

# **IHSAN SUKUK BERHAD**

(Company No. 1117716-P)

## **INFORMATION MEMORANDUM**

**in relation to the proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sukuk Ihsan of RM100.0 million in nominal value (“First Sukuk Ihsan”) pursuant to a Sukuk programme of RM1.0 billion in nominal value established under the “Sustainable and Responsible Investment Sukuk” framework (“Sukuk Programme”)**

**Principal Adviser and Lead Arranger of the Sukuk Programme  
Lead Manager for the First Sukuk Ihsan**



**CIMB Investment Bank Berhad**  
(Company No. 18417-M)

**THIS INFORMATION MEMORANDUM IS DATED 11 JUNE 2015**

## IMPORTANT NOTICE

### Responsibility Statements

This information memorandum ("**Information Memorandum**") has been approved by the directors of Ihsan Sukuk Berhad (Company No. 1117716-P) ("**Issuer**" or "**Ihsan**") and Khazanah Nasional Berhad (Company No. 275505-K) ("**Khazanah**" or the "**Obligor**"). The Issuer and Khazanah accept full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer and Khazanah, after having made all reasonable enquiries, confirm that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, misleading, and that the opinions and intentions expressed in this Information Memorandum are honestly held. Enquiries have been made by the Issuer and Khazanah to ascertain all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer and Khazanah accept full responsibility for such information contained in this Information Memorandum.

### Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely to prospective investors so they can consider the purchase of the First Sukuk Ihsan to be issued under the Sukuk Programme, such investors shall fall within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) and 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 from time to time ("**CMSA**"), at issuance and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3), of the CMSA thereafter. Further, as RAM Rating Services Berhad ("**RAM Ratings**") has assigned the Sukuk Programme a final rating of AAA(s), the issuance of, offer for subscription or purchase of, or invitation to subscribe for or purchase of the First Sukuk Ihsan falls within Schedule 8 or Section 257(3) of the CMSA. This Information Memorandum is not and is not intended to be a prospectus.

The Sukuk Programme has been accorded a final rating of AAA(s) to the Sukuk Programme by RAM Ratings. A 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 rating agency.

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

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, 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 Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, Khazanah, the Principal Adviser/Lead Arranger or any other person.

This 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 First Sukuk Ihsan or any other securities of any kind by any party in any Foreign Jurisdiction.

The distribution or possession of this Information Memorandum in or from any Foreign Jurisdictions 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, Khazanah nor the Principal Adviser/Lead Arranger accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this 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 First Sukuk Ihsan 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 First Sukuk Ihsan, (d) the Issuer, Khazanah, the Principal Adviser/Lead Arranger and their respective directors, officers, employees and professional advisers 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 First Sukuk Ihsan, and they shall not have any responsibility or liability in the event that such subscription or purchase of the First Sukuk Ihsan is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the First Sukuk Ihsan 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 First Sukuk Ihsan, and is able and is prepared to bear the economic and financial risks of investing in or holding the First Sukuk Ihsan, (g) it is subscribing or accepting the First Sukuk Ihsan for its own account, and (h) it is a person falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA at the point of issuance of the Sukuk Ihsan and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA thereafter. Further, as RAM Ratings has assigned the Sukuk Programme a final rating of AAA(s), the issuance of, offer for subscription or purchase of, or invitation to subscribe for or purchase of the First Sukuk Ihsan falls within Schedule 8 or Section 257(3) of the CMSA. 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 Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the First Sukuk Ihsan in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the First Sukuk Ihsan is not, and should not be construed as, a recommendation by the Issuer, Khazanah and/or the Principal Adviser/Lead Arranger to subscribe or purchase the First Sukuk Ihsan. This 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, Khazanah, the First Sukuk Ihsan 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 Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any First Sukuk Ihsan shall in any circumstance imply that the information contained herein concerning the Issuer or Khazanah is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Ihsan is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Principal Adviser/Lead Arranger nor any other advisers to the Sukuk Programme undertake to review the financial condition or affairs of the Issuer or Khazanah or to advise any investor of the First Sukuk Ihsan of any information coming to their attention.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties, including, among others, the Issuer's and Khazanah's business strategy and expectation concerning each of their respective positions in the Malaysian economy, future operations, growth prospects and industry prospects. While the boards of directors of the Issuer and Khazanah respectively believe that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such statements and no assurance can be given that any such statements will be realised. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer and Khazanah that the plans and objectives of the Issuer and Khazanah will be achieved.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer and Khazanah operate 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.

It is to be noted that although the Issuer has sought the advice of CIMB Islamic Bank Berhad and Amanie Advisors Sdn Bhd ("**Joint Shariah Advisers**") with regards to the conformity of the Sukuk Programme and the structure and mechanism as described in the Principal Terms and Conditions of the Sukuk Programme with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer or the Principal Adviser/Lead Arranger as to Shariah permissibility of the structure or the issue and trading of the First Sukuk Ihsan and the Issuer, the Principal Adviser/Lead Arranger and the Joint Shariah Advisers 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 First Sukuk Ihsan.

### **Acknowledgement**

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

### **Statements of Disclaimer by the Securities Commission Malaysia**

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission Malaysia ("**SC**") which takes no responsibility for its contents.

The issue, offer or invitation in relation to the First Sukuk Ihsan in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the applicable approval and authorisation from the SC.

**Application for the approval and authorisation of the SC in respect of the Sukuk Programme was made on 11 March 2015 and the SC has approved and authorised the Sukuk Programme on 11 March 2015 under the deemed approval process pursuant to the CMSA.**

**Please note that the approval and authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the First Sukuk Ihsan nor will the SC take any responsibility for the content of this Information Memorandum.**

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

**EACH ISSUE OF THE SUKUK IHSAN WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENTS.**

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

**INVESTORS SHOULD READ THIS ENTIRE INFORMATION MEMORANDUM CAREFULLY AND AS A WHOLE, INCLUDING THE APPENDICES.**

**IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL, SHARIAH AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE FIRST SUKUK IHSAN.**

**Documents Incorporated by Reference**

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (i) the most recently published audited annual financial statements; and
- (ii) all supplements or amendments to this Information Memorandum circulated by the Issuer and/or Khazanah, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

**CONFIDENTIALITY**

**To the recipient of this Information Memorandum:**

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this 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 Information Memorandum is submitted to prospective investors specifically in reference to the First Sukuk Ihsan and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Principal Adviser/ Lead Arranger.

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## DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

BNM	:	Bank Negara Malaysia
Bursa Malaysia	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CIMB	:	CIMB Investment Bank Berhad (Company No. 18417-M)
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time
Facility Agent	:	CIMB
FAST	:	the Fully Automated System for Issuing/Tendering operated by MyClear whereby persons approved by MyClear in consultation with BNM who can participate in such system may submit their tenders electronically or such other system as varied, upgraded or substituted from time to time by MyClear
First Sukuk Ihsan	:	RM100.0 million in nominal value Sukuk Ihsan to be issued pursuant to the Sukuk Programme
First Sukuk Ihsan Sukukholders	:	The holders of the First Sukuk Ihsan
FLC	:	Federal Lands Commissioner (Pesuruhjaya Tanah Persekutuan), a body corporate incorporated pursuant to the Federal Lands Commissioner (Incorporation) Act, 1957 of Malaysia
FYE	:	Financial year ended 31 December
Government	:	Government of Malaysia
Guidelines on Sukuk	:	The Guidelines on Sukuk issued by the SC, revised and effective on 28 August 2014, as may be amended from time to time
Ihsan or Issuer	:	Ihsan Sukuk Berhad (Company No. 1117716-P)
Joint Shariah Advisers	:	Collectively, CIMB Islamic Bank Berhad and Amanie Advisors Sdn Bhd
Khazanah	:	Khazanah Nasional Berhad (Company No. 275505-K)
Khazanah Group	:	Khazanah and its subsidiaries
Lead Manager	:	CIMB
Minister of Finance (Incorporated)	:	Minister of Finance (Incorporated), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 of Malaysia
MyClear	:	Malaysian Electronic Clearing Corporation Sdn Bhd (Company No. 836743-D)
Paying Agent	:	BNM

Principal Adviser/Lead Arranger	:	CIMB
RAM Ratings or Rating Agency	:	RAM Rating Services Berhad (Company No. 763588-T)
RCCPS	:	Redeemable cumulative convertible preference shares
Ringgit or RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
S\$	:	The lawful currency of the Republic of Singapore
SC	:	Securities Commission Malaysia
Sukuk Ihsan	:	The Islamic medium term notes which may be issued from time to time pursuant to the Sukuk Programme
Sukuk Programme	:	The Islamic medium term notes programme of RM1.0 billion in nominal value under the Islamic principle of Wakalah Bi Al-Istithmar and/or such other Islamic principles
Sukuk Trustee	:	CIMB Islamic Trustee Berhad (Company No. 167913-M)
Sukukholders	:	The holders of the Sukuk Ihsan
Sukukholdings	:	Holdings in the Sukuk Ihsan by a particular Sukukholder
Transaction Documents	:	The transaction documents in relation to the establishment of the Sukuk Programme and the First Sukuk Ihsan
US\$	:	The lawful currency of the United States of America

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## **SECTION 1.0 EXECUTIVE SUMMARY**

This summary is qualified by and must be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices.

### **1.1 Brief background of the Issuer**

The Issuer is a special purpose vehicle incorporated in Malaysia on 12 November 2014, under the Companies Act, 1965 and has its registered address at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur. The Issuer is established to undertake the issuance of Sukuk Ihsan pursuant to the Sukuk Programme.

### **1.2 Brief description of Khazanah**

Khazanah is a public company limited by shares incorporated in Malaysia on 3 September 1993, under the Companies Act, 1965 and has its registered address at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur. The principal activity of Khazanah is investment holding.

Khazanah's authorised, issued and paid-up share capital consists of:

- (a) 5,443,953,228 ordinary shares of RM1.00 each which are owned by the Minister of Finance (Incorporated) and one ordinary share of RM1.00 which is owned by the FLC; and
- (b) 1,200,000,000 RCCPS of RM1.00 each which are owned by GovCo Holdings Berhad (Company No. 899866-X) ("**GovCo**"). All of the ordinary share capital of GovCo is owned by the Minister of Finance (Incorporated), save for one ordinary share of RM1.00 owned by the FLC.

### **1.3 Description of the Sukuk Programme**

All capitalised terms herein are defined in Section 2.0 (*Principal Terms and Conditions of the Sukuk Programme*).

The Sukuk Programme has a limit of RM1.0 billion in nominal value. The tenure of the Sukuk Programme will be for a period of twenty five (25) years from the date of the first issue under the Sukuk Programme.

The Sukuk Ihsan may be issued at par or at a discount, with or without periodic distributions, and may be issued via book running or direct placement on a best effort basis or a bought deal basis.

The Issuer may issue Sukuk Ihsan under the Islamic principle of Wakalah Bi Al-Istithmar and/or such other Islamic principles. The Transaction Documents will provide that no approval from the Sukukholders will be required for issuances of Sukuk Ihsan throughout the tenure of the Sukuk Programme:

- (a) for the Issuer to issue Sukuk Ihsan based on Islamic principles other than Wakalah Bi Al-Istithmar; or
- (b) to amend the structure described in Section 2.0 (*Principal Terms and Conditions of the Sukuk Programme*) so as to comply with any future requirements of the Wakalah Bi Al-Istithmar principle; or
- (c) to amend the structure of any Islamic principles (other than Wakalah Bi Al-Istithmar) which may be adopted by the Issuer, so as to comply with any future requirements of those Islamic principles.

However, the prior approvals from the SC and the Joint Shariah Advisers will have to be obtained and confirmation from the Rating Agency that the rating of the Sukuk Programme will not be affected.

For the avoidance of doubt, any changes to the structure of the Islamic principle(s) of any Sukuk Ihsan which are outstanding shall require the prior approval of the Sukukholders of such outstanding Sukuk Ihsan and confirmation from the Rating Agency that the rating of the Sukuk Programme will not be affected.

Under the Islamic principle of Wakalah Bi Al-Istithmar, the issuance of each tranche of the Sukuk Ihsan shall be effected as follows:

- (a) Pursuant to a wakalah agreement ("**Wakalah Agreement**") between the Sukuk Trustee (on behalf of the Sukukholders) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent ("**Wakeel**") to invest the Sukuk Proceeds (as defined below) in Sukuk Investments (as defined below). Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf ("**Investment Wakeel**") to invest the Sukuk Proceeds on behalf of the Sukukholders. Ihsan shall, from time to time, issue Sukuk Ihsan and the Sukukholders shall subscribe to the Sukuk Ihsan by paying the issue price ("**Sukuk Proceeds**").
- (b) Ihsan, as the Issuer, shall declare a trust over the Sukuk Proceeds and over the Sukuk Investments (as defined below). The Sukuk Ihsan shall represent the Sukukholders' undivided and proportionate beneficial interest in the trust assets which shall comprise of the Sukuk Proceeds, the Sukuk Investments and the rights, title, interest, entitlement and benefit in relation thereto, including the relevant documents ("**Trust Assets**").
- (c) The Investment Wakeel shall invest the Sukuk Proceeds into the relevant investment portfolio which shall comprise of:
  - (i) Shariah-compliant tangible assets ("**Tangible Assets**"); and
  - (ii) Shariah-compliant commodities purchased and sold under the principle of Murabahah ("**Commodity Murabahah Investment**").

The investments described in items (c)(i) and (ii) above shall collectively be referred to as the "**Sukuk Investments**". The Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.

### Tangible Assets

The Investment Wakeel shall invest at least 33% of the Sukuk Proceeds into the Tangible Assets.

Pursuant to a substitution agreement, the Issuer shall have the right to substitute, via an exchange agreement from time to time, any of the Tangible Assets with qualified assets of equal value that are Shariah-compliant and approved by the Joint Shariah Advisers.

For the avoidance of doubt, the above ratio of at least 33% is only applicable at the point of initial investment of each tranche of the Sukuk Ihsan and does not need to be maintained throughout the tenure of the Sukuk Ihsan. However, the Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.

### Commodity Murabahah Investment

The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.

The Commodity Murabahah Investment shall be effected as follows:

- (i) Khazanah as the buyer ("**Buyer**") shall issue a purchase order ("**Purchase Order**") to the Investment Wakeel and the Sukuk Trustee (acting on behalf of the Sukukholders) or via its agent with an undertaking to purchase the Shariah-compliant commodities from the Sukukholders at the Deferred Sale Price (as defined below).
- (ii) The Investment Wakeel (on behalf of the Sukukholders) or via its agent will purchase the Shariah-compliant commodities on spot basis from a commodity supplier ("**Commodity Supplier**") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds in excess of the amount invested in the Tangible Assets ("**Purchase Price**"). The Purchase Price of the Shariah-compliant commodities shall be in line with the asset pricing requirements stipulated under the Guidelines on Sukuk.
- (iii) Upon acquiring the Shariah-compliant commodities, the Investment Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant commodities to Khazanah as the Buyer for a price equivalent to the Sukuk Proceeds invested in the Commodity Murabahah Investment plus the aggregate profit margin and shall be payable on deferred payment basis ("**Deferred Sale Price**"). For the avoidance of doubt, the Deferred Sale Price shall be equal to the aggregate of the Periodic Distribution Amount (as described below) if any, and the nominal value of the Sukuk Ihsan.

The periodic distribution amount ("**Periodic Distribution Amount**") on any relevant Periodic Distribution Date is calculated at the periodic distribution rate (which shall be determined prior to each issuance of Sukuk Ihsan) on the nominal value of the relevant tranche of the Sukuk Ihsan based on the actual number of days elapsed and 365 days basis (actual/365).

- (d) In respect of Sukuk Ihsan with Periodic Distributions (as defined below), returns generated from the Sukuk Investments up to an expected amount equal to a certain percentage on the face amount of the Sukuk Ihsan per annum, calculated based on the actual number of days in the relevant period shall be distributed periodically in the form of periodic distribution ("**Periodic Distribution**"). The Periodic Distributions shall be made semi-annually or such other period to be determined prior to each issuance date of Sukuk Ihsan (each such date for distribution, a "**Periodic Distribution Date**").

In respect of Sukuk Ihsan without Periodic Distributions, returns generated from the Sukuk Investments up to the expected return (yield of the Sukuk Ihsan) shall be distributed on a one-off basis upon the maturity date ("**Scheduled Dissolution Date**") or the Dissolution Declaration Date (as defined below).

