. During the quarter, consumer expenditure also remained supported by various stimulus measures including the EPF i-Lestari withdrawals, the continued support to affected borrowers under the Targeted Repayment Assistance (TRA) and lower passenger car sales tax.

Meanwhile, public consumption continued to expand, albeit at a more moderate pace of 2.7% in the fourth quarter of 2020 (3Q 2020: 6.9%), supported by spending in emoluments.

Contraction in investment activity

Gross fixed capital formation (GFCF) contracted further by 11.9% (3Q 2020: -11.6%), as capital spending from both private and public sectors remained relatively weak. By type of asset, investment in structures contracted by 13.1% (3Q 2020: -12.9) while investment in machinery & equipment (M&E) declined by 9.0% during the quarter (3Q 2020: -8.3%).

Private investment recorded a smaller decline of 7.0% (3Q 2020: -9.3%), mainly supported by continued capital spending in existing projects, particularly in the export-oriented industries.

Meanwhile, public investment registered a larger decline of 19.8% (3Q 2020: -18.6%). This reflects lower spending on fixed assets by the general government and weaker demand in most sectors which continued to weigh on capital spending by public corporations.

Headline inflation moderated slightly during the quarter

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), was slightly lower at -1.5% during the quarter (3Q 2020: -1.4%). This was mainly due to lower inflation for rental and communication services respectively as well as the larger annual decline in retail fuel prices. These were partly offset by higher inflation in other categories, in particular, transport services and food.

The lower inflation for communication services followed the lapse in the base effect of higher fixed telephone line call charges introduced in 2019. The lower rental inflation reflects weak demand for housing as income remained weak, as well as the new work arrangements and border closures. Retail fuel prices declined at an annual rate of 19.2% in the fourth quarter (-18.8% in 3Q 2020) although they were relatively stable on a quarterly basis. Following the lower inflation for communication services and rental, core inflation moderated to 0.8% during the quarter (3Q 2020: 1.0%).

Despite the slightly more negative headline inflation, broad-based downward pressures on prices were contained during the quarter, as reflected by the limited share of CPI items recording price declines (4Q 2020 average: 19%; 2010-2019 average: 21%).

Labour market conditions remained soft

Labour market conditions remained soft amid the reimposition of CMCO. The unemployment rate remained elevated at 4.8% (3Q 2020: 4.7%), mainly reflecting a larger decline in employment growth in the fourth quarter (-0.6%; 3Q 2020: -0.4%). Data from SOCSO reported lower jobless claims from the EIS (23,307 persons; 3Q 2020: 33,309) and higher placement

rate of employees into new jobs (43 per 100 people retrenched; 3Q 2020: 22)¹. This reflects improved labour market conditions particularly in October, before conditions deteriorated in November and December following the re-imposition of movement restrictions.

Private sector wages declined in the fourth quarter (-3.4%; 3Q 2020: -2.6%), mainly attributable to a larger contraction of wages in the services sector. Transportation & storage, accommodation and food & beverages subsectors continued to weigh on the services sector wage growth (-4.5%; 3Q 2020: -2.6%). Wage growth in the manufacturing sector also recorded a contraction, albeit smaller at 1.2% (3Q 2020: -2.7%) following weak growth in domestic-oriented manufacturing industries. These developments indicate employers remained cautious despite the recent positive manufacturing IPI performance, due to continued uncertainty surrounding the recovery trajectory.

Improvement in trade activity amid higher external demand and domestic manufacturing activity

In the fourth quarter of 2020, gross exports grew by 5.1% (3Q 2020: 4.4%), driven primarily by the continued strength in manufactured exports. Gross imports registered a smaller decline of 4.5% (3Q20: -6.3%), due primarily to a more moderate contraction in intermediate imports. The trade surplus² amounted to RM59.9 billion (3Q 2020: RM60.3 billion).

Manufactured exports continued to expand (7.6%; 3Q 2020: 6.8%), supported mainly by E&E exports (13.8%; 3Q 2020: 16.0%). This was driven by robust demand for semiconductors for work from home equipment and medical devices. Commodities exports contracted further (-7.8%; 3Q 2020: -7.2%) due to the sharp decline in crude oil export volume.

Capital imports remained in contraction during the quarter (-15.0%; 3Q 2020: -12.8%) amid the continued decline in domestic investment activity. Similarly, consumption imports declined by 0.3% (3Q 2020: 4.6%) due to lower household spending amid continued weak labour market conditions. Intermediate imports contracted at a slower pace (-7.2%; 3Q 2020: -13.5%), due to higher imports of industrial supplies, in line with the continued expansion in domestic manufacturing activity.

Lower current account surplus

The current account of the balance of payments registered a surplus of RM19.0 billion or 5.0% of GDP during the quarter (3Q 2020: RM26.1 billion or 7.1% of GDP). The lower surplus was due mainly to a deficit in the secondary income account and a larger deficit in the services account.

The goods surplus increased to RM42.9 billion (3Q 2020: RM41.5 billion), supported by strong exports of E&E, rubber gloves and Personal Protective Equipment (PPE). The services account recorded a larger deficit (-RM14.2 billion; 3Q 2020: -RM13.3 billion). This was due to higher payment for transportation services, as well as continued weakness in travel receipts as international travel restrictions remained.

The primary income account registered a lower deficit of RM7.1 billion (3Q 2020: -RM9.2 billion). This mainly reflected the higher income accrued to Malaysians investing abroad.

The secondary income account turned into a deficit of RM2.5 billion (3Q 2020: +RM7.1 billion) due to the absence of the transfers received last quarter as part of a settlement related to a wholly-owned subsidiary of the Minister of Finance (Incorporated).

¹ Job losses are proxied by the number of people who apply for the EIS benefits following loss of employment, while the placement rate refers to the number of people placed in new jobs under the EIS programme for every 100 persons retrenched. Thus, the placement rate is indicative of the pace of hiring, relative to retrenchment activity.

² The goods and trade surpluses differ because goods for processing, storage and distribution (with no change in ownership) are excluded from the goods account. This is as per the 6th Edition of the Balance of Payments and International Investment Position Manual by the IMF.

Financial account registered a smaller net outflow supported by FDI inflows and lower outflows in portfolio and other investments

The financial account recorded a smaller net outflow of RM10.8 billion (3Q 2020: -RM35.2 billion), reflecting mainly lower outflows in the portfolio investment and other investment accounts.

The direct investment account turned around to register a marginal net inflow of RM0.8 billion (3Q 2020: -RM3.1 billion) as foreign direct investment (FDI) registered a net inflow. Net FDI inflows, which amounted to RM6.1 billion (3Q 2020: -RM0.8 billion), were driven mainly by higher equity injections into Malaysia (RM4.4 billion; 3Q 2020: RM3.8 billion) as well as inflows from debt instruments (+RM3.5 billion; 3Q 2020: -RM9.4 billion). The inflows were primarily channelled into the services and manufacturing sectors. DIA recorded higher outflows of RM5.4 billion in the fourth quarter (3Q 2020: -RM2.2 billion). These investments abroad were channelled mainly into the services sector, notably the financial services and information and communication services sub-sectors.

The portfolio investment account recorded a smaller net outflow of RM6.9 billion (3Q 2020: -RM23.1 billion) driven by net inflows of non-resident (NR) portfolio investments of RM12.8 billion (3Q 2020: -RM2.4 billion) amid continued residents' portfolio investments abroad of RM19.7 billion (3Q 2020: -RM20.7 billion). Residents' portfolio investments abroad were driven by institutional investors' acquisitions of equity securities. Net NR portfolio investment inflows reflected inflows into debt securities (+RM14.1 billion; 3Q 2020: +RM4.5 billion) particularly Government bonds. This more than offset the continued, albeit smaller, liquidation of domestic equity securities (-RM1.3 billion; 3Q 2020: -RM6.9 billion).