On the i) Periodic Distribution Date; ii) Scheduled Dissolution Date; or the iii) Dissolution Declaration Date, as the case may be, any returns from the Sukuk Investments in excess of the Periodic Distribution Amount and/or the Dissolution Distribution Amount (as defined in Section 2.0 (*Principal Terms and Conditions of the Sukuk Programme*)) due and payable under the Sukuk Ihsan shall be retained by Khazanah as an incentive fee for the Investment Wakeel. For the avoidance of doubt, the Investment Wakeel shall not be entitled to any incentive fee until all amounts due and payable under the Sukuk Ihsan have been fully settled and in the case of a Scheduled Dissolution Date and/or the Dissolution Declaration Date, the Sukuk Ihsan have been fully redeemed.

The "**Dissolution Declaration Date**" means the date by which the Sukuk Trustee may, if so directed by a special resolution of the Sukukholders (subject to its rights to be indemnified to its satisfaction) declare (by giving notice to the Issuer and Khazanah) that a Dissolution Event (as defined in Section 2.0 (*Principal Terms and Conditions of the Sukuk Programme*)) has occurred with respect to the Sukuk Ihsan. The Sukuk Trustee is entitled to enforce its rights under the Transaction Documents, including requiring Khazanah to purchase the Tangible Assets and pay the Exercise Price under the Purchase Undertaking, and pay the outstanding amounts of the Deferred Sale Price (subject to the Ibra'). The Sukuk Trustee will use the proceeds thereof to redeem the Sukuk Ihsan at the Dissolution Distribution Amount.

Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partial or in full. With respect to the Murabahah contract, Ibra' refers to the release of rights on debts/amount due and payable under the said contract. Ibra' will be applicable only to the Commodity Murabahah Investment portion of the Sukuk Investments, i.e. the Deferred Sale Price only. For the avoidance of doubt, any double-counting shall be disregarded.

- (e) Khazanah (as the Obligor) shall grant a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date, whichever is the earlier, the Obligor shall purchase the Sukukholders' undivided and proportionate beneficial interest in the Tangible Assets at the Exercise Price (as described below).

The Exercise Price for the purchase of the Sukukholders' undivided and proportionate interest in the Tangible Assets under the relevant Sukuk Ihsan shall be at the market value

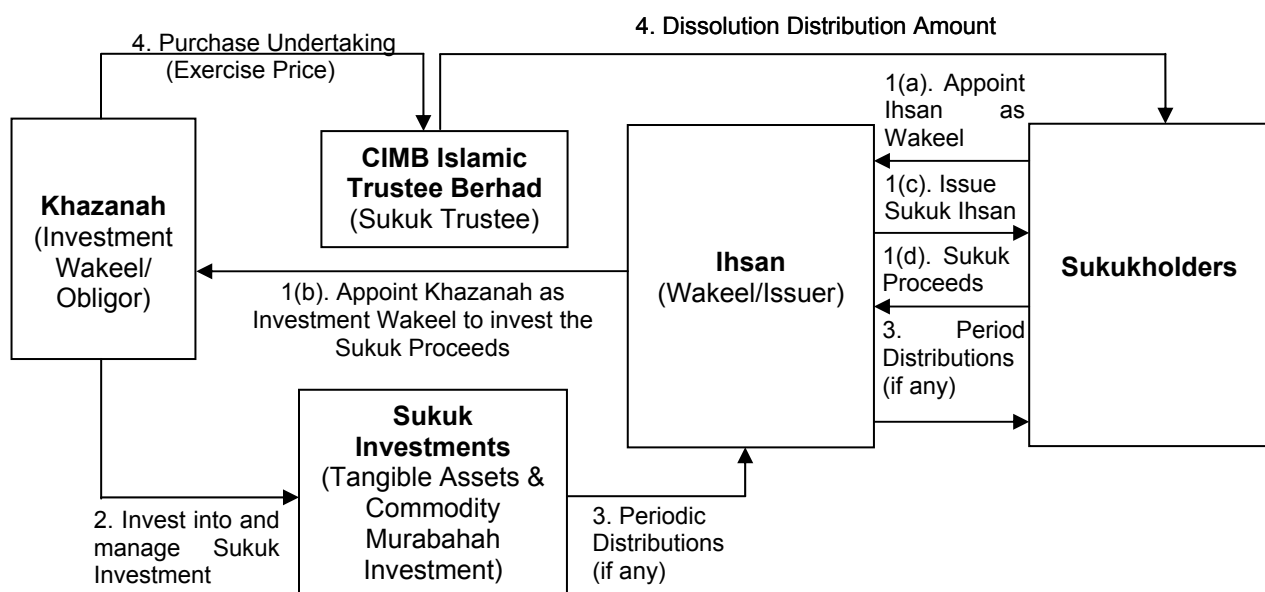
of the Tangible Assets or in the case of non-listed shares, based on the net tangible assets of the underlying company at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.

Upon the Scheduled Dissolution Date or the Dissolution Declaration Date, the Exercise Price shall be waived by the Sukukholders and kept by Khazanah as incentive fee.

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

Upon exercise of the Purchase Undertaking and then full payment of all amounts due and payable under the Sukuk Ihsan, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Ihsan held by the Sukukholders will be cancelled.

*Note: Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.*



### 1.3.1 Utilisation of proceeds of the Sukuk Programme

Under the Wakalah Bi Al-Istithmar structure:

- (i) The proceeds raised from the issuance of Sukuk Ihsan under the Sukuk Programme shall be utilised by the Issuer or the Investment Wakeel to purchase the Sukuk Investments.
- (ii) Khazanah will use the proceeds from the Sukuk Investments for the purpose of funding Shariah-compliant Eligible SRI projects (within the definition set out in the Guidelines on Sukuk).

For the avoidance of doubt, the proceeds from the issuance of Sukuk Ihsan under the Sukuk Programme will be utilised for Shariah-compliant purposes only.

Note for item (ii) above:

Under the investment of the Tangible Assets, Khazanah as seller, would obtain the proceeds from the Sukuk Investments from the Investment Wakeel (acting on behalf of the Sukukholders), via the sale of the Tangible Assets to the Investment Wakeel (acting on behalf of the Sukukholders). While under the investment in the Commodity Murabahah Investment, Khazanah as the Buyer, would obtain the proceeds from the Sukuk Investments via the sale of the Shariah-compliant commodities to the Commodity Buyer on spot basis for cash. Khazanah as recipient of the proceeds from the Sukuk Investment shall utilise the same to fund the Shariah-compliant Eligible SRI projects.

### **1.3.2 Rating of the Sukuk Programme**

The Sukuk Programme has been assigned a final rating of AAA(s) by RAM Ratings.

### **1.4 Description of the First Sukuk Ihsan**

The First Sukuk Ihsan will be issued at par with the Periodic Distributions.

#### **(a) Utilisation of proceeds of the First Sukuk Ihsan**

The proceeds from the First Sukuk Ihsan shall be utilised to fund Yayasan AMIR's Trust Schools Programme for 2015 ("**First Sukuk Ihsan Eligible SRI Project**"). Yayasan AMIR is a not-for-profit foundation established on 26 October 2010 to improve accessibility to quality education in Government schools through a Public-Private Partnership with the Malaysian Ministry of Education ("**MOE**"). Please see Section 7.0 (*Yayasan AMIR*) for more information on Yayasan AMIR and the Trust Schools Programme.

#### **(b) Key Performance Indicators ("**KPIs**") for the First Sukuk Ihsan**

The KPIs for the First Sukuk Ihsan are as follows:

- (i) A minimum of twenty (20) schools are selected under Yayasan AMIR's Trust Schools Programme for a five (5)-year intervention period (the "**5-Year Intervention Period**") during the term of the First Sukuk Ihsan ("**Identified Schools**");
- (ii) At least fifty per cent. (50%) of the teachers of the Identified Schools are rated at the Establishing level (as described in Section 7.4(b) below) or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period;
- (iii) At least fifty per cent. (50%) of the senior leadership of the Identified Schools are rated at the Establishing level (as described in Section 7.4(c) below) or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period; and
- (iv) (A) At least fifty per cent (50%) of the students of the Identified Schools are rated at the Establishing level (as described in Section 7.4(d)(i) below) or above in their observations, after the end of their respective Identified Schools' 5-Year Intervention Period; and (B) the set targets in relation to discipline as well as literacy and numeracy skills for the students at the

Identified Schools, as set out in Section 7.4(d)(ii) below, are achieved after the end of their respective Identified Schools' 5-Year Intervention Period.

The KPIs for the First Sukuk Ihsan shall be evaluated prior to the maturity date of the First Sukuk Ihsan by an independent auditor to be appointed from time to time being either Ernst & Young, KPMG, PricewaterhouseCoopers or Deloitte ("**Independent Auditor**"). The Independent Auditor shall, on a date no later than six (6) months prior to the maturity date of the First Sukuk Ihsan, provide a report (hard copy and electronic format) on the KPIs ("**KPI Evaluation Report**") to the Sukuk Trustee and the Facility Agent. The Sukuk Trustee shall then make available the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders' Authorised Depository Institution ("**ADI**") via any delivery channel including FAST within three (3) business days from the date of receipt of the KPI Evaluation Report. If the KPIs are met, the nominal value in relation to the Dissolution Distribution Amount payable to the First Sukuk Ihsan Sukukholders will be reduced, regardless of any failure and/or delay of the Sukuk Trustee in delivering the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders. The formula to calculate the Dissolution Distribution Amount is detailed below.

The KPI Evaluation Report shall contain, amongst others, details of each KPI, the evaluation method of each KPI and whether each KPI is met. If the KPI Evaluation Report is unable to provide a complete evaluation of each KPI or if the KPI Evaluation Report is not provided to the Sukuk Trustee and the Facility Agent at least six (6) months prior to the maturity date of the First Sukuk Ihsan, the KPIs will be deemed to be not met.

For the avoidance of doubt, the evaluation and opinion of the Independent Auditor shall be conclusive and binding on all the First Sukuk Ihsan Sukukholders, Ihsan and Khazanah.

*Dissolution Distribution Amount*

- I. On the Scheduled Dissolution Date, the Dissolution Distribution Amount shall be equivalent to:
  - (A) the nominal value of the First Sukuk Ihsan; plus
  - (B) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date; less
  - (C) in the event the KPIs are met, 6.22 per cent. of the nominal value of the First Sukuk Ihsan.
- II. On the Dissolution Declaration Date, the Dissolution Distribution Amount shall be equivalent to:
  - (A) the nominal value of the First Sukuk Ihsan; plus
  - (B) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date; less
  - (C) in the event the KPIs are met, 6.22 per cent. of the nominal value of the First Sukuk Ihsan.

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



Further, for the avoidance of doubt, if the Dissolution Declaration Date occurs on or before the date of receipt of the KPI Evaluation Report by the Sukuk Trustee and the Facility Agent, the KPIs will be deemed to be not met and the Dissolution Distribution Amount shall be calculated based on the formula set out in paragraph (II) above.

(c) First Sukuk Ihsan Sukukholder's option to waive

The First Sukuk Ihsan Sukukholders may, at their option, waive their rights, benefits and entitlements to the Periodic Distributions (including accrued but unpaid Periodic Distribution Amount (if any)) and the nominal amount payable under the First Sukuk Ihsan (in whole and not in part), by selling to Khazanah their Sukukholdings in the First Sukuk Ihsan for a nominal consideration of RM1.00 ("**Option to Waive**") and subject to the relevant First Sukuk Ihsan Sukukholders submitting a Waiver Notice (as defined below) in accordance with the terms set out in this Information Memorandum.

The First Sukuk Ihsan Sukukholders shall be entitled to exercise the Option to Waive at any time during the tenure of the First Sukuk Ihsan subject to a written notice ("**Waiver Notice**"), substantially in the form provided for in Appendix 1 herein, being issued by the relevant First Sukuk Ihsan Sukukholders to the Issuer and their respective ADI, copied to the Obligor, the Facility Agent and the Sukuk Trustee.

The Waiver Notice will specify, amongst others, the following:

- (i) the date on which the Option to Waive takes effect, which is twenty one (21) business days from the date of the Waiver Notice ("**Settlement Date**");
- (ii) the date on which the First Sukuk Ihsan Sukukholder's Sukukholdings are to be transferred to Khazanah, which shall coincide with the Settlement Date.

Pursuant to the Waiver Notice, the relevant First Sukuk Ihsan Sukukholders will also instruct their respective ADI to confirm to the Issuer and Khazanah their Sukukholdings. Khazanah, on behalf of the Issuer, will then acknowledge receipt of the Waiver Notice upon receipt of such confirmation from the relevant First Sukuk Ihsan Sukukholders' ADI.

In the event the relevant First Sukuk Ihsan Sukukholders receive any Periodic Distributions after the Settlement Date, such First Sukuk Ihsan Sukukholders are required to return such amounts to Khazanah. In addition, if a Settlement Date which was supposed to occur one (1) business day before a Periodic Distribution Date but falls on such Periodic Distribution Date instead for whatever reason (including an unexpected holiday), and the relevant First Sukuk Ihsan Sukukholders receive any Periodic Distribution on such Periodic Distribution Date, such Sukukholders are required to return to Khazanah the Periodic Distribution that they have received.

For the avoidance of doubt, the First Sukuk Ihsan Sukukholders shall not be entitled to exercise their Option to Waive upon the declaration of a Dissolution Event by the Sukuk Trustee, if so directed by a special resolution of the First Sukuk Ihsan Sukukholders (subject to its rights to be indemnified to its satisfaction).



(d) Tax vouchers

Issuance of tax voucher in relation to Option to Waive

Pursuant to the relevant First Sukuk Ihsan Sukukholders' exercise of their Option to Waive and subject to (A) the receipt of confirmation by the Issuer and Khazanah of such Sukukholders' Sukukholdings in the First Sukuk Ihsan from their respective ADI, and (B) the completion of the sale of such Sukukholders' Sukukholdings in the First Sukuk Ihsan to Khazanah, Yayasan AMIR, through Khazanah, will provide the relevant tax vouchers to the relevant First Sukuk Ihsan Sukukholders.

Such tax vouchers will be dated the same date as the Settlement Date, and shall be for an amount equal to the nominal amount of the Sukukholdings sold to Khazanah, **EXCEPT FOR** an Option to Waive for which the Settlement Date occurs one (1) business day before a Periodic Distribution Date in which case the tax vouchers to be provided to the relevant First Sukuk Ihsan Sukukholders will be dated the Periodic Distribution Date and shall be for the following amounts:

- (i) an amount equal to the nominal amount of their Sukukholdings sold to Khazanah; AND
- (ii) an amount equal to the Periodic Distribution due on such Periodic Distribution Date.

**Accordingly, any First Sukuk Ihsan Sukukholders who wish to be issued tax vouchers for an amount equal to the aggregate of the nominal amount of their Sukukholdings sold to Khazanah as well as one Periodic Distribution should issue the Waiver Notice on a date on which the Settlement Date will occur one (1) business day before a Periodic Distribution Date.**

If the Settlement Date coincides with a Periodic Distribution Date, the relevant First Sukuk Ihsan Sukukholders are entitled to the Periodic Distribution due on such Periodic Distribution Date, and such First Sukuk Ihsan Sukukholders will receive a tax voucher for an amount equal to the nominal amount of their Sukukholdings sold to Khazanah only. However, if for whatever reason (including an unexpected holiday), a Settlement Date which was supposed to occur one (1) business day before a Periodic Distribution Date falls on such Periodic Distribution Date instead, the relevant First Sukuk Ihsan Sukukholders are not entitled to the Periodic Distribution due on such Periodic Distribution Date and are required to return such amount to Khazanah. Such First Sukuk Ihsan Sukukholders will receive a tax voucher for an amount equal to the aggregate of the nominal value of their Sukukholdings sold to Khazanah and one Periodic Distribution.

The tax vouchers will only be delivered to the relevant First Sukuk Ihsan Sukukholders within five (5) business days from the Settlement Date or, if the Settlement Date falls on the business day before a Periodic Distribution Date, within five (5) business days from the Periodic Distribution Date. Tax vouchers will only be issued to the First Sukuk Ihsan Sukukholders who have issued a Waiver Notice subject to (A) the Issuer and Khazanah's receipt of confirmation of the First Sukuk Ihsan Sukukholders' Sukukholdings from the First Sukuk Ihsan Sukukholders' ADIs and (B) the transfer of their Sukukholdings is effected on the Settlement Date specified in the Waiver Notice. For the avoidance of doubt, the relevant First Sukuk Ihsan Sukukholders who have issued a Waiver Notice and have effected the transfer

of their Sukukholdings on the Settlement Date specified in the Waiver Notice, are deemed to have waived their entitlements to their Sukukholdings and are entitled to tax vouchers(s) even if a Dissolution Event is declared during the period between the date of the Waiver Notice and the Settlement Date, or on such Settlement Date.

Issuance of tax voucher if KPIs are met

In the event the KPIs are met, the First Sukuk Ihsan Sukukholders are entitled to receive tax vouchers for an amount which is equal to the reduction in the nominal value of their respective Sukukholdings, provided that the First Sukuk Ihsan Sukukholders shall submit a written notice ("**Notice for Tax Voucher**"), substantially in the form provided for in Appendix 2 herein, to the Issuer and the First Sukuk Ihsan Sukukholders' ADI, copied to the Obligor, the Facility Agent and the Sukuk Trustee, within fourteen (14) business days from the date the Sukuk Trustee makes available the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders' ADI. The tax vouchers will be issued on the expiry of the twenty first (21<sup>st</sup>) business day from the date of the Notice for Tax Voucher ("**Tax Voucher Date**"), and the tax vouchers will only be delivered to the relevant First Sukuk Ihsan Sukukholders within five (5) business days of the Tax Voucher Date.

Pursuant to the Notice for Tax Voucher, the relevant First Sukuk Ihsan Sukukholders will instruct their respective ADI to confirm to the Issuer and Khazanah, the Sukukholdings held by such First Sukuk Ihsan Sukukholder. Khazanah, on behalf of the Issuer, will then acknowledge receipt of the Notice for Tax Voucher upon receipt of such confirmation from the ADI.

## 1.5 **Key financial highlights**

Summary of the key financial highlights of Khazanah for the FYE2012, FYE2013 and FYE2014 are set out below:

<b>Key Financial Highlights</b>	<b>As at 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>(RM'million)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Pre-tax profit	1,819	2,512	1,006
Profit after tax	1,646	2,567	884
Total assets	61,773	64,355	70,555
Total liabilities	35,832	36,757	42,605
Paid-up capital	8,444	8,444	6,644

*[the remainder of this page is intentionally left blank]*

## SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK PROGRAMME

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 2.0.

1. BACKGROUND INFORMATION											
(a) Issuer											
(i)	Name:	Ihsan Sukuk Berhad (“Ihsan” or the “Issuer”).									
(ii)	Address:	Registered Office 10 <sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.									
(iii)	Business registration number:	1117716-P.									
(iv)	Date and place of incorporation:	12 November 2014 / Malaysia.									
(v)	Date of listing, where applicable:	Not listed.									
(vi)	Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company:	Resident-controlled company.									
(vii)	Principal activities:	The principal activities of the Issuer are to undertake the issuance of Ringgit-denominated sukuk pursuant to a Ringgit-denominated sukuk programme.									
(viii)	Board of directors:	<div>The directors of the Issuer as at 31 January 2015 is as follows:<table><tr><th colspan="2">Name</th><th>Status</th></tr><tr><td>1.</td><td>Lim Lee Kuan</td><td>Resident</td></tr><tr><td>2.</td><td>Shu Wai Ling</td><td>Resident</td></tr></table></div>	Name		Status	1.	Lim Lee Kuan	Resident	2.	Shu Wai Ling	Resident
Name		Status									
1.	Lim Lee Kuan	Resident									
2.	Shu Wai Ling	Resident									
(ix)	Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders:	<div>The shareholding of the Issuer as at 31 January 2015 is as follows:<table><tr><th>Name</th><th>No. of ordinary shares of RM1.00 held</th><th>% of shareholding</th></tr><tr><td>TMF Trustees Malaysia Berhad</td><td>2</td><td>100</td></tr></table></div>	Name	No. of ordinary shares of RM1.00 held	% of shareholding	TMF Trustees Malaysia Berhad	2	100			
Name	No. of ordinary shares of RM1.00 held	% of shareholding									
TMF Trustees Malaysia Berhad	2	100									

(x)	Authorised, issued and paid-up capital:	<b>Authorised share capital as at 31 January 2015</b> RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each.  <b>Issued and fully paid-up share capital as at 31 January 2015</b> RM2.00 divided into 2 ordinary shares of RM1.00 each.
(xi)	Disclosure of the following:	
	<ul style="list-style-type: none"> <li>If the Issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and</li> </ul>	Nil.
	<ul style="list-style-type: none"> <li>If the Issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application.</li> </ul>	Nil.

<b>(b) Obligor</b>		
(i)	Name:	Khazanah Nasional Berhad (“ <b>Khazanah</b> ”).
(ii)	Address:	<u>Registered Office</u> Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.
(iii)	Business registration number:	275505-K.
(iv)	Date and place of incorporation:	3 September 1993 / Malaysia.
(v)	Date of listing, where applicable:	Not listed.
(vi)	Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company:	Resident-controlled company.
(vii)	Principal activities:	The principal activity of the Obligor is investment holding.

(viii)	Board of directors:	<p>The directors of the Obligor as at 31 January 2015 is as follows:</p> <table><tr><th colspan="2">Name</th><th>Status</th><th>Position</th></tr><tr><td>1.</td><td>Dato' Sri Mohd Najib bin Tun Haji Abdul Razak</td><td>Resident</td><td>Chairman</td></tr><tr><td>2.</td><td>Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop</td><td>Resident</td><td>Deputy Chairman</td></tr><tr><td>3.</td><td>Dato' Seri Ahmad Husni bin Mohamad Hanadzlah</td><td>Resident</td><td>Director</td></tr><tr><td>4.</td><td>Tan Sri Md Nor bin Md Yusof</td><td>Resident</td><td>Director</td></tr><tr><td>5.</td><td>Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda</td><td>Resident</td><td>Director</td></tr><tr><td>6.</td><td>Tan Sri Mohamed Azman bin Yahya</td><td>Resident</td><td>Director</td></tr><tr><td>7.</td><td>Dato' Mohammed Azlan bin Hashim</td><td>Resident</td><td>Director</td></tr><tr><td>8.</td><td>Tan Sri Sheng Len Tao</td><td>Resident</td><td>Director</td></tr><tr><td>9.</td><td>Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak</td><td>Resident</td><td>Director</td></tr><tr><td>10.</td><td>Tan Sri Dato' Azman bin Hj. Mokhtar</td><td>Resident</td><td>Managing Director</td></tr></table>	Name		Status	Position	1.	Dato' Sri Mohd Najib bin Tun Haji Abdul Razak	Resident	Chairman	2.	Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop	Resident	Deputy Chairman	3.	Dato' Seri Ahmad Husni bin Mohamad Hanadzlah	Resident	Director	4.	Tan Sri Md Nor bin Md Yusof	Resident	Director	5.	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Resident	Director	6.	Tan Sri Mohamed Azman bin Yahya	Resident	Director	7.	Dato' Mohammed Azlan bin Hashim	Resident	Director	8.	Tan Sri Sheng Len Tao	Resident	Director	9.	Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak	Resident	Director	10.	Tan Sri Dato' Azman bin Hj. Mokhtar	Resident	Managing Director
Name		Status	Position																																											
1.	Dato' Sri Mohd Najib bin Tun Haji Abdul Razak	Resident	Chairman																																											
2.	Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop	Resident	Deputy Chairman																																											
3.	Dato' Seri Ahmad Husni bin Mohamad Hanadzlah	Resident	Director																																											
4.	Tan Sri Md Nor bin Md Yusof	Resident	Director																																											
5.	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Resident	Director																																											
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8.	Tan Sri Sheng Len Tao	Resident	Director																																											
9.	Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak	Resident	Director																																											
10.	Tan Sri Dato' Azman bin Hj. Mokhtar	Resident	Managing Director																																											
(ix)	Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders:	<p>The shareholders of the Obligor as at 31 January 2015 is as follows:</p> <p>a) Holders of ordinary shares of RM1.00 each (“<b>Ordinary Shares</b>”)</p> <table><tr><th colspan="2">Name</th><th>No. of Ordinary Shares held</th></tr><tr><td colspan="2">Minister of Finance (Incorporated)</td><td>5,443,953,228</td></tr><tr><td colspan="2">Pesuruhjaya Tanah Persekutuan</td><td>1</td></tr></table>	Name		No. of Ordinary Shares held	Minister of Finance (Incorporated)		5,443,953,228	Pesuruhjaya Tanah Persekutuan		1																																			
Name		No. of Ordinary Shares held																																												
Minister of Finance (Incorporated)		5,443,953,228																																												
Pesuruhjaya Tanah Persekutuan		1																																												

	<p>b) Holder of Redeemable Cumulative Convertible Preference Shares of RM1.00 each ("RCCPS")</p> <table border="1"> <thead> <tr> <th>Name</th><th>No. of RCCPS held</th></tr> </thead> <tbody> <tr> <td>GovCo Holdings Berhad*</td><td>1,200,000,000</td></tr> </tbody> </table> <p>*Minister of Finance (Incorporated) holds 100,001 ordinary shares of RM1.00 each and Pesuruhjaya Tanah Persekutuan holds 1 ordinary share of RM1.00 each.</p>	Name	No. of RCCPS held	GovCo Holdings Berhad*	1,200,000,000
Name	No. of RCCPS held				
GovCo Holdings Berhad*	1,200,000,000				
(x) Authorised, issued and paid-up capital:	<p><b>Authorised share capital as at 31 January 2015</b> RM35,000,000,000.00 divided into 20,000,000,000 Ordinary Shares and 15,000,000,000 RCCPS.</p> <p><b>Issued and fully paid-up share capital as at 31 January 2015</b> RM6,643,953,229.00 divided into 5,443,953,229 Ordinary Shares and 1,200,000,000 RCCPS.</p>				
(xi) Disclosure of the following:					
<ul style="list-style-type: none"> <li>If the Obligor or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and</li> </ul>	Nil.				
<ul style="list-style-type: none"> <li>If the Obligor has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application.</li> </ul>	Nil.				

*[the remainder of this page is intentionally left blank]*

<b>2. PRINCIPAL TERMS AND CONDITIONS</b>		
<b>(a) Names of parties involved in the proposal, where applicable:</b>		
(i)	Principal adviser:	CIMB Investment Bank Berhad (" <b>CIMB</b> ").
(ii)	Lead arranger:	CIMB.
(iii)	Co-arranger:	Not applicable.
(iv)	Solicitor:	Messrs Zaid Ibrahim & Co.
(v)	Financial adviser:	Not applicable.
(vi)	Technical adviser:	Not applicable.
(vii)	Sukuk trustee:	CIMB Islamic Trustee Berhad.
(viii)	Shariah adviser:	Amanie Advisors Sdn Bhd and CIMB Islamic Bank Berhad (collectively referred to as the " <b>Joint Shariah Advisers</b> ").
(ix)	Guarantor:	Not applicable.
(x)	Valuer:	Not applicable.
(xi)	Facility agent:	CIMB.
(xii)	Primary subscriber(s) (under a bought-deal arrangement) and amount subscribed:	In the event that the Sukuk Ihsan (as defined in item 2(c) below) are issued on a bought deal basis, the primary subscribers will be identified prior to such issuance.
(xiii)	Underwriter and amount underwritten:	The Sukuk Ihsan will not be underwritten.
(xiv)	Central depository:	Bank Negara Malaysia (" <b>BNM</b> ").
(xv)	Paying agent:	BNM.
(xvi)	Reporting accountant:	Not applicable.
(xvii)	Calculation agent:	Not applicable.
(xviii)	Others (please specify):	
	• Obligor	Khazanah.
	• Lead Manager/ Bookrunner (if applicable)	CIMB and/or such other financial institution(s) to be appointed (if any).
<b>(b) Islamic principles used:</b>		<p>Wakalah Bi Al-Istithmar and/or such other Islamic principles.</p> <p>The transaction documents will provide that no approval from the holders of the Sukuk Ihsan ("<b>Sukukholders</b>") will be required for issuances of Sukuk Ihsan throughout the tenure of the Sukuk Programme (as defined in item 2(c) below):</p> <p>(a) for the Issuer to issue Sukuk Ihsan based on Islamic</p>

	<p>principles other than Wakalah Bi Al-Istithmar; or</p> <p>(b) to amend the structure described in these Principal Terms and Conditions (“<b>PTC</b>”) so as to comply with any future requirements of the Wakalah Bi Al-Istithmar principle; or</p> <p>(c) to amend the structure of any Islamic principles (other than Wakalah Bi Al-Istithmar) which may be adopted by the Issuer, so as to comply with any future requirements of those Islamic principles.</p> <p>However, the prior approvals of the Securities Commission Malaysia (“<b>SC</b>”) and the Joint Shariah Advisers will have to be obtained and confirmation from the Rating Agency that the rating of the Sukuk Programme will not be affected.</p> <p>For the avoidance of doubt, any changes to the structure of the Islamic principle(s) of any Sukuk Ihsan which are outstanding shall require the prior approval of the Sukukholders of such outstanding Sukuk Ihsan and confirmation from the Rating Agency that the rating of the Sukuk Programme will not be affected.</p>
<b>(c) Facility description:</b>	<p>An Islamic medium term notes (“<b>Sukuk Ihsan</b>”) programme of RM1.0 billion in nominal value under the Islamic principle of Wakalah Bi Al-Istithmar and/or such other Islamic principles (“<b>Sukuk Programme</b>”).</p> <p><b><u>Wakalah Bi Al-Istithmar</u></b></p> <p>The issuance of each tranche of the Sukuk Ihsan shall be effected as follows:</p> <ol style="list-style-type: none"> <li>1. Pursuant to a wakalah agreement (“<b>Wakalah Agreement</b>”) between the Sukuk Trustee (on behalf of the investors (“<b>Sukukholders</b>”)) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent (“<b>Wakeel</b>”) to invest the Sukuk Proceeds (as defined below) in Sukuk Investments (as defined below). Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf (“<b>Investment Wakeel</b>”) to invest the Sukuk Proceeds on behalf of the Sukukholders. Ihsan shall, from time to time, issue Sukuk Ihsan and the Sukukholders shall subscribe to the Sukuk Ihsan by paying the issue price (“<b>Sukuk Proceeds</b>”).</li> <li>2. Ihsan, as the Issuer, shall declare a trust over the Sukuk Proceeds and over the Sukuk Investments (as defined below). The Sukuk Ihsan shall represent the Sukukholders’ undivided and proportionate beneficial interest in the trust assets which shall comprise of the Sukuk Proceeds, the Sukuk Investments (as defined below) and the rights, title, interest, entitlement and benefit in relation thereto, including the relevant documents (“<b>Trust Assets</b>”).</li> <li>3. The Investment Wakeel shall invest the Sukuk Proceeds into the relevant investment portfolio which</li> </ol>