The other investment account registered a smaller net outflow of RM3.7 billion (3Q 2020: -RM8.5 billion). This was due primarily to lower repayment of interbank borrowings. Net errors and omissions amounted to -RM10.8 billion during the quarter, or -2.2% of total trade.

External debt remained manageable

Malaysia's external debt amounted to RM958.5 billion, or 67.7% of GDP as at end-December 2020 (end-September 2020: RM953.3 billion or 66.5% of GDP). The increase was due mainly to an increase in NR holdings of Government domestic debt securities, and a net issuance of international bonds and notes by corporates. This was partly offset by exchange rate valuation effects following the stronger ringgit against selected major and regional foreign currencies in the fourth quarter of 2020.

The country's external debt remained manageable, given its favourable currency and maturity profiles. Ringgit-denominated external debt amounted to RM325 billion and accounted for 33.9% of total external debt (end-September 2020: 33.1%). It was largely in the form of NR holdings of domestic debt securities (67.7% share of ringgit-denominated external debt) and ringgit deposits (17.7% share) in resident banking institutions. These liabilities were not affected by fluctuations in the ringgit exchange rate.

Foreign currency (FCY) external debt accounted for the remaining RM633.4 billion, or 66.1% of total external debt. 51.5% of FCY-denominated external debt were by the corporate sector, and are mainly subject to prudential and hedging requirements. 27.1% of total FCY-denominated external debt were long-term bonds and notes issued offshore, mainly by non-financial corporates and channelled primarily to finance asset acquisitions abroad. Intercompany loans, which accounted for 15.1% of FCY-denominated external debt, were generally on flexible and concessionary terms.

Interbank borrowings and FCY deposits in the domestic banking system accounted for 34.4% of FCY-denominated external debt. The decline in interbank borrowings during the quarter was largely driven by maturing back-to-back intragroup transactions by banks in the Labuan International Business and Financial Centre. This was partially offset by the increase in interbank borrowings by some domestic banking groups as a pre-emptive measure to accumulate additional liquidity buffers in anticipation of a potential tightening in domestic US

dollar liquidity conditions towards the year end. Nonetheless, three-quarters of interbank borrowings were in the form of intragroup borrowings, which are generally more stable, thereby limiting rollover risks faced by banks. Meanwhile, foreign-currency risk, measured in terms of the net open position of FCY-denominated exposures³, remained below its long-term average at 5.3% of banks' total capital (end-September 2020: 4.6%; 5-year average: 5.7%).

From a maturity perspective, a larger share of total external debt during the quarter was skewed towards medium- to long-term tenure (61.7%; end-September 2020: 61.2%). Short-term external debt accounted for the remaining 38.3% of external debt, where 42.3% were intragroup borrowings, which were generally stable and on concessionary terms. About another 13.6% were accounted by trade credits, largely backed by export earnings and are self-liquidating. As at 29 January 2021, international reserves stood at USD108.6 billion, sufficient to finance 8.6 months of retained imports, and is 1.2 times the short-term external debt.

(Source: BNM's Quarterly Bulletin for Fourth Quarter of 2020)

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³ Refers to the aggregated sum of the net short or long foreign currency positions for all currencies across banks.

5.2 Monetary and financial developments

Improvement in domestic financial market conditions amid rising global risk appetite

Conditions in the domestic financial markets improved in the fourth quarter of 2020, as positive global developments buoyed investor sentiments. Of significance, investor risk appetite improved during the quarter amid positive developments on the approval and deployment of COVID-19 vaccines and greater clarity on US policy direction following the outcome of the US presidential election.

As a result, the domestic financial markets experienced broad-based improvements across asset markets, in line with the regional trend. In the fourth quarter of 2020, domestic financial markets experienced continued nonresident portfolio inflows, which led to an appreciation of the ringgit against the US dollar by 3.6% amid broad US dollar weakening. These inflows were mainly into the domestic bond market, which contributed to the decline of the 3-year, 5-year and 10-year MGS yields by 11.0, 13.4 and 1.0 basis points, respectively. While Fitch Ratings downgraded Malaysia's sovereign rating to BBB+ in December 2020, the impact to the domestic bond market from this downgrade was muted.