	<p>shall comprise of:</p> <ul style="list-style-type: none"> <li>(i) Shariah-compliant tangible assets ("<b>Tangible Assets</b>"); and</li> <li>(ii) Shariah-compliant commodities purchased and sold under the principle of Murabahah ("<b>Commodity Murabahah Investment</b>").</li> </ul> <p>The investments described in items 3(i) and (ii) above shall collectively be referred to as the "<b>Sukuk Investments</b>".</p> <p><u>Tangible Assets</u> The Investment Wakeel shall invest at least 33% of the Sukuk Proceeds into the Tangible Assets ("<b>Asset Purchase Price</b>").</p> <p>Pursuant to a substitution agreement, the Issuer shall have the right to substitute, via an exchange agreement from time to time, any of the Tangible Assets with qualified assets of equal value that are Shariah-compliant and approved by the Joint Shariah Advisers.</p> <p>For the avoidance of doubt, the above ratio of at least 33% is only applicable at the point of initial investment of each tranche of the Sukuk Ihsan and does not need to be maintained throughout the tenure of the Sukuk Ihsan. However, the Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.</p> <p><u>Commodity Murabahah Investment</u> The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.</p> <p>The Commodity Murabahah Investment shall be effected as follows:</p> <ul style="list-style-type: none"> <li>(i) Khazanah as the buyer ("<b>Buyer</b>") shall issue a purchase order ("<b>Purchase Order</b>") to the Investment Wakeel and the Sukuk Trustee (acting on behalf of the Sukukholders) or via its agent with an undertaking to purchase the Shariah-compliant commodities from the Sukukholders at the Deferred Sale Price (as defined below).</li> <li>(ii) The Investment Wakeel (on behalf of the Sukukholders) or via its agent will purchase the Shariah-compliant commodities on spot basis from a commodity supplier ("<b>Commodity Supplier</b>") at a purchase price equivalent to the remaining balance of the Sukuk Proceeds in excess of the amount invested in the Tangible Assets ("<b>Purchase Price</b>"). The Purchase Price of the Shariah-compliant commodities shall be in</li> </ul>
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	<p>line with the asset pricing requirements stipulated under the SC's Guidelines on Sukuk (revised and effective on 28 August 2014) as may be amended from time to time ("<b>Guidelines on Sukuk</b>").</p> <p>(iii) Upon acquiring the Shariah-compliant commodities, the Investment Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant commodities to Khazanah as the Buyer for a price equivalent to the Sukuk Proceeds invested in the Commodity Murabahah Investment plus the aggregate profit margin and shall be payable on deferred payment basis ("<b>Deferred Sale Price</b>"). For the avoidance of doubt, the Deferred Sale Price shall be equal to the aggregate of the Periodic Distribution Amount (as defined in item 2(k)) if any, and the nominal value of the Sukuk Ihsan.</p> <p>(iv) Upon the purchase of the Shariah-compliant commodities, the Buyer or via its agent, will immediately sell the Shariah-compliant commodities to a commodity buyer ("<b>Commodity Buyer</b>") on spot basis for cash, equivalent to the Purchase Price.</p> <p>4. In respect of Sukuk Ihsan with Periodic Distributions (as defined below), returns generated from the Sukuk Investments up to an expected amount equal to a certain percentage on the face amount of the Sukuk Ihsan per annum, calculated based on the actual number of days in the relevant period shall be distributed periodically in the form of periodic distribution ("<b>Periodic Distribution</b>"). The Periodic Distributions shall be made semi-annually or such other period to be determined prior to each issuance date of Sukuk Ihsan (each such date for distribution, a "<b>Periodic Distribution Date</b>").</p> <p>In respect of Sukuk Ihsan without Periodic Distributions, returns generated from the Sukuk Investments up to the expected return (yield of the Sukuk Ihsan) shall be distributed on a one-off basis upon the maturity date ("<b>Scheduled Dissolution Date</b>") or the Dissolution Declaration Date (as defined in item 2(v)(B)(ix)).</p> <p>On the i) Periodic Distribution Date; ii) Scheduled Dissolution Date; or the iii) Dissolution Declaration Date, as the case may be, any returns from the Sukuk Investments in excess of the Periodic Distribution Amount and/or the Dissolution Distribution Amount (as defined in item 2(y)(vi)) due and payable under the Sukuk Ihsan shall be retained by Khazanah as an incentive fee for the Investment Wakeel. For the avoidance of doubt, the Investment Wakeel shall not be entitled to any incentive fee until all amounts due and payable under the Sukuk Ihsan have been fully settled and</p>
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	<p>in the case of a Scheduled Dissolution Date and/or the Dissolution Declaration Date, the Sukuk Ihsan have been fully redeemed.</p> <p>5. Khazanah (as the Obligor) shall grant a purchase undertaking ("<b>Purchase Undertaking</b>") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Sukukholders' undivided and proportionate beneficial interest in the Tangible Assets at the Exercise Price (as defined in item 2(y)(v) below).</p> <p>Upon the Scheduled Dissolution Date or the Dissolution Declaration Date, the Exercise Price shall be waived by the Sukukholders and kept by Khazanah as incentive fee.</p> <p>For the avoidance of doubt, any double counting shall be disregarded.</p> <p>Upon exercise of the Purchase Undertaking and the full payment of all amounts due and payable under the Sukuk Ihsan, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Ihsan held by the Sukukholders will be cancelled.</p> <p><i>Note: Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver.</i></p> <p>Please refer to <u>Annexure I</u> for diagrammatical illustration of the transaction structure.</p>
<b>(d) Identified assets:</b>	The Sukuk Investments which comprise the Tangible Assets and the Commodity Murabahah Investment.
<b>(e) Purchase and selling price/rental (where applicable):</b>	<p>The Asset Purchase Price, the Purchase Price and the Deferred Sale Price will be determined prior to each issuance of Sukuk Ihsan.</p> <p>The Purchase Price will be in compliance with asset pricing requirements stipulated under the Guidelines on Sukuk.</p>
<b>(f) Issue/sukuk size: programme</b>	The aggregate outstanding nominal value of the Sukuk Ihsan issued under the Sukuk Programme shall not exceed RM1.0 billion at any point in time.
<b>(g) Tenure of issue/sukuk programme:</b>	<p><u>Tenure of the Sukuk Programme</u> Twenty five (25) years from the date of the first issue under the Sukuk Programme.</p> <p><u>Tenure of the Sukuk Ihsan</u> More than one (1) year, provided that the Sukuk Ihsan mature on or prior to the expiry of the Sukuk Programme.</p>
<b>(h) Availability period of sukuk programme:</b>	The period commencing from the completion of documentation and, unless waived by the Lead Arranger, compliance of all conditions precedent and other applicable

	conditions to the satisfaction of the Lead Arranger up to the expiry of the Sukuk Programme.
<b>(i) Profit/Coupon/Rental rate:</b>	<p><u>Sukuk Ihsan with Periodic Distributions</u> The periodic distribution rate ("<b>Periodic Distribution Rate</b>") shall be determined prior to each issuance of Sukuk Ihsan.</p> <p><u>Sukuk Ihsan without Periodic Distributions</u> Not applicable.</p>
<b>(j) Profit/Coupon/Rental payment frequency:</b>	<p><u>Sukuk Ihsan with Periodic Distributions</u> Payable on a semi-annual basis or such period to be determined prior to each issuance of Sukuk Ihsan.</p> <p><u>Sukuk Ihsan without Periodic Distributions</u> Not applicable.</p>
<b>(k) Profit/Coupon/Rental payment basis:</b>	<p><u>Sukuk Ihsan with Periodic Distributions</u> Calculated based on actual number of days elapsed and 365 days basis (actual/365) ("<b>Periodic Distribution Basis</b>").</p> <p><u>Sukuk Ihsan without Periodic Distributions</u> Not applicable.</p> <p>The <b>Periodic Distribution Amount</b> on any relevant Periodic Distribution Date is calculated at the Periodic Distribution Rate on the nominal value of the relevant tranche of the Sukuk Ihsan based on the Periodic Distribution Basis.</p>
<b>(l) Security/Collateral, where applicable:</b>	Nil.
<b>(m) Details on utilisation of proceeds by issuer/obligor. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable:</b>	<p>(i) The proceeds raised from the issuance of Sukuk Ihsan under the Sukuk Programme shall be utilised by the Issuer or the Investment Wakeel to purchase the Sukuk Investments.</p> <p>(ii) Khazanah will use the proceeds from the Sukuk Investments for the purpose of funding Shariah-compliant Eligible SRI projects (within the definition set out in the Guidelines on Sukuk) ("<b>Projects</b>").</p> <p>For the avoidance of doubt, the proceeds from the issuance of Sukuk Ihsan under the Sukuk Programme will be utilised for Shariah-compliant purposes only.</p> <p><u>Note for item (ii) above:</u> Under the investment of the Tangible Assets, Khazanah as seller, would obtain the proceeds from the Sukuk Investments from the Investment Wakeel (acting on behalf of the Sukukholders), via the sale of the Tangible Assets to the Investment Wakeel (acting on behalf of the Sukukholders). While under the investment in the Commodity Murabahah Investment, Khazanah as the Buyer, would obtain the proceeds from the Sukuk Investments via the sale of the Shariah-compliant commodities to the Commodity Buyer on spot basis for</p>

	cash. Khazanah as recipient of the proceeds from the Sukuk Investment shall utilise the same to fund the Eligible SRI projects.
<b>(n) Sinking fund and designated accounts, where applicable:</b>	Not applicable.
<b>(o) Rating:</b> <ul style="list-style-type: none"> <li><b>Credit ratings assigned and whether the rating is final or indicative:</b></li> <li><b>Name of credit rating agencies:</b></li> </ul>	<p>The Sukuk Programme has been assigned an initial rating of AAA(s).</p> <p>RAM Rating Services Berhad ("<b>Rating Agency</b>").</p>
<b>(p) Mode of issue:</b>	<p>Via book running or direct placement on a best effort basis or a bought deal basis.</p> <p>The Sukuk Ihsan may also be issued via bought deal basis based on terms and conditions to be mutually agreed upon between the Issuer and the primary subscriber(s).</p> <p>Issuance of the Sukuk Ihsan under the Sukuk Programme shall be in accordance with the MyClear Rules and Procedures (as defined in item 2(y)(i) below), subject to such exemptions (if any) granted from time to time.</p>
<b>(q) Selling restriction, including tradability, i.e. whether tradable or non-tradable:</b>	<p><u>At issuance</u> The Sukuk Ihsan may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Sukuk Ihsan may be made and to whom the Sukuk Ihsan are issued would fall within Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 as amended from time to time ("<b>CMSA</b>") and Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.</p> <p><u>Thereafter</u> The Sukuk Ihsan may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Sukuk Ihsan would fall within Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of CMSA.</p> <p>Further, as the Rating Agency has assigned the Sukuk Programme an initial rating of AAA(s), the issuance of, offer for subscription or purchase of, or invitation to, subscribe for the Sukuk Ihsan falls within Schedule 8 or Section 257(3) of the CMSA.</p>
<b>(r) Listing status and types of listing, where applicable:</b>	The Sukuk Ihsan may be listed on Bursa Malaysia Securities Berhad under its Exempt Regime or any other stock exchange for profiling purposes only.
<b>(s) Other regulatory approvals required in relation to the</b>	None.

<p><b>issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained:</b></p>	<p>Khazanah requires consent from the Minister of Finance pursuant to section 6 of the Loans Guarantee (Bodies Corporate) Act 1965, which provides that so long as the Government of Malaysia shall continue to be liable under any guarantee given under this Act in respect of any sums raised by a body corporate, the body corporate shall not except with the consent of the Minister of Finance exercise any other power to borrow possessed by it. Since Khazanah currently has outstanding borrowings guaranteed by the Government of Malaysia, it requires consent from the Minister of Finance for any borrowing raised by it. Such consent from the Minister of Finance has been obtained.</p>
<p><b>(t) Conditions precedent:</b></p>	<p><u>A. Main Documentation</u></p> <p>The transaction documents have been executed and, where applicable, stamped (or endorsed as exempt from stamp duty) and presented for registration.</p> <p><u>B. Issuer and the Obligor</u></p> <ul style="list-style-type: none"> <li>(i) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer and the Obligor;</li> <li>(ii) Certified true copies of the latest Forms 24 and 49 of the Issuer and the Obligor;</li> <li>(iii) A certified true copy of board resolutions of the Issuer and the Obligor authorising, among others, the execution of the relevant transaction documents;</li> <li>(iv) A list of the Issuer's and the Obligor's authorised signatories and their respective specimen signatures;</li> <li>(v) A report of the relevant company search of the Issuer and the Obligor; and</li> <li>(vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer and the Obligor.</li> </ul> <p><u>C. General</u></p> <ul style="list-style-type: none"> <li>(i) The approval and authorisation from the SC;</li> <li>(ii) Evidence of confirmation from the Joint Shariah Advisers that the structure and mechanism together with the transaction documents are in compliance with Shariah principles;</li> <li>(iii) Evidence that all transaction fees, costs and expenses have been or will be paid in full;</li> <li>(iv) The Lead Arranger has received from the Solicitor a favourable legal opinion addressed to it and the Sukuk Trustee advising with respect to, among 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</li> </ul>

	<p>fulfilled; and</p> <p>(v) Such other conditions precedent as advised by the Solicitor and mutually agreed with the Issuer.</p>
<b>(u) Representations and warranties:</b>	<p><u>A. Issuer</u></p> <p>(i) The Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its assets;</p> <p>(ii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;</p> <p>(iii) The Sukuk Ihsan and each of the transaction documents to which the Issuer is a party, 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 terms; and</p> <p>(iv) Such other representations and warranties as advised by the Solicitor and mutually agreed with the Issuer.</p> <p><u>B. Obligor</u></p> <p>(i) The Obligor is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets and has full beneficial ownership of all its assets;</p> <p>(ii) The Memorandum and Articles of Association of the Obligor incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Obligor to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;</p> <p>(iii) Each of the transaction documents to which the Obligor is a party, 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</p>



	<p>the case may be, constitute, valid and legally binding obligations of the Obligor enforceable in accordance with their terms; and</p> <p>(iv) Such other representations and warranties as advised by the Solicitor and mutually agreed with the Obligor.</p>
<p><b>(v) Events of default, dissolution event and enforcement event, where applicable:</b></p>	<p><u>Dissolution Events in relation to the Issuer and the Obligor</u></p> <p><u>A. Issuer</u></p> <p>(i) The Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand and such default continues for a period of seven (7) business days;</p> <p>(ii) Any representation or warranty made or given by the Issuer under the transaction documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Ihsan and/or any of the transaction documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure;</p> <p>(iii) The Issuer fails to observe or perform its obligations under any of the transaction documents or the Sukuk Ihsan or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (A.(i)) above, and in the case of a failure which in the reasonable opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure;</p> <p>(iv) Any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable, provided that (i) such indebtedness, borrowed moneys, guarantee or security remain outstanding for ten (10) business days; (ii) the aggregate amount equals or exceeds US\$50,000,000 or its equivalent in another currency; and (iii) the Issuer is not contesting the relevant claim or declaration in good faith prior to an order or award being made;</p>



	<p>(v) An encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or any part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect (as defined below) on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;</p> <p>(vi) The Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction 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 dismissed;</p> <p>(vii) 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 set aside such petition within sixty (60) days from the date of service of such winding up petition or a winding up order has been made against the Issuer;</p> <p>(viii) The Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any 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 part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, upon the instructions of the Sukukholders, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act, 1965 has been instituted against the Issuer;</p> <p>(ix) At any time any of the provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;</p> <p>(x) The Issuer repudiates any of the transaction documents;</p> <p>(xi) Any substantial part of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body; or</p>
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	<p>(xii) Any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee 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 by the Sukuk Trustee of the event or situation.</p> <p><u>B. Obligor</u></p> <p>(i) The Obligor fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand and such default continues for a period of seven (7) business days;</p> <p>(ii) Any step is taken for the winding up, dissolution or liquidation of the Obligor to the extent that a petition for winding up is presented against the Obligor and the Obligor has not taken any action in good faith to set aside such petition within sixty (60) days from the date of service of such winding up petition or a winding up order has been made against the Obligor, or the passing of any resolution for the winding up, dissolution or liquidation of the Obligor;</p> <p>(iii) The Obligor enters into a scheme of arrangement under Section 176 of the Companies Act, 1965 or any similar type of arrangement with the Obligor's creditor or such a scheme is instituted against or in respect of the Obligor (save and except pursuant to an internal reorganisation which has been approved by the Sukuk Trustee, upon the instructions of the Sukukholders);</p> <p>(iv) An encumbrancer takes possession or a receiver, liquidator or similar officer is appointed over the whole or a substantial part of the assets or undertaking of the Obligor;</p> <p>(v) The Obligor commits and breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under any of the transaction documents (other than a failure as referred to in paragraph (B.(i)) above and (except where the Sukuk Trustee reasonably considers that such default is not capable of remedy) (a) the same has not been remedied to the Sukuk Trustee's reasonable satisfaction within thirty (30) days of a written notice by the Sukuk Trustee requiring such remedy and (b) the Sukuk Trustee does not certify that such unremedied breach or omission is not materially prejudicial to the interests of the Sukukholders;</p> <p>(vi) Any indebtedness of the Obligor becomes enforceable or capable, in accordance with the relevant terms thereof, of being declared due</p>
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	<p>prematurely by reason of a default by the Obligor in its obligations in respect of the same, or the Obligor fails to make any payment in respect thereof on the due date for such payment or when called or the security for any such indebtedness becomes enforceable, provided that (i) such indebtedness, borrowed moneys, guarantee or security remain outstanding for ten (10) business days; (ii) the aggregate amount equals or exceeds US\$50,000,000 or its equivalent in another currency; and (iii) the Obligor is not contesting the relevant claim or declaration in good faith prior to an order or award being made;</p> <p>(vii) Any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by the Obligor to authorise or required by the Obligor in connection with the execution, issue, delivery, validity, enforceability or admissibility in evidence of any transaction document or the performance by the Obligor of its obligations under any transaction document as the case may be, is modified to such degree as would be prejudicial to the interest of any Sukukholder or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect;</p> <p>(viii) The Minister of Finance (Incorporated), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act 1957 ceases to own, directly or indirectly, all the shares of the Obligor save for one (1) share presently owned by Pesuruhjaya Tanah Persekutuan either by way of disposal or transfer of any share in the Obligor or issue any new share in the Obligor to other person; or</p> <p>(ix) Such other events as advised by the Solicitors and mutually agreed with the Issuer and/or the Obligor,</p> <p>then, the Sukuk Trustee may, if so directed by a special resolution of the Sukukholders shall (subject to its rights to be indemnified to its satisfaction) declare (by giving notice to the Issuer and Obligor) that a Dissolution Event has occurred ("<b>Dissolution Declaration Date</b>") and the Sukuk Trustee is entitled to enforce its rights under the transaction documents, including requiring the Obligor to purchase the Tangible Assets and pay the Exercise Price under the Purchase Undertaking, and pay the outstanding amounts of the Deferred Sale Price (subject to the Ibra' (as defined in item 2(y)(x) below). The Sukuk Trustee will use the proceeds thereof to redeem the Sukuk Ihsan at the Dissolution Distribution Amount.</p>
<b>(w) Covenants:</b>	
<b>(i) Information Covenants of the Issuer:</b>	<p>i. The Issuer shall promptly provide to the Sukuk Trustee at least on an annual basis, a certificate</p>

	<p>confirming that, to the best of its knowledge, as at a date (the “<b>Issuer Certification Date</b>”) not more than five (5) business days before the date of the certificate, the Issuer has complied with all its obligations under the transaction documents and the terms and conditions of the Sukuk Ihsan and that there does not exist or had not existed, from the first date the Sukuk Ihsan were issued or the last Issuer Certification Date, as the case may be, any Dissolution Event, and if such is not the case, to specify the same;</p> <p>ii. The Issuer shall deliver to the Sukuk Trustee the following:</p> <p>(a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of its financial year) copies of its financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Sukuk Trustee;</p> <p>(b) promptly, such additional financial information as the Sukuk Trustee may from time to time reasonably request in order to perform its functions and/or exercise its rights, powers and/or discretions under the transaction documents; and</p> <p>(c) promptly, all notices or other documents received by the Issuer from any of its creditors, or from the Issuer to any of its creditors which contents may materially and adversely affect the interests of the Sukukholders;</p> <p>iii. The Issuer shall promptly notify the Sukuk Trustee of any change in its board of directors and/or shareholders;</p> <p>iv. The Issuer shall promptly notify the Sukuk Trustee (A) of any change in its condition (financial or otherwise) and of (B) any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which in either case has a Material Adverse Effect on the Issuer;</p> <p>v. The Issuer shall promptly give notice to the Sukuk Trustee of any change in the utilisation of proceeds from the Sukuk Ihsan from the purposes set out in this PTC;</p> <p>vi. The Issuer shall promptly give notice to the Sukuk Trustee of the occurrence of any Dissolution Event upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to</p>
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	<p>remedy and/or mitigate the effect of the Dissolution Event;</p> <p>vii. The Issuer shall promptly provide annual reporting, via newsletters, website updates, annual reports or any other communication channels, to Sukukholders on the following:</p> <ol style="list-style-type: none"> <li>1) the original amount earmarked for the Projects;</li> <li>2) the amount utilised for the Projects;</li> <li>3) the unutilised amount and where such unutilised amount is placed or invested pending utilisation;</li> <li>4) where feasible and to the extent possible, the impact objectives of the Projects; and</li> </ol> <p>viii. Such other covenants as may be advised by the Solicitor and mutually agreed with the Issuer.</p>
<b>(ii) Information Covenants of the Obligor:</b>	<p>i. The Obligor shall promptly provide to the Sukuk Trustee with an annual certificate at the end of each financial year, certifying that, to the best of its knowledge, as at a date (the “<b>Obligor Certification Date</b>”) not more than five (5) business days before the date of the certificate, the Obligor has complied with all its obligations under the transaction documents and the terms and conditions of the Sukuk Programme and that there does not exist or had not existed, from the first date the Sukuk Ihsan is issued or the last Obligor Certification Date, as the case may be, any Dissolution Event, and if such is not the case, to specify the same;</p> <p>ii. The Obligor shall immediately notify the Sukuk Trustee as soon as it becomes aware:</p> <ol style="list-style-type: none"> <li>(a) of any Dissolution Event or that such other right or remedy under the terms, provisions and covenants of the transaction documents have become immediately enforceable;</li> <li>(b) of any circumstance that has occurred that may amount to a Material Adverse Effect on the Obligor or the interests of the Sukukholders including any breach, any pending or threatened litigation, arbitration or government action which could reasonably be expected to have a Material Adverse Effect on the Obligor;</li> <li>(c) of any change in the utilisation of proceeds from the Sukuk Ihsan by the Obligor from that set out in the transaction documents; and</li> <li>(d) of any substantial change in the nature of the business of the Obligor, and</li> </ol> <p>iii. Such other covenants as advised by the Solicitor and mutually agreed with the Obligor.</p>

<p><b>(iii) Positive Covenants by the Issuer:</b></p>	<ul style="list-style-type: none"> <li>i. The Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the transaction documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the financiers under the transaction documents and the Issuer shall comply with the same;</li> <li>ii. The Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the transaction documents;</li> <li>iii. The Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;</li> <li>iv. The Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;</li> <li>v. the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the Sukuk Ihsan, circulars, conditions or guidelines issued by the SC from time to time;</li> <li>vi. The Issuer shall maintain a paying agent in Malaysia;</li> <li>vii. The Issuer shall procure that the paying agent shall notify the Sukuk Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Sukuk Ihsan; and</li> <li>viii. Such other covenants as advised by the Solicitor and mutually agreed with the Issuer.</li> </ul>
<p><b>(iv) Positive Covenants by the Obligor:</b></p>	<ul style="list-style-type: none"> <li>i. The Obligor shall (a) maintain or cause to be maintained in full force and effect all authorisations and (b) promptly obtain all further authorisations, consents, licences, approvals and exemptions and effect all registrations and filings, which may become necessary to enable the performance by the Obligor of the transactions contemplated by the Trust Deed and the other transaction documents;</li> </ul>

	<ul style="list-style-type: none"> <li>ii. The Obligor shall at all times carry on and conduct its business in a proper and efficient manner; and</li> <li>iii. Such other covenants as advised by the Solicitor and mutually agreed with the Obligor.</li> </ul>
<b>(v) Negative Covenants of the Issuer:</b>	<ul style="list-style-type: none"> <li>i. The Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, except pursuant to the transaction documents or liens arising in the ordinary course of business by operation of law and not by way of contract;</li> <li>ii. The Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the transaction documents;</li> <li>iii. The Issuer shall not reduce its authorised or 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, or by any other manner;</li> <li>iv. The Issuer shall not incur any indebtedness for borrowed monies, save and except in respect of the Sukuk Ihsan, nor give any guarantee in respect of any indebtedness for borrowed monies to any person or entity whatsoever;</li> <li>v. The Issuer shall not obtain or permit to exist any loans or advances from its shareholders;</li> <li>vi. Other than the transactions contemplated under this PTC, the Issuer shall not enter into any agreement with its shareholders unless such agreement is entered into: <ul style="list-style-type: none"> <li>(a) in the ordinary course of its business;</li> <li>(b) on an arms-length basis; and</li> <li>(c) will not have a Material Adverse Effect on the Issuer.</li> </ul> <p>Unless otherwise stated, for the purpose of this PTC, <b>“Material Adverse Effect”</b> means any event which may materially and adversely affect the financial position of the Issuer or the Obligor (as the case may be) such that it would be unable to perform any of its obligations under any of the transaction documents;</p> </li> <li>vii. The Issuer shall not use the proceeds of the Sukuk Programme except for the purposes set out in this</li> </ul>



	<p>PTC;</p> <p>viii. The Issuer shall not lend any money to any party;</p> <p>ix. The Issuer shall not take steps to wind up or dissolve itself;</p> <p>x. The Issuer will not enter into a transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or person connected with them) unless:</p> <p>(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; and</p> <p>(b) with respect to transactions involving an aggregate payment or value equal to or greater than RM10.0 billion, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;</p> <p>PROVIDED THAT the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (a), that the Issuer has received the certification referred to in paragraph (b) (where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting as the case may require; and</p> <p>xi. Such other covenants as advised by the Solicitor and mutually agreed with the Issuer.</p>
<b>(vi) Negative Covenants of the Obligor:</b>	<p>To include but not limited to the following:</p> <p>i. other than the transactions contemplated under this PTC, the Obligor shall not enter into any agreement with its shareholders, subsidiaries or associated companies unless such agreement is entered into will not have a Material Adverse Effect on the Obligor;</p> <p>ii. the Obligor shall not use the proceeds of the Sukuk Programme except for the purposes set out in this PTC; and</p> <p>iii. such other covenants as advised by the Solicitor and mutually agreed with the Obligor.</p>
<b>(x) Provisions on buy-back and early redemption of sukuk:</b>	<p><u>Repurchase and Cancellation</u></p> <p>The Issuer or its subsidiary(ies) or agent(s) may at any time purchase the Sukuk Ihsan at any price in the open market or by private treaty. Such Sukuk Ihsan purchased by the Issuer or its subsidiary(ies) or agent(s) shall be cancelled and cannot be reissued or resold. The Sukuk Ihsan purchased by its related corporations (other than its subsidiaries) and interested persons (as defined in the Trust Deeds Guidelines (revised on 12 July 2011 and</p>



	<p>effective on 12 August 2011), as may be amended from time to time) need not be cancelled but they will not entitle such related corporations or interested persons to vote at any meeting of the Sukukholders.</p> <p><u>Redemption</u> Any Sukuk Ihsan redeemed by the Issuer shall be cancelled and cannot be reissued or resold.</p> <p><u>Early Redemption</u> Not applicable.</p>
<b>(y) Other principal terms and conditions for the proposal</b>	
<b>(i) Issue price:</b>	The Sukuk Ihsan may be issued at par or at a discount and the issue price shall be calculated in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" (" <b>MyClear Rules</b> ") issued by Malaysian Electronic Clearing Corporation Sdn Bhd (" <b>MyClear</b> ") and (2) the "Operational Procedures for Securities Services" issued by MyClear, (" <b>MyClear Procedures</b> ") as amended or substituted from time to time (collectively the " <b>MyClear Rules and Procedures</b> ").
<b>(ii) Form and denomination:</b>	The Sukuk Ihsan shall be issued in accordance with MyClear Rules and Procedures. Each tranche of the Sukuk Ihsan shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Sukuk Ihsan shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
<b>(iii) Issue:</b>	<p>The Sukuk Ihsan may be issued in multiples of RM1,000, but subject to the FAST Rules and other standard conditions including, without limitation, the following:</p> <ol style="list-style-type: none"> <li>1) a minimum issue size of RM10.0 million for each issue;</li> <li>2) issue notice shall be given to the Facility Agent at least six (6) business days (for the first issue) or five (5) business days (for subsequent issues) prior to and excluding the date of proposed issue; and</li> <li>3) any amount redeemed may be re-issued.</li> </ol>
<b>(iv) Status:</b>	<p>The Sukuk Ihsan constitute undivided beneficial interest in the Sukuk Investments in respect of the relevant tranche and shall at all times rank pari passu and rateably, without discrimination, preference or priority amongst themselves subject to priorities or rights preferred by law.</p> <p>The obligations of the Obligor pursuant to the relevant transaction documents in connection with the Sukuk Ihsan shall constitute unconditional and unsecured obligations of the Obligor and shall at all times rank pari passu, without discrimination, preference or priority among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Obligor,</p>

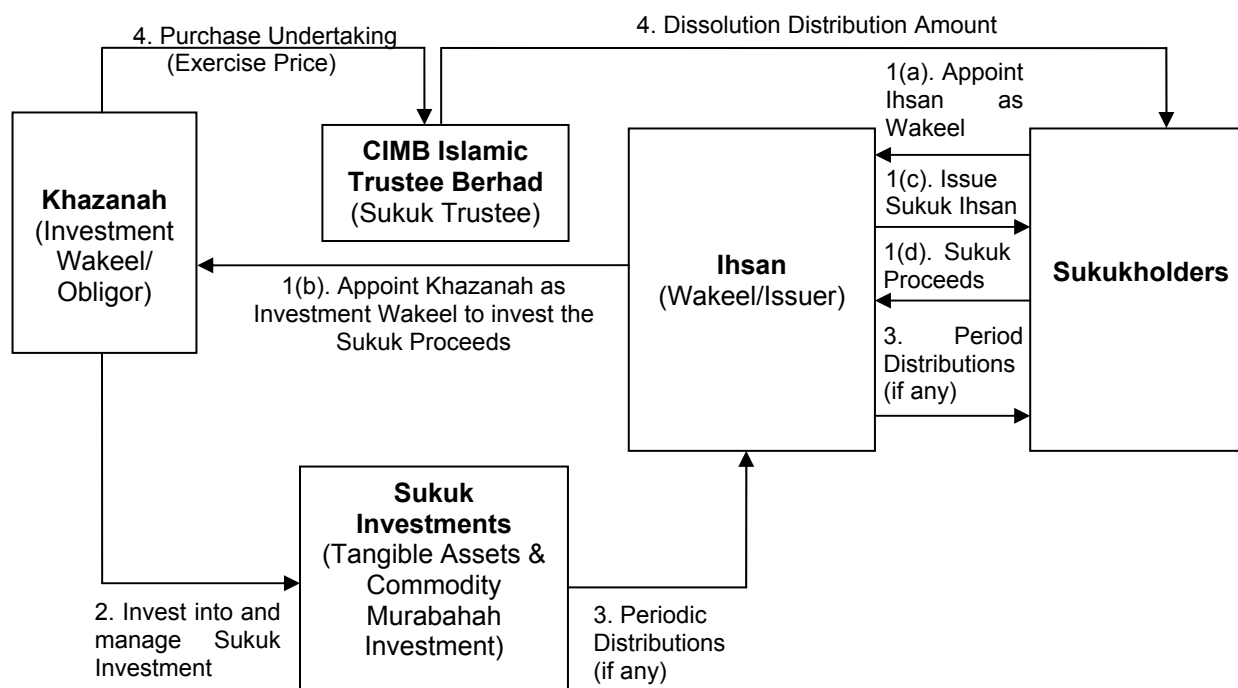
		subject to the provisions of the transaction documents and those preferred by law.
	<b>(v) Exercise Price:</b>	The Exercise Price for the purchase of the Sukukholders' undivided and proportionate interest in the Tangible Assets under the relevant Sukuk Ihsan shall be at the market value of the Tangible Assets or in the case of non-listed shares, based on the net tangible assets of the underlying company at the relevant Scheduled Dissolution Date(s) or the Dissolution Declaration Date, as the case may be.
	<b>(vi) Dissolution Distribution Amount:</b>	<p>On the Scheduled Dissolution Date:</p> <p>(a) <u>in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the nominal value of the Sukuk Ihsan; plus</li> <li>(ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date; less</li> <li>(iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs (as defined in item 2(y)(vii) below) are met.</li> </ul> <p>(b) <u>in the case of Sukuk Ihsan issued at discount without Periodic Distributions</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the nominal value of the Sukuk Ihsan; less</li> <li>(ii) any adjustment to the nominal value to the Sukuk Ihsan in the event the KPIs are met.</li> </ul> <p>On the Dissolution Declaration Date:</p> <p>(a) <u>in the case of Sukuk Ihsan issued at par or at discount with Periodic Distributions</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the nominal value of the Sukuk Ihsan; plus</li> <li>(ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date; less</li> <li>(iii) any adjustment to the nominal value of the Sukuk Ihsan in the event the KPIs are met.</li> </ul> <p>(b) <u>in the case of Sukuk Ihsan issued at discount without Periodic Distributions</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the accreted value of the Sukuk Ihsan; less</li> <li>(ii) any adjustment to the accreted value of the</li> </ul>

		<p>Sukuk Ihsan in the event the KPIs are met.</p> <p>For the avoidance of doubt, any double counting shall be disregarded.</p>
	<b>(vii) Key Performance Indicators (“KPIs”):</b>	<p>Means the key performance indicators imposed on the relevant Projects or promoters of the relevant Projects which shall be determined prior to each Sukuk Ihsan issuance.</p> <p>The KPIs will be evaluated prior to the maturity date of the respective Sukuk Ihsan by an independent auditor to be appointed and the independent auditor shall furnish a report detailing, amongst others, its evaluation of the KPIs to the Sukuk Trustee within a certain time period to be determined for each Project.</p>
	<b>(viii) Sukukholders’ option to waive:</b>	<p>The Sukukholders may, at their option, waive their rights, benefits and entitlements to the Periodic Distributions and the nominal amount payable under the relevant Sukuk Ihsan (in whole and not in part), by selling to Khazanah their Sukukholdings for a nominal consideration. The Sukukholders shall be entitled to exercise the option to waive the above: i) on the issue date of the relevant Sukuk Ihsan; and/or ii) such point(s) of time after the issue date but prior to the maturity of the relevant Sukuk Ihsan where such point(s) of time shall be determined prior to the issue date of the relevant Sukuk Ihsan, following which such Sukuk Ihsan shall no longer be tradeable nor transferable.</p> <p>The transaction documents shall detail the mechanism to exercise such option to waive including but not limited to the issuance of certain notices and the timing of such issuances.</p>
	<b>(ix) Compensation (Ta’widh):</b>	<p><u>For Sukuk Ihsan issued under Wakalah Bi Al-Istithmar:</u></p> <p>In the event the Issuer breaches its fiduciary duty as an investment manager due to its failure to distribute any realised Periodic Distributions and/or due to any delays in the payment of any amounts due and payable to the Sukukholders under the Purchase Undertaking and/or the Deferred Sale Price, the Issuer and/or the Obligor shall pay to the Sukuk Trustee (acting on behalf of the Sukukholders) compensation (Ta’widh) on such overdue amounts at the rate and in the manner prescribed by the SC’s Shariah Advisory Council from time to time in accordance with Shariah.</p> <p><u>For Sukuk Ihsan issued under other Islamic principles (other than Wakalah Bi Al-Istithmar):</u></p> <p>The compensation (Ta’widh) shall be in accordance with the Guidelines on Sukuk and at the rate and in the manner prescribed by the SC’s Shariah Advisory Council from time to time in accordance with Shariah.</p>
	<b>(x) Ibra’:</b>	<p>The Sukukholders in subscribing to or purchasing the Sukuk Ihsan consent to grant an Ibra’, if the Sukuk Ihsan are redeemed before the Scheduled Dissolution Date or</p>