The domestic equity markets also trended higher during the quarter. Notably, the improved outlook for the global deployment of COVID-19 vaccines in 2021 more than offset financial market concerns on the impact from renewed containment measures to address rising COVID-19 infections globally.

This led to recoveries in equity prices of sectors which were more severely affected by the pandemic, as investors priced in expectations for an eventual normalisation of economic activities. As at end-December, the FBM KLCI increased by 8.1% to close at 1,627.2 points (end-September: 1,504.8 points).

Interest rates remained stable during the quarter

Nominal interest rates in the wholesale and retail markets were broadly stable throughout the quarter. The benchmark 3-month KLIBOR declined marginally by 3 basis points to 1.94% (3Q 2020: 1.97%). In the retail market, the weighted average base rate (BR) was unchanged at 2.43% (3Q 2020: 2.43%) while the weighted average lending rate (ALR) on outstanding loans decreased marginally to 3.99% (3Q 2020: 4.03%).

Real fixed deposit (FD) rates were also stable in the fourth quarter, given the steady headline inflation in December. In particular, the real 3-month and 12-month FD rates remained broadly unchanged at 3.00% (3Q 2020: 3.00%) and 3.20% (3Q 2020: 3.20%), respectively.

Banking system liquidity remained sufficient to facilitate financial intermediation

Banking system liquidity remained sufficient at both the institutional and system-wide levels to facilitate financial intermediation activity. Reflecting the net inflows during the quarter, the level of surplus liquidity placed with the Bank increased marginally by RM1.3 billion. At the institutional level, all banks maintained surplus liquidity positions with the Bank as at end-December 2020.

Credit continued to expand to meet the financing needs of the economy

In fourth quarter of 2020, net financing expanded by 4.4% on an annual basis (3Q 2020: 4.6%), supported by the continued expansion of outstanding corporate bonds⁴ and loans⁵. Outstanding corporate bond growth increased during the quarter (6.5%; 3Q 2020: 4.3%) due mainly to issuances from Government-related entities and financial institutions.

⁴ Excludes issuances by Cagamas and non-residents.

⁵ Loans from the banking system and development financial institutions (DFIs).

Total outstanding loans recorded 3.7% growth on an annual basis (3Q 2020: 4.7%), with outstanding business loans registering a modest growth (0.9%, 3Q 2020: 2.9%) due to two factors: First, there was a high base effect in the fourth quarter of 2019 due to the disbursement of an exceptionally large-value loan in the manufacturing sector⁶. Second, business loan repayments growth outpaced disbursements during the quarter. In level terms, both disbursements and repayments increased mainly for loans for working capital purposes⁷. Business loan applications and approvals increased during the quarter, especially for the investment-related loans (Investment loan applications: 4Q 2020: RM36.9 bn; 3Q 2020: RM29.7 bn, Investment loan approvals: 4Q 2020: RM16.6 bn; 3Q 2020: RM12.1 bn).

Outstanding loans to households recorded annual growth of 5.4% (3Q 2020: 5.6%). Disbursements remained robust during the quarter (RM99.5 bn; 3Q 2020: RM99.1 bn), while repayments recovered to pre-crisis level across most loan purposes (RM94.6 bn, average 2019: RM91.8 bn). Demand for household loans remained forthcoming, mainly for the purchase of residential properties and passenger cars amid lower interest rates and economic stimulus measures.

(Source: BNM's Quarterly Bulletin for Fourth Quarter of 2020)

Headline inflation was less negative at -1.4% in December

The less negative headline inflation at -1.4% during the month (November 2020:-1.7%) was due mainly to higher domestic retail fuel prices. Underlying inflation, as measured by core inflation⁸, remained stable at 0.7%. For 2020 as a whole, average headline inflation was lower at -1.2% (2019: 0.7%) mainly reflecting the substantially lower global oil prices. Core inflation remained positive, averaging at 1.1% (2019: 1.5%).