		<p>upon the Dissolution Declaration Date.</p> <p>Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partial or in full. With respect to the Murabahah contract, Ibra' refers to release of rights on debts/amount due and payable under the said contract.</p> <p>For the avoidance of doubt, Ibra' will be applicable only to the Commodity Murabahah Investment portion of the Sukuk Investments, i.e. the Deferred Sale Price only.</p> <p>For the avoidance of doubt, any double counting shall be disregarded.</p>
	<b>(xi) Trustees' Reimbursement Account for Sukukholders' Actions:</b>	<p>The Issuer shall set up a "Trustees' Reimbursement Account for Sukukholders' Actions" ("<b>Account</b>") with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the Sukuk Programme). The Account shall be operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event which are to be provided in the relevant transaction documents.</p>
	<b>(xii) Taxation:</b>	<p>All payments by the Issuer or the Obligor shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer or the Obligor shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.</p>
	<b>(xiii) Other conditions:</b>	<p>The Sukuk Ihsan shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and MyClear having jurisdiction over matters pertaining to the Sukuk Ihsan.</p>
	<b>(xiv) Governing laws:</b>	<p>Laws of Malaysia.</p>
	<b>(xv) Jurisdiction:</b>	<p>The Issuer and/or the Obligor shall unconditionally and irrevocably submit to the exclusive jurisdictions of the courts of Malaysia.</p>

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## Annexure I



<b>Step 1</b>	<p>Pursuant to a wakalah agreement ("<b>Wakalah Agreement</b>") between the Sukuk Trustee (on behalf of the investors ("<b>Sukukholders</b>")) and Ihsan, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Ihsan to act as its agent ("<b>Wakeel</b>") to invest the Sukuk Proceeds (as defined below) in Sukuk Investments (as defined below). Ihsan, in its capacity as Wakeel to the Sukukholders, shall appoint Khazanah as the sub-wakeel or agent on its behalf ("<b>Investment Wakeel</b>") to invest the Sukuk Proceeds on behalf of the Sukukholders. Ihsan shall, from time to time, issue sukuk ("<b>Sukuk Ihsan</b>") and the Sukukholders shall subscribe to the Sukuk Ihsan by paying the issue price ("<b>Sukuk Proceeds</b>").</p>
<b>Step 2</b>	<p>Ihsan, as the Issuer, shall declare a trust over the Sukuk Proceeds and over the Sukuk Investments (as defined below). The Sukuk Ihsan shall represent the Sukukholders' undivided and proportionate beneficial interest in the trust assets which shall comprise of the Sukuk Proceeds, the Sukuk Investments (as defined below) and the rights, title, interest, entitlement and benefit in relation thereto, including the relevant documents ("<b>Trust Assets</b>").</p> <p>The Investment Wakeel shall invest the Sukuk Proceeds into the relevant investment portfolio which shall comprise of:</p> <ul style="list-style-type: none"> <li>(i) Shariah-compliant tangible assets ("<b>Tangible Assets</b>"); and</li> <li>(ii) Shariah-compliant commodities purchased and sold under the principle of Murabahah ("<b>Commodity Murabahah Investment</b>").</li> </ul> <p>The investments described in (i) and (ii) above shall collectively be referred to as the "<b>Sukuk Investments</b>". The Investment Wakeel shall ensure that the Tangible Assets shall at all times be a component of the Sukuk Investments.</p> <p>The Investment Wakeel shall invest at least 33% of the Sukuk Proceeds into the Tangible Assets ("<b>Asset Purchase Price</b>"). The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.</p>
<b>Step 3</b>	<p>In respect of Sukuk Ihsan with Periodic Distributions (as defined below), returns generated from the Sukuk Investments up to an expected amount equal to a certain</p>

	<p>percentage on the face amount of the Sukuk Ihsan per annum, calculated based on the actual number of days in the relevant period shall be distributed periodically in the form of periodic distribution ("<b>Periodic Distribution</b>"). The Periodic Distributions shall be made semi-annually or such other period to be determined prior to each issuance date of Sukuk Ihsan (each such date for distribution, a "<b>Periodic Distribution Date</b>").</p> <p>In respect of Sukuk Ihsan without Periodic Distributions, returns generated from the Sukuk Investments up to the expected return (yield of the Sukuk Ihsan) shall be distributed on a one-off basis upon the maturity date ("<b>Scheduled Dissolution Date</b>") or the Dissolution Declaration Date (as defined in item 2(v)(B)(ix) above).</p> <p>On the i) Periodic Distribution Date; ii) Scheduled Dissolution Date; or the iii) Dissolution Declaration Date, as the case may be, any returns from the Sukuk Investments in excess of the Periodic Distribution Amount and/or the Dissolution Distribution Amount (as defined in item 2(y)(vi) above) due and payable under the Sukuk Ihsan shall be retained by Khazanah as an incentive fee for the Investment Wakeel. For the avoidance of doubt, the Investment Wakeel shall not be entitled to any incentive fee until all amounts due and payable under the Sukuk Ihsan have been fully settled and in the case of a Scheduled Dissolution Date and/or the Dissolution Declaration Date, the Sukuk Ihsan have been fully redeemed.</p>
<b>Step 4</b>	<p>Khazanah (as the Obligor) shall grant a purchase undertaking ("<b>Purchase Undertaking</b>") to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Sukukholders' undivided and proportionate beneficial interest in the Tangible Assets at the Exercise Price (as defined in item 2(y)(v) above).</p> <p>For the avoidance of doubt, any double counting shall be disregarded.</p> <p>Upon exercise of the Purchase Undertaking and the full payment of all amounts due and payable under the Sukuk Ihsan, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Ihsan held by the Sukukholders will be cancelled.</p>

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### SECTION 3.0 TERMS OF THE FIRST SUKUK IHSAN

*Words and expressions used and defined in this Section 3.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable in this Section 3.0.*

(i) <b>Issuer:</b>	Ihsan.
(ii) <b>Obligor:</b>	Khazanah.
(iii) <b>Independent Auditor for KPI Evaluation:</b>	Ernst & Young or KPMG or PricewaterhouseCoopers or Deloitte, as may be appointed from time to time (" <b>Independent Auditor</b> ").
(iv) <b>Lead Manager/Bookrunner (if applicable):</b>	CIMB.
(v) <b>Islamic principle used:</b>	Wakalah Bi Al-Istithmar.
(vi) <b>Type of Sukuk:</b>	Sukuk Ihsan with Periodic Distributions issued at par.
(vii) <b>Issue price:</b>	100%.
(viii) <b>Tenure of the First Sukuk Ihsan:</b>	Seven (7) years.
(ix) <b>Periodic Distribution Rate:</b>	Four point three per cent. (4.30%) per annum.
(x) <b>Periodic Distribution payment frequency:</b>	Payable on an annual basis.
(xi) <b>Details on utilisation of proceeds by Issuer/Obligor:</b>	<p>(i) The proceeds raised from the First Sukuk Ihsan shall be utilised by the Issuer or the Investment Wakeel to purchase the Sukuk Investments.</p> <p>(ii) Khazanah will use the proceeds from the Sukuk Investments to fund Yayasan AMIR's Trust Schools Programme for 2015 ("<b>First Sukuk Ihsan Eligible SRI Project</b>").</p> <p>For the avoidance of doubt, the proceeds from the First Sukuk Ihsan will be utilised for Shariah-compliant purposes only.</p> <p><u>Note for item (ii) above:</u> Under the investment of the Tangible Assets, Khazanah as seller, would obtain the proceeds from the Sukuk Investments from the Investment Wakeel (acting on behalf of the Sukukholders), via the sale of the Tangible Assets to the Investment Wakeel (acting on behalf of the Sukukholders). While under the investment in the Commodity Murabahah Investment, Khazanah as the Buyer, would obtain the proceeds from the Sukuk Investments via the sale of the Shariah-compliant commodities to the Commodity Buyer on spot basis for cash. Khazanah as recipient of the proceeds from the Sukuk Investment shall utilise the same to fund the First Sukuk Ihsan Eligible SRI Project.</p>

<p>(xii) <b>KPIs:</b></p>	<p>The KPIs for the First Sukuk Ihsan are as follows:</p> <ul style="list-style-type: none"> <li>(i) A minimum of twenty (20) schools are selected under Yayasan AMIR's Trust Schools Programme for a five (5)-year intervention period (the "<b>5-Year Intervention Period</b>") during the term of the First Sukuk Ihsan ("<b>Identified Schools</b>");</li> <li>(ii) At least fifty per cent. (50%) of the teachers of the Identified Schools are rated at the Establishing level (as described in Section 7.4(b) below) or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period;</li> <li>(iii) At least fifty per cent. (50%) of the senior leadership of the Identified Schools are rated at the Establishing level (as described in Section 7.4(c) below) or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period; and</li> <li>(iv) (A) At least fifty per cent (50%) of the students of the Identified Schools are rated at the Establishing level (as described in Section 7.4(d)(i) below) or above in their observations, after the end of their respective Identified Schools' 5-Year Intervention Period; and (B) the set targets in relation to discipline as well as literacy and numeracy skills for the students at the Identified Schools, as set out in Section 7.4(d)(ii) below, are achieved after the end of their respective Identified Schools' 5-Year Intervention Period.</li> </ul> <p>The KPIs for the First Sukuk Ihsan shall be evaluated prior to the maturity date of the First Sukuk Ihsan by the Independent Auditor. The Independent Auditor shall, on a date no later than six (6) months prior to the maturity date of the First Sukuk Ihsan, provide a report (hard copy and electronic format) on the KPIs ("<b>KPI Evaluation Report</b>") to the Sukuk Trustee and the Facility Agent. The Sukuk Trustee shall then make available the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders' Authorised Depository Institution ("<b>ADI</b>") via any delivery channel including FAST within three (3) business days from the date of receipt of the KPI Evaluation Report. If the KPIs are met, the nominal value in relation to the Dissolution Distribution Amount payable to the First Sukuk Ihsan Sukukholders will be reduced, regardless of any failure and/or delay of the Sukuk Trustee in delivering the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders. The formula to calculate the Dissolution Distribution Amount is detailed in paragraph (xiii) below.</p> <p>The KPI Evaluation Report shall contain, amongst others, details of each KPI, the evaluation method of each KPI and whether each KPI is met. If the KPI Evaluation Report is unable to provide a complete evaluation of each KPI or if the KPI Evaluation Report is not provided to the Sukuk Trustee and the Facility Agent at least six (6) months prior to the maturity date of the First Sukuk Ihsan, the KPIs will be deemed to be not met.</p>
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	For the avoidance of doubt, the evaluation and opinion of the Independent Auditor shall be conclusive and binding on all the First Sukuk Ihsan Sukukholders, Ihsan and Khazanah.
(xiii) <b>Dissolution Distribution Amount</b>	<p>I. <u>On the Scheduled Dissolution Date</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the nominal value of the First Sukuk Ihsan; plus</li> <li>(ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date; less</li> <li>(iii) in the event the KPIs are met, 6.22 per cent. of the nominal value of the First Sukuk Ihsan.</li> </ul> <p>II. <u>On the Dissolution Declaration Date</u></p> <p>The Dissolution Distribution Amount shall be equivalent to:</p> <ul style="list-style-type: none"> <li>(i) the nominal value of the First Sukuk Ihsan; plus</li> <li>(ii) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date; less</li> <li>(iii) in the event the KPIs are met, 6.22 per cent. of the nominal value of the First Sukuk Ihsan.</li> </ul> <p>For the avoidance of doubt, any double counting shall be disregarded.</p> <p>Further, for the avoidance of doubt, if the Dissolution Declaration Date occurs on or before the date of receipt of the KPI Evaluation Report by the Sukuk Trustee and the Facility Agent, the KPIs will be deemed to be not met and the Dissolution Distribution Amount shall be calculated based on the formula set out in paragraph (II) above.</p>
(xiv) <b>First Sukuk Ihsan Sukukholders' option to waive:</b>	<p>The First Sukuk Ihsan Sukukholders may, at their option, waive their rights, benefits and entitlements to the Periodic Distributions (including accrued but unpaid Periodic Distribution Amount (if any)) and the nominal amount payable under the First Sukuk Ihsan (in whole and not in part), by selling to Khazanah their Sukukholdings in the First Sukuk Ihsan for a nominal consideration of RM1.00 ("<b>Option to Waive</b>") and subject to the relevant First Sukuk Ihsan Sukukholders submitting a Waiver Notice (as defined below) in accordance with the terms set out in this Information Memorandum.</p> <p>The First Sukuk Ihsan Sukukholders shall be entitled to exercise the Option to Waive at any time during the tenure of the First Sukuk Ihsan subject to a written notice ("<b>Waiver Notice</b>"), substantially in the form provided for in <u>Appendix 1</u> herein, being issued by the relevant First Sukuk Ihsan Sukukholders to the Issuer and their respective ADI, copied to the Obligor, the Facility Agent and the Sukuk Trustee.</p>

	<p>The Waiver Notice will specify, amongst others, the following:</p> <ul style="list-style-type: none"> <li>(a) the date on which the Option to Waive takes effect, which is twenty one (21) business days from the date of the Waiver Notice ("<b>Settlement Date</b>");</li> <li>(b) the date on which the First Sukuk Ihsan Sukukholder's Sukukholdings are to be transferred to Khazanah, which shall coincide with the Settlement Date.</li> </ul> <p>Pursuant to the Waiver Notice, the relevant First Sukuk Ihsan Sukukholders will also instruct their respective ADI to confirm to the Issuer and Khazanah their Sukukholdings. Khazanah, on behalf of the Issuer, will then acknowledge receipt of the Waiver Notice upon receipt of such confirmation from the relevant First Sukuk Ihsan Sukukholders' ADI.</p> <p>In the event the relevant First Sukuk Ihsan Sukukholders receive any Periodic Distributions after the Settlement Date, such First Sukuk Ihsan Sukukholders are required to return such amounts to Khazanah. In addition, if a Settlement Date which was supposed to occur one (1) business day before a Periodic Distribution Date but falls on such Periodic Distribution Date instead for whatever reason (including an unexpected holiday), and the relevant First Sukuk Ihsan Sukukholders receive any Periodic Distribution on such Periodic Distribution Date, such Sukukholders are required to return to Khazanah the Periodic Distribution that they have received.</p> <p>For the avoidance of doubt, the First Sukuk Ihsan Sukukholders shall not be entitled to exercise their Option to Waive upon the declaration of a Dissolution Event by the Sukuk Trustee, if so directed by a special resolution of the First Sukuk Ihsan Sukukholders (subject to the Sukuk Trustee's rights to be indemnified to its satisfaction).</p>
<p><b>(xv) Taxation:</b></p>	<p>Subject to the conditions set out in this section (xv), the First Sukuk Ihsan Sukukholders are entitled to receive tax vouchers:</p> <ul style="list-style-type: none"> <li>(a) pursuant to the relevant First Sukuk Ihsan Sukukholders exercising their Option to Waive and subject to (A) the receipt of confirmation by the Issuer and Khazanah of such Sukukholders' Sukukholdings in the First Sukuk Ihsan from their respective ADI, and (B) the completion of the sale of such Sukukholders' Sukukholdings in the First Sukuk Ihsan to Khazanah; and/or</li> <li>(b) in the event the KPIs are met, the reduction in the nominal value of the First Sukuk Ihsan,</li> </ul> <p>whereby the subject matter under paragraphs (a) and (b) above are deemed contributions made to Yayasan AMIR, which has an approved organisation status under Section 44(6) of the Income Tax Act, 1967.</p>