Export growth improved in November

Export growth improved to 4.3% in November 2020 (October 2020: 0.2%), due mainly to stronger E&E exports. By destination, the stronger E&E export performance was driven by higher exports to PR China, Hong Kong SAR and Singapore. Looking ahead, exports are expected to be supported by the recovery in global growth, continued demand for electronics exports and higher commodity prices. Nonetheless, the trade outlook remains contingent on global developments surrounding the COVID-19 pandemic.

Continued expansion in net financing

Net financing⁹ continued to expand amid a moderation in total outstanding loan growth (December 2020: 3.4%, November 2020: 3.8%) while outstanding corporate bond growth was sustained at 6.5% (November 2020: 6.7%). Outstanding household loan growth was sustained at 5.0% (November 2020: 5.0%) as loan disbursements increased and remained higher than the historical average (December 2020: RM33.1 billion, November 2020: RM29.7 billion). Outstanding business loan growth declined (December 2020: 0.5%, November 2020: 1.2%) due to a high base effect¹⁰ in December 2019. However, disbursements increased driven by higher working capital loans.

Performance of domestic financial markets improved significantly

In December, global investor sentiments continued to improve amid expectations for an eventual normalisation of economic activities, following government authorisations on the use of COVID-19 vaccines by major economies. This occurred despite some concerns on the potential slowing down of the global economic recovery, as several major economies

⁶ Without the base effect, growth in outstanding business loans would have been 1.6%.

⁷ Classification of business loans by purpose is only available for the banking system, which makes up 92% of total outstanding loans extended to businesses.

⁸ Core inflation is computed by excluding price-volatile and price-administered items. It also excludes the estimated direct impact of tax policy changes.

⁹ Refers to outstanding loans of the banking system (excluding development financial institutions (DFIs)).

¹⁰ Due to disbursements of large-value loans in the manufacturing sector. The growth would have been 1.3% excluding the base effect.

introduced additional lockdown measures amid surges in COVID-19 infections during the month. Consequently, global and regional equity indices recorded gains, reflecting higher investor risk appetite for riskier assets. Similarly, the FBM KLCI increased by 4.1%. The improved investor risk appetite also led to non-resident portfolio inflows into the domestic bond market amid yield-seeking activities by global investors. As a result, the 10-year MGS declined by 9 basis points, and the ringgit appreciated by 1.4% against the US dollar.

Banking system asset quality remains healthy despite rising impairments

Gross impaired loans ratio continued to inch upwards, returning to levels comparable to 2019 (December 2020: 1.6%; November 2020: 1.5%). Banks continued to set aside additional provisions as a precaution against future credit losses with the total provisions to total loans ratio increasing to 1.7% in December (November 2020: 1.6%). Borrowers that remain affected by the challenging conditions continue to receive needed support from banks, through targeted repayment assistance.

(Source: BNM's Monetary and Financial Developments in December 2020)

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5.3 Overview and outlook of the industry in Malaysia

Total Cargo Throughput by Ports, Malaysia, 2020 (in FWTs '000)

Ports	First Quarter 2020	Second Quarter 2020
Klang	56,672	49,168
Penang	7,951	6,734
Johor	7,434	6,629
Kuantan	6,394	6,237
Bintulu	11,341	9,402
Tanjung Bruas	257	106
Kuching	2,172	1,520
Miri	1,044	851
Rajang	317	288
Sabah	7,796	5,783
Port Dickson	4,278	3,848
Kemaman	1,640	1,859
Teluk Ewa	570	142
Tanjung Pelepas	35,329	32,455
Total	143,195	125,022

Total Container Throughput by Ports, Malaysia, 2020 (in TEUs)

Ports	First Quarter 2020	Second Quarter 2020
Klang	3,160,643	2,826,858
Penang	361,063	318,625
Johor	249,874	212,094
Kuantan	35,446	38,793
Bintulu	86,230	72,343
Tanjung Bruas	1,371	3,655
Kuching	60,705	45,587
Miri	6,219	4,631
Rajang	15,705	16,601
Sabah	89,579	70,429
Tanjung Pelepas	2,402,963	2,238,923
Total	6,469,798	5,848,539

Total Number of Ships Calling by Ports, Malaysia, 2020 (in GRTs '000)

Ports	First Quarter 2020	Second Quarter 2020
Klang	127,483	114,376
Penang	19,316	9,160
Johor	10,538	9,954
Kuantan	6,964	7,487
Bintulu	19,311	16,013
Tanjung Bruas	1,065	176
Kuching	2,720	1,979
Miri	1,315	1,185
Rajang	216	181
Sabah	11,133	8,758
Port Dickson	3,277	2,811
Kemaman	1,638	1,761

Teluk Ewa	405	126
Tanjung Pelepas	9,304	8,992
Total	214,686	182,958

(Source: Asean Ports Association Malaysia, Website)

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6. OTHER INFORMATION

6.1 Material contracts

The Issuer and its subsidiaries have not entered into any material contracts which are not in the ordinary course of business within the past two (2) years prior to the date of this Addendum to Information Memorandum.

6.2 Material litigations

The Issuer and its subsidiaries are not engaged in any litigation, claims or arbitration (including legal or administrative hearings, enquiries by or before official bodies e.g. land office, mediation or other disputes) whether as plaintiff or defendant or as third party which has or may have a material adverse effect on their financial position or business. The Issuer and its subsidiaries are not aware of any pending or threatened proceeding or any fact likely to give rise to any proceedings which may materially and adversely affect their financial position or business.

6.3 Contingent liabilities

Save as disclosed in the audited financial statements of the Issuer for FYE 2019, the Issuer has not incurred any contingent liabilities.

6.4 Conflict-of-interest situations and mitigating measures

6.4.1 RHB Investment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB Investment Bank Berhad is not aware of any circumstances that would give rise to a conflict-of-interest situation and/or potential conflict-of-interest situation in its capacity as the Principal Adviser/ Lead Arranger/ Lead Manager and the Facility Agent in relation to the Sukuk Murabahah Programme.

However, should there be any conflict-of-interest and/or potential conflict-of-interest that may arise from the above, the following measures are in place or will be taken:

- (a) RHB Investment Bank Berhad will disclose to the potential investor(s) the roles undertaken by RHB Investment Bank Berhad and its conflict-of-interest and/or potential conflict-of-interest;
- (b) RHB Investment Bank Berhad is a licensed investment bank and its appointment as the Principal Adviser/ Lead Arranger/ Lead Manager and the Facility Agent in relation to the Sukuk Murabahah Programme is in the ordinary course of its business;
- (c) RHB Investment Bank Berhad will be governed by the relevant agreements and documentation, which shall clearly set out the rights, duties and responsibilities of RHB Investment Bank Berhad in its capacity as the Principal Adviser/ Lead Arranger/ Lead Manager and the Facility Agent in relation to the Sukuk Murabahah Programme, and shall be carried out on an arm's-length basis and independently by RHB Investment Bank Berhad;
- (d) a due diligence exercise pursuant to the Sukuk Murabahah Programme has been or will be undertaken together with other independent and professional advisers;
- (e) RHB Banking Group (as defined below) maintains a strict physical separation of its divisions/departments pursuant to its Chinese Wall Policy to avoid the sharing of sensitive information. The conduct of RHB Investment Bank is regulated by BNM and the SC and governed under, inter alia, the Financial Services Act 2013, the CMSA and by its own internal controls and checks; and

- (f) notwithstanding that RHB Investment Bank Berhad, RHB Islamic Bank Berhad and Malaysian Trustees Berhad are related corporations, each entity is separate and well-regulated respectively.