	<p>In relation to paragraph (a) above, Yayasan AMIR, through Khazanah, will provide the relevant tax vouchers to the relevant First Sukuk Ihsan Sukukholders. Such tax vouchers will be dated the same date as the Settlement Date, and shall be for an amount equal to the nominal amount of the Sukukholdings sold to Khazanah, <b>EXCEPT FOR</b> an Option to Waive for which the Settlement Date occurs one (1) business day before a Periodic Distribution Date in which case the tax vouchers to be provided to the relevant First Sukuk Ihsan Sukukholders will be dated the Periodic Distribution Date and shall be for the following amounts:</p> <ul style="list-style-type: none"> <li>(i) an amount equal to the nominal amount of their Sukukholdings sold to Khazanah; AND</li> <li>(ii) an amount equal to the Periodic Distribution due on such Periodic Distribution Date.</li> </ul> <p><b>Accordingly, any First Sukuk Ihsan Sukukholders who wish to be issued tax vouchers for an amount equal to the aggregate of the nominal amount of their Sukukholdings sold to Khazanah as well as one Periodic Distribution should issue the Waiver Notice on a date on which the Settlement Date will occur one (1) business day before a Periodic Distribution Date.</b></p> <p>If the Settlement Date coincides with a Periodic Distribution Date, the relevant First Sukuk Ihsan Sukukholders are entitled to the Periodic Distribution due on such Periodic Distribution Date, and such First Sukuk Ihsan Sukukholders will receive a tax voucher for an amount equal to the nominal amount of their Sukukholdings sold to Khazanah only. However, if for whatever reason (including an unexpected holiday), a Settlement Date which was supposed to occur one (1) business day before a Periodic Distribution Date falls on such Periodic Distribution Date instead, the relevant First Sukuk Ihsan Sukukholders are not entitled to the Periodic Distribution due on such Periodic Distribution Date and are required to return such amount to Khazanah. Such Sukukholders will receive a tax voucher for an amount equal to the aggregate of the nominal value of their Sukukholdings sold to Khazanah as well as one Periodic Distribution.</p> <p>The tax vouchers will only be delivered to the relevant First Sukuk Ihsan Sukukholders within five (5) business days from the Settlement Date or, if the Settlement Date falls on the business day before a Periodic Distribution Date, within five (5) business days from the Periodic Distribution Date. Tax vouchers will only be issued to the First Sukuk Ihsan Sukukholders who have issued a Waiver Notice subject to (A) the Issuer and Khazanah's receipt of confirmation of the First Sukuk Ihsan Sukukholders' Sukukholdings from the First Sukuk Ihsan Sukukholders' ADIs and (B) the transfer of their Sukukholdings is effected on the Settlement Date specified in the Waiver Notice. For the avoidance of doubt, the relevant First Sukuk Ihsan Sukukholders who have issued a Waiver Notice and have effected the transfer of their Sukukholdings on the Settlement Date specified in the Waiver Notice, are deemed to have waived their entitlements to their</p>
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	<p>Sukukholdings and are entitled to tax vouchers(s) even if a Dissolution Event is declared during the period between the date of the Waiver Notice and the Settlement Date, or on such Settlement Date.</p> <p>In relation to paragraph (b) above, the First Sukuk Ihsan Sukukholders are entitled to receive tax vouchers for an amount which is equal to the reduction in the nominal value of their respective Sukukholdings, provided that the First Sukuk Ihsan Sukukholders shall submit a written notice ("<b>Notice for Tax Voucher</b>"), substantially in the form provided for in <u>Appendix 2</u> herein, to the Issuer and the First Sukuk Ihsan Sukukholders' ADI, copied to the Obligor, the Facility Agent and the Sukuk Trustee, within fourteen (14) business days from the date the Sukuk Trustee make available the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders' ADI. The tax vouchers will be issued on the expiry of the twenty first (21<sup>st</sup>) business day from the date of the Notice for Tax Voucher ("<b>Tax Voucher Date</b>"), and will only be delivered to the relevant First Sukuk Ihsan Sukukholders within five (5) business days of the Tax Voucher Date.</p> <p>Pursuant to the Notice for Tax Voucher, the relevant First Sukuk Ihsan Sukukholders will instruct their respective ADI to confirm to the Issuer and Khazanah, the Sukukholdings held by such First Sukuk Ihsan Sukukholder. Khazanah, on behalf of the Issuer, will then acknowledge receipt of the Notice for Tax Voucher upon receipt of such confirmation from the ADI.</p>
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## SECTION 4.0 THE ISSUER

### 4.1 Corporate history and principal activities of the Issuer

(a) Corporate history

The Issuer is a special purpose vehicle incorporated in Malaysia on 12 November 2014, under the Companies Act, 1965 and has its registered address at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

(b) Principal activity(ies)

The principal activity of the Issuer is to undertake the issuance of Ringgit-denominated sukuk pursuant to a Ringgit-denominated sukuk programme.

### 4.2 Share capital and shareholders of the Issuer

As at 15 April 2015, the authorised, issued and paid-up share capital of the Issuer is as follows:

(a) Authorised share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	400,000	1.00	400,000.00

(b) Issued and paid-up share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	2	1.00	2.00

As at 15 April 2015, the shareholder of the Issuer and its shareholding are as follows:

Shareholder	No. of Ordinary Shares Held	Percentage Owned (%)
TMF Trustees Malaysia Berhad (Company No. 610812-W)	2	100

### 4.3 Corporate structure of the Issuer

The Issuer is a special purpose vehicle newly established for the purpose of the Sukuk Programme and does not own any subsidiary companies as a result thereof.

#### **4.4 Profile of directors of the Issuer**

The directors of the Issuer and their respective profiles as at 15 April 2015 are as follows:

##### Lim Lee Kuan

Lim Lee Kuan is a qualified company secretary under Section 139A of the Companies Act, 1965 and an Associate of The Malaysian Institute of Chartered Secretaries and Administrators.

She started her career in a public listed company in 1995 and subsequently entered a secretarial firm prior to becoming the head of corporate secretarial in TMF Administrative Services Malaysia Sdn. Bhd. in 2012.

During her nineteen years of experience in company secretarial practice she has served in various capacities which include but are not limited to corporate restructuring exercises, initial public offering and submitting applications to various regulatory authorities. She is experienced in providing such services to multinational companies, public listed companies, investment banks, private limited companies and various other organisations.

##### Shu Wai Ling

Shu Wai Ling is an associate member of the Institute of Chartered Secretaries and Administrators (ACIS). She has over twenty years of experience in investment settlement and operations, fund administration including fund accounting, fund valuation and investment compliance. She was the head of operations in an investment management company and an insurance company, responsible for investment operation and fund accounting. She then progressed to the position of head of business development in an established trust company with more than 150 unit trust funds under their trusteeship. With her exposure in these financial institutions, she has extensive experience and knowledge in business processes in the administration of investment fund and implementation of fund accounting and valuation.

#### **4.5 Compliance statement from the Issuer**

The Issuer hereby confirms that it has complied with the relevant environmental, social and governance standards or recognised best practices relating to the First Sukuk Ihsan Eligible SRI Project and shall ensure continuing compliance with such governance standards or recognised best practices throughout the tenure of the First Sukuk Ihsan.

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## SECTION 5.0 KHAZANAH

### 5.1 Corporate history and principal activities of Khazanah

Khazanah is the strategic investment fund of the Government entrusted to manage the commercial assets held by the Government and to undertake domestic and foreign investments. Khazanah was incorporated under the Companies Act, 1965 of Malaysia on 3 September 1993 as a public limited company and commenced operations in 1994. Save for one share owned by the FLC, all of the ordinary share capital of Khazanah is owned by the Minister of Finance (Incorporated). The Minister of Finance (Incorporated) is owned by the Government.

Khazanah has a 10 member board of directors ("**Board**") comprising representatives from the public and private sectors. Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, the Prime Minister of Malaysia, is the Chairman of the Board. The Board is assisted in the discharge of its duties by an Executive Committee and an Audit and Risk Committee established by the Board.

The principal activity of Khazanah is investment holding. The primary objectives of Khazanah are:

- (a) to manage the investments entrusted to it by the Government; and
- (b) to undertake new investments where there are strategic opportunities, in new sectors and in new markets.

Khazanah has investments in over 50 major companies. These companies are involved in various sectors such as: financial institutions, healthcare, infrastructure and construction, media and communication, leisure and tourism, property, power, agriculture, innovation technology and life sciences as well as transportation and logistics.

Historically, substantially all of the companies Khazanah invested in were incorporated in Malaysia and conducted their principal business activities within Malaysia. However, since 2005 Khazanah has acquired substantial business interests outside Malaysia. For recent developments relating to Khazanah, please see Section 5.6 (*Recent developments*) below.

Khazanah's registered office is located at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

### 5.2 Share capital and shareholders of Khazanah

As at 15 April 2015, the authorised, issued and paid-up share capital of Khazanah is as follows:

- (a) Authorised share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	20,000,000,000	1.00	20,000,000,000.00
RCCPS	15,000,000,000	1.00	15,000,000,000.00

(b) Issued and paid-up share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	5,443,953,229	1.00	5,443,953,229.00
RCCPS	1,200,000,000	1.00	1,200,000,000.00

As at 15 April 2015, the holders of ordinary shares of Khazanah and their respective shareholdings are as follows:

Shareholders	No. of Ordinary Shares Held
FLC	1
Minister of Finance (Incorporated)	5,443,953,228

As at 15 April 2015, the holder of RCCPS of Khazanah and its shareholding is as follows:

Shareholder	No. of RCCPS Held
GovCo*	1,200,000,000

\*All of the ordinary share capital of GovCo is owned by the Minister of Finance (Incorporated), save for one ordinary share of RM1.00 owned by the FLC.

### 5.3 **Profile of directors of Khazanah**

The directors of Khazanah and their respective profiles as at 15 April 2015 are as follows:

Dato' Sri Mohd Najib bin Tun Haji Abdul Razak

Dato' Sri Mohd Najib bin Tun Haji Abdul Razak was appointed as the chairman of Khazanah on 7 May 2009. He is currently Malaysia's Prime Minister and Minister of Finance. He started his career at the Malaysian Central Bank, BNM, and later served at the national oil company, Petroliaam Nasional Berhad ("**Petronas**"). His political career began in 1976 when he was elected as the Member of Parliament for Pekan. At 22 years old, he was then the nation's youngest Member of Parliament. He has held various cabinet posts, including Deputy Minister at the Ministry of Energy, Telecommunications & Posts, the Ministry of Education and the Ministry of Finance. He also headed several ministries as Minister at the Ministry of Culture, Youth & Sports, the Ministry of Defence and the Ministry of Education. He served as the Menteri Besar of Pahang from 1982 to 1986. Dato' Sri Mohd Najib holds a degree in Industrial Economics from Nottingham University, United Kingdom ("**UK**").

Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop

Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop was appointed as the deputy chairman of Khazanah on 3 June 2013 and has been a director of Khazanah since 12 November 2002. He was a member of the Malaysian Cabinet, serving as the Minister in the Prime Minister's



Department from 2009 to 2013 and the Second Finance Minister from 2004 to 2009. Previously he was the Special Economic Adviser to the Prime Minister. Apart from a short period in the private sector in the late 1990's, he was with BNM from 1968 to 2000. During his service with BNM, he was responsible for the implementation of a number of major projects, including the implementation of Islamic banking in Malaysia, the setting-up of the bilateral payments mechanism between BNM and the central banks of South-South countries and the setting-up of the Rating Agency Malaysia Berhad.

As Special Economic Adviser to the Prime Minister, Tan Sri Dato' Nor Mohamed Yakcop played a major role in a number of corporate restructuring exercises, including United Engineers (Malaysia) Berhad and Malaysia Airline System Berhad ("**MAS**").

Tan Sri Dato' Nor Mohamed Yakcop graduated from the University of Malaya with a Bachelor of Economics (Honours) degree and also from the Catholic University of Leuven, Belgium, with an M.B.A. (cum laude) degree.

#### Dato' Seri Ahmad Husni bin Mohamad Hanadzlah

Dato' Seri Ahmad Husni bin Mohamad Hanadzlah was appointed as a director of Khazanah on 18 May 2009. He is currently the Second Finance Minister. Dato' Seri Ahmad Husni has held key positions in the Malaysian Cabinet since 2004 — namely Deputy Minister of International Trade and Industry, and later, Deputy Minister of Finance. Dato' Seri Ahmad Husni has extensive working experience in the corporate sector, having served in several financial institutions, namely Bumiputra Merchant Bankers Berhad, Asiavest Merchant Bankers and Chase Manhattan Bank N.A. He also served at several state government-linked agencies, namely Syarikat Majuperak Berhad and Perak Islamic Economic Corporation. He was previously Chairman of several key agencies and corporations, including the Malaysia External Development Corporation, Bumiputra Commerce Bank Berhad, Commercial Vehicle Licensing Board and National Higher Education Fund Corporation. He was also previously the Chairman of the Public Accounts Committee, Parliament of Malaysia. He holds a degree in Economics from the University of Malaya.

#### Tan Sri Md Nor bin Md Yusof

Tan Sri Md Nor bin Md Yusof was appointed as a director of Khazanah on 1 April 2006 and currently sits on its Executive Committee. He also sits on the Boards of several companies and institutions, including Pelaburan Hartanah Bumiputera Berhad and is also a Trustee of Yayasan Khazanah. Tan Sri Md Nor is also the Chairman of the Board of MAS and was Chairman of the Board of CIMB Group Holdings Berhad ("**CIMB Holdings**") until 31 August 2014. Tan Sri Md Nor spent 18 years of his working career with the CIMB group of companies, and more notably as President and Chief Executive Officer of Bank of Commerce Berhad. Tan Sri Md Nor completed his term as Executive Chairman of the Securities Commission on 31 March 2006. Prior to that appointment, he was the Managing Director of Malaysian Airline System Berhad, after serving a period as Adviser to the Ministry of Finance. Md Nor graduated with a Bachelors Degree in Commerce from the University of Otago, New Zealand and is a qualified chartered accountant.

#### Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda was appointed as a director of Khazanah on 1 April 2006. He is also the chairman of Maxis Berhad, Ekuiti Nasional Berhad, ACR Retakaful SEA Berhad, Asia Capital Reinsurance Malaysia Sdn. Bhd., Icon Offshore Berhad

and Yayasan Raja Muda Selangor. In addition, Raja Arshad Raja Uda is also a member of the Board of Trustees of Yayasan DayaDiri and the Chancellor of Universiti Selangor. He was the former Executive Chairman and Senior Partner of PricewaterhouseCoopers (“**PwC**”), Malaysia, having served in that position for 18 years. During this period, he established a more effective corporate style management structure in place of the partnership management structure and saw through the merger between PriceWaterhouse and Coopers Lybrand. Raja Arshad Raja Uda was also Chairman of the Leadership Team of PwC Asia and a member of the PwC Global Leadership Team. His other international roles include being a member of the Standards Advisory Council of the International Accounting Standards Board and a member of the PwC Global IFRS Board. Raja Arshad Raja Uda is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is a member of the Malaysian Institute of Certified Public Accountants, where he served on its Council for 24 years, including three years as its President.

#### Tan Sri Mohamed Azman bin Yahya

Tan Sri Mohamed Azman bin Yahya was appointed as a director of Khazanah on 1 June 2004. He is the founder and Group Chief Executive of Symphony House Berhad, an outsourcing services company. Mohamed Azman is concurrently the Executive Chairman of Bolton Berhad, a property group. Both companies are listed on Bursa Malaysia. During the 1997- 1998 Asian financial crisis, Tan Sri Mohamed Azman was appointed by the Government of Malaysia to set up and head Pengurusan Danaharta Nasional Berhad (“**Danaharta**”), the national asset management company. Subsequently, he also served as Chairman of the Corporate Debt Restructuring Committee, set up by Malaysia’s Central Bank, to mediate and assist in debt restructuring programmes of viable companies until its closure in 2002. During his tenure with Danaharta from 1998 to 2003, Tan Sri Mohamed Azman received a number of international accolades including being named one of Asia’s “Most Influential Bankers” by Institutional Investor and “Restructuring Agency Chief of the Year” by Asiamoney. Apart from Khazanah and several of its investee companies, Tan Sri Mohamed Azman sits on the Board of Ekuiti Nasional Berhad, a Government-linked private equity fund management company. Tan Sri Mohamed Azman is a member of the National Innovation Council, the Malaysian Financial Reporting Foundation and the Special Taskforce to facilitate Business (“**PEMUDAH**”), a public-private sector partnership to improve the public service delivery system. He is also a director of the Sepang International Circuit and Chairman of Motorsports Association of Malaysia. Tan Sri Mohamed Azman started his career in auditing with KPMG in London before returning to Malaysia in 1988 where he built his career in investment banking as chief executive of Amanah Merchant Bank. He graduated with a first class honours degree in Economics from the London School of Economics and Political Science from the University of London. He is also a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and a fellow of the Malaysian Institute of Banks.

#### Dato’ Mohammed Azlan bin Hashim

Dato’ Mohammed Azlan bin Hashim was appointed as a director of Khazanah on 1 June 2004. He is also the Chairman of D&O Green Technologies Berhad, Silk Holdings Berhad and a Director of Scomi Group Bhd. Dato’ Mohammed Azlan has extensive working experience in the corporate sectors including financial services and investments. Among other roles, he has served as Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad, and Executive Chairman of Bursa Malaysia. Dato’ Mohammed Azlan is a Board member of various government and non-government related organisations including the Labuan Offshore Financial Services Authority. He is also a

member of the Investment Panel of the Employees Provident Fund and the Retirement Fund Incorporated. He holds a Bachelor of Economics from Monash University and is a qualified chartered accountant. Dato' Mohammed Azlan is a Fellow Member of the Institute of Chartered Accountants, Australia, a member of the Malaysian Institute of Accountants, a Fellow Member of the Malaysian Institute of Directors, a Fellow Member of the Institute of Chartered Secretaries and Administrators and an Honorary Member of The Institute of Internal Auditors, Malaysia.

#### Tan Sri Sheng Len Tao

Tan Sri Sheng Len Tao was appointed as a director of Khazanah on 22 July 2008. He is currently the Chief Adviser to the China Banking Regulatory Commission. He also sits on the Board of the Qatar Financial Centre Regulatory Authority. He is a member of the Advisory Council of the Iskandar Regional Development Authority, the International Advisory Panel of the Labuan Offshore Financial Services Authority, the Governing Council of the International Centre for Education in Islamic Finance and the Advisory Council of the National Institute of Securities Market, India. He is also currently an Adjunct Professor at the University of Malaya and Graduate School of Economics and Management, Tsinghua University, Beijing. He held the roles of Chairman of the Securities and Futures Commission of Hong Kong from October 1998 to September 2005, Deputy Chief Executive at the Hong Kong Monetary Authority from October 1993 to September 1998, Senior Manager of Financial Sector Development at the World Bank from 1989 to 1993 and various senior positions including Chief Economist and Assistant Governor at BNM from 1976 to 1989. He is a Chartered Accountant by training and holds a first class honours degree in Economics and an honorary doctorate of law from the University of Bristol, United Kingdom.

#### Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak

Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak was appointed as a director of Khazanah on 1 September 2014. He is currently the Chairman and non-independent non-executive director of CIMB Holdings, CIMB Group Sdn Bhd ("**CIMB Group**") and CIMB as well as the deputy chairman and non-independent non-executive director of CIMB Bank Berhad ("**CIMB Bank**"). Prior to joining Khazanah, Dato' Sri Mohamed Nazir held the position of Group Managing Director and Chief Executive Officer of CIMB Holdings. Dato' Sri Mohamed Nazir joined CIMB's corporate finance department in 1989 and was transferred to the CIMB Group's stockbroking arm in 1993. Dato' Sri Mohamed Nazir has held the positions of Executive Director of the stockbroking division, Deputy Chief Executive of CIMB and Group Chief Executive Officer during his 25-year tenure in the CIMB Group. In addition to being on the Boards of various CIMB Group companies, Dato' Sri Mohamed Nazir is a member of the Employees Provident Fund's Investment Panel and the Chairman of the Investment Panel Risk Committee. Dato' Sri Mohamed Nazir is also a trustee of the Rahah Foundation, co-Chairs the ASEAN Business Club and is a Director of Endeavour (Malaysia) and MEPS, each of which are non-profit organisations. Dato' Sri Mohamed Nazir holds a Bachelor of Social Science from the University of Bristol and a Master of Philosophy from the University of Cambridge. In 2010, he served as the Chevening Fellow at the Oxford Centre for Islamic Studies.

#### Tan Sri Dato' Azman bin Hj. Mokhtar

Tan Sri Dato' Azman bin Hj. Mokhtar was appointed as Managing Director of Khazanah on 1 June 2004. Between 1994 and 1998, he was a director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2000, he was a Director and the Head of

Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn. Bhd. Tan Sri Dato' Azman Bin Hj. Mokhtar graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.

#### **5.4 Senior management of Khazanah**

The senior management of Khazanah and their respective profiles as at 15 April 2015 are as follows:

Tan Sri Dato' Azman Bin Hj. Mokhtar  
*Managing Director*

Tan Sri Dato' Azman Bin Hj. Mokhtar was appointed as Managing Director of Khazanah on 1 June 2004. Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2000, he was a Director and the Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn. Bhd. Tan Sri Dato' Azman Bin Hj. Mokhtar graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.

Ben Chan  
*Executive Director, Investments*

Ben Chan joined Khazanah in June 2005 as Director of Investments and was appointed Executive Director of Investments in April 2008. Between 1992 and 1996, Ben researched the China and Hong Kong markets with Cazenove & Co and ING Barings in Hong Kong, where he was the Head of China Research. He returned to Malaysia in 1996 and served as Director of Research with several investment houses, covering the Malaysia and Singapore markets. He is a Chartered Accountant and holds a Bachelor of Commerce (with merit) from the University of New South Wales.

Joseph Dominic Silva  
*Executive Director, Investments, Head of Investments*

Joseph Dominic Silva joined Khazanah in August 2008 as Director of Investments. He was appointed Executive Director of Investments in May 2010. He is currently Head of Investments. Prior to joining Khazanah, he spent 18 years in the banking sector, 12 of which were with ABN AMRO Bank in regional and international roles across the areas of relationship management, structured finance, capital markets, risk and portfolio management and strategic business development. Prior to ABN AMRO Bank, he worked with a major Japanese financial group in Asia within the Corporate Finance division. Joseph is a finance graduate from the University of Wales, he completed his Senior Management Program at Henley Management College, United Kingdom.

Dato' Noorazman Abd Aziz  
*Executive Director, Investments*

Dato' Noorazman joined Khazanah as Executive Director of Investments in May 2010 after having spent two-and-a-half years as Managing Director of Fajr Capital Ltd, a Khazanah investee company. Dato' Noorazman previously worked in international banking and finance, during which time he had positions at Citigroup, Bank Islam, the Kuala Lumpur Stock Exchange and the Labuan Offshore Financial Services Authority. He is a practising member of the Association of Chartered Islamic Finance Professional and holds a BSc in Finance from Louisiana State University of the United States of America ("U.S.").

Mohd Izani Ashari  
*Executive Director, Special Projects, Managing Director's Office*

Mohd Izani Ashari joined Khazanah in April 2009. At Khazanah, he leads the work on the GLC Transformation Program and has been pivotal in the initial development which forms the foundations of the Government Transformation Program. He has 26 years of working experience, predominantly with multi-nationals and large companies including Shell, Maybank, Sime Darby, Petronas and Malaysian Airlines System, covering six different industries. He spent 16 years of his career in organisation transformation/ re-engineering where he played a significant role. He holds a Masters Degree in Construction Management from Reading University, United Kingdom and a Bachelor's Degree in Quantity Surveying from John Moores University, Liverpool, United Kingdom.

Jiv Sammanthan  
*Executive Director, Managing Director's Office*

Jiv Sammanthan joined Khazanah in June 2010 as Director in the Managing Director's Office. He was appointed Executive Director at the Managing Director's Office in June 2011. Prior to Khazanah, Jiv spent 18 years with PwC both in London and in Kuala Lumpur. He was a founding partner of the PwC Performance Improvement Consulting practice in Kuala Lumpur. He holds a degree in Commerce from the University of Birmingham, England and is an Associate of the Institute of Chartered Accountants in England and Wales.

Datuk Hisham Hamdan  
*Executive Director, Investments*

Datuk Hisham Hamdan joined Khazanah as Executive Director of Investments in April 2011. He also assumed the role of Head of Division of Khazanah Research and Investment Strategy, on 1 September 2013. He was formerly with Sime Darby where he served for over six years and assumed several senior positions, covering strategy and business development, healthcare, energy and utilities and special projects. Datuk Hisham also has 12 years of capital markets experience in equity research and investment banking. He started his career as a process engineer in the U.S.. He holds two degrees in Chemical Engineering and Industrial Management from Purdue University in the U.S.. He has also attended the Harvard Business School's Advanced Management Programme.

Kenneth Shen  
*Executive Director, Investments*

Kenneth Shen joined Khazanah as Executive Director of Investments in July 2011. Prior to joining Khazanah, he was based in Doha with Qatar Investment Authority ("QIA") where he

most recently was Advisor to the CEO and a member of the Board of Qatar Holding LLC. In addition, he was responsible for QIA's direct investments in public and private companies as well as its investments in private equity, special situations and venture capital funds. Prior to that, he was based in Hong Kong with Salomon Brothers Inc and its successor companies where his most recent role was Co-Head, Corporate Finance at Citigroup Global Markets Asia Limited. Prior to Salomon Brothers, he was with Lehman Brothers in their Merchant Banking and Principal Investments Groups in New York. Kenneth holds a Bachelor of Arts degree (magna cum laude) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College and an MBA from the Harvard Graduate School of Business Administration. In addition, he has completed studies at Keio University.

Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz  
*Executive Director, Investments*

Tengku Dato' joined Khazanah as an Executive Director of Investments in October 2011. His main role is overseeing new investments and divestments in sectors within his portfolio. Prior to joining Khazanah, he was the Managing Director/Chief Executive Officer of MAS. He joined MAS as Executive Director/Chief Financial Officer in August 2005 after having served as a Non-Executive Director since August 2004. Prior to his time at MAS, he was the Chief Financial Officer and then Managing Director/Chief Executive Officer of Penerbangan Malaysia Berhad. He was also with PwC in their London and Hong Kong offices where he was in the Audit and Business Advisory Services division, specialising in financial services. He holds a first class degree in Economics from the University of Cambridge. He is a Chartered Accountant and an associate member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. He is also an Associate of the Association of Corporate Treasurers, United Kingdom.

Shahazwan Harris  
*Executive Director, Investments*

Shahazwan Harris joined Khazanah in 2005 as Senior Vice President, Investments, and currently holds the position of Executive Director of Investments. He is actively involved in Sustainable Development Investments and various other sectors at Khazanah. He started his career at Tenaga Nasional Berhad ("TNB") and has previously worked as a Consultant in PA Consulting and Boston Consulting Group covering the South-East Asia region. He has an MBA from MIT Sloan, U.S. (2009); an MSc in Advanced Mechanical Engineering from Imperial College of Science, Technology and Medicine, United Kingdom (1995); and a BEng in Mechanical Engineering from Warwick University, United Kingdom (1994).

Mohd Izani Ghani  
*Executive Director / Chief Financial Officer*

Mohd Izani Ghani joined Khazanah in March 2005 and was appointed Director and Chief Financial Officer (CFO) in May 2010. He was subsequently promoted to Executive Director on 1 October 2012. He is also Non-Executive Non-Independent Director of Bank Muamalat Malaysia Bhd and Malaysia Airports Holdings Berhad. At Khazanah, he was involved in the issuance of the world's first exchangeable sukuk for US\$750,000,000 in 2006, followed by other landmark exchangeable sukuks in 2007 and 2008. Prior to Khazanah, he worked at Putrajaya Holdings Sdn. Bhd. and Renong Group. He graduated from the London School of Economics and Political Science with BSc (Economics) specialising in Accounting and Finance. He subsequently pursued his professional accounting qualification from the



Association of Chartered Certified Accountants and was admitted to the fellowship in 2000. He is also a member of Malaysian Institute of Accountants.

Ahmad Farouk Mohammed  
*Executive Director, Investments*

Ahmad Farouk Mohammed joined Khazanah in early 2006, and was appointed Director in the Managing Director's Office in 2009. He was subsequently promoted to Executive Director on 1 October 2012. Prior to joining Khazanah, Farouk worked in a strategic advisory firm in Kuala Lumpur. He started worked in risk analysis in London, and then returned to Kuala Lumpur to serve his apprenticeship in an actuarial consultancy, where he advised major life and general insurers and takaful operators in Malaysia and the region. He read Mathematics at the University of Cambridge.

Dato' Charon Wardini Mokhzani  
*Executive Director, Managing Director's Office*

Dato' Charon joined Khazanah in November 2013 as an Executive Director, Managing Director's Office. He has been appointed as the Managing Director of the newly established Khazanah Research Institute. A former investment banker and lawyer, he joined Khazanah from the CIMB Group where he headed investment banking globally for the group as the Deputy Chief Executive Officer, Investment Banking, CIMB Group and the Chief Executive Officer of CIMB. Prior to that he was the Managing Partner of Messrs. Zaid Ibrahim & Co. He has also been in corporate finance at Rashid Hussain Securities and an advocate and solicitor at Shearn Delamore & Co. Dato' Charon read Philosophy, Politics and Economics at Balliol College, University of Oxford and Law at the School of Oriental and African Studies, University of London. He is a non-practising barrister of the Middle Temple and advocate and solicitor of the High Court of Malaya.

Zaida Khalida Shaari  
*Executive Director, Investments*

Zaida Khalida Shaari joined Khazanah in January 2007 as a Senior Vice President of Investments. She was appointed as Director of Investments in April 2009 and currently serves as Executive Director, Investments. Prior to joining Khazanah, she was Company Secretary and Head of Legal at Permodalan Nasional Berhad, after having been in legal practice for several years. She is a barrister-at-law and a member of Gray's Inn, London, having graduated with LLB (Honours) from the University of Warwick, United Kingdom. She also holds Masters in Business Administration from the University of Strathclyde, United Kingdom.

Ahmad Zulqarnain Onn  
*Executive Director, Investments/ Head of Strategic Management Unit, Managing Director's Office*

Ahmad Zulqarnain joined Khazanah in May 2014 as an Executive Director of Investments. He was then appointed as the Head of Strategic Management Unit in January 2015. Previously, he was CEO of Danajamin Nasional Berhad. He has over 18 years in both the banking and corporate sectors, including tenures with UBS Warburg, Pengurusan Danaharta Nasional Berhad, CIMB Group and Symphony Group. He graduated in Economics from Harvard University.

Rohayati Othman

*Director / Chief Risk Officer, Managing Director's Office*

Rohayati Othman joined Khazanah in January 2009 and currently holds the position of Director, Managing Director's Office and Chief Risk Officer. At Khazanah, Rohayati is responsible for Khazanah's Governance & Risk Management Framework and its component parts, the formulation and execution of risk management strategies as well as compliance matters. Rohayati started her professional career in KPMG's Audit & Assurance Division and then the Risk Consulting practice of Arthur Andersen in London, United Kingdom, specialising in financial markets, internal audit, corporate governance and enterprise-wide risk management. She left Arthur Andersen to join Barclays Capital in 2002 in a similar capacity. She graduated from Lancaster University, United Kingdom with a BA (Honours) in Accounting & Finance and is a Fellow of the Association of Chartered Certified Accountants and an Associate Business Continuity Professional.

Mohamed Nasri Sallehuddin

*Executive Director, Corporate Support and Services, Company Secretary and Head, Legal*

Mohamed Nasri Sallehuddin is currently the Executive Director, Corporate Support and Services, Company Secretary and Head, Legal at Khazanah. Nasri holds an LLB (Honours) degree from Aberystwyth University (Wales) and an MBA from the University of Strathclyde Business School. He was called to the degree of an Utter Barrister by the Honourable Society of Gray's Inn in 1995 and admitted to the High Court of Malaya as an advocate and solicitor in 1996. Prior to joining Khazanah in 2009, Nasri was a partner with a leading law firm in Malaysia, advising clients on corporate law and the legal aspects of corporate restructuring, take-overs and mergers.

Latifah Daud

*Director, Strategic Human Capital Management*

Latifah Daud joined Khazanah on 1 April 2014 and leads the Strategic Human Capital Management Division. She has over 20 years' experience in human resources with a track record in multinational companies. Prior to joining Khazanah, Latifah was a Senior Staffing Director for Honeywell Inc., based in Shanghai, China for over seven years. Latifah helped Honeywell in their strategic expansion in High Growth Regions covering specific assignments in Greater China, India, Japan, Korea, Australia and South East Asia. She was also responsible for supporting talent acquisition for Global Honeywell Technology Solutions function with operations in Bangalore, Shanghai and Brno in the Czech Republic. From 1994 to September 2007, Latifah worked in various human resource functions in Motorola/Freescale Semiconductor. Prior to that, she worked in a consulting firm in Singapore, Hatibudi Nominees/Renong Group and Arab Malaysian Bank in Kuala Lumpur. Latifah holds a Masters in Business Administration and Bachelor of Science Degree in Computer Management from Eastern Illinois