Further, notwithstanding the above, the board of directors of the Issuer has confirmed the above said arrangement and is agreeable to proceed with the establishment and/or issuance of the Sukuk Murabahah Programme in accordance with the present arrangement and terms of the Sukuk Murabahah Programme.

“**RHB Banking Group**” means RHB Investment Bank Berhad and its related companies including its holding company, subsidiary(ies), and any associated company(ies) as well as the subsidiary(ies), and any associated company(ies) of the holding company.

6.4.2 RHB Islamic Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB Islamic Bank Berhad is not aware of any circumstances that would give rise to a conflict-of-interest situation and/or potential conflict-of-interest situation in its capacity as the Shariah Adviser in relation to the Sukuk Murabahah Programme.

However, should there be any conflict-of-interest and/or potential conflict-of-interest that may arise from the above, the following measures are in place or will be taken:

- (a) RHB Islamic Bank Berhad will disclose to the potential investor(s) the role undertaken by RHB Islamic Bank Berhad and its conflict-of-interest and/or potential conflict-of-interest;
- (b) RHB Islamic Bank Berhad is a licensed Islamic bank and its appointment as the Shariah Adviser in relation to the Sukuk Murabahah Programme is in the ordinary course of its business;
- (c) RHB Islamic Bank Berhad will be governed by the relevant agreements and documentation, which shall clearly set out the rights, duties and responsibilities of RHB Islamic Bank Berhad in its capacity as the Shariah Adviser in relation to the Sukuk Murabahah Programme, and shall be carried out on an arm’s-length basis and independently by RHB Islamic Bank Berhad; and
- (d) the conduct of RHB Islamic Bank Berhad is regulated by BNM and governed under, inter alia, the Islamic Financial Services Act 2013 and by its own internal controls and checks.

Further, notwithstanding the above, the board of directors of the Issuer has confirmed the above said arrangement and is agreeable to proceed with the establishment and/or issuance of the Sukuk Murabahah Programme in accordance with the present arrangement and terms of the Sukuk Murabahah Programme.

6.4.3 Albar & Partners

As at the date hereof and after making enquiries as were reasonable in the circumstances, Albar & Partners is not aware of any circumstances that would give rise to a conflict-of-interest situation in its capacity as the Solicitors for the Principal Adviser/ Lead Arranger in relation to the Sukuk Murabahah Programme.

6.4.4 Malaysian Trustees Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad is not aware of any circumstances that would give rise to a conflict-of-interest situation and/or potential conflict-of-interest

situation in its capacity as the Sukuk Trustee in relation to the Sukuk Murabahah Programme.

However, should there be any conflict-of-interest and/or potential conflict-of-interest that may arise from the above, the following measures are in place or will be taken:

- (a) Malaysian Trustees Berhad will disclose to the potential investor(s) the role undertaken by Malaysian Trustees Berhad and its conflict-of-interest and/or potential conflict-of-interest;
- (b) Malaysian Trustees Berhad is a trustee company and registered bond trustee with the SC and its appointment as the Sukuk Trustee in relation to the Sukuk Murabahah Programme is in the ordinary course of its business;
- (c) Malaysian Trustees Berhad will be governed by the relevant agreements and documentation, which shall clearly set out the rights, duties and responsibilities of Malaysian Trustees Berhad in its capacity as the Sukuk Trustee in relation to the Sukuk Murabahah Programme, and shall be carried out on an arm's-length basis and independently by Malaysian Trustees Berhad; and
- (d) Malaysian Trustees Berhad has acted as bond trustee in transactions in the Malaysian corporate bonds market and is committed to upholding its professional integrity and responsibilities in relation to the Sukuk Murabahah Programme.

Further, notwithstanding the above, the board of directors of the Issuer has confirmed the above said arrangement and is agreeable to proceed with the establishment and/or issuance of the Sukuk Murabahah Programme in accordance with the present arrangement and terms of the Sukuk Murabahah Programme.

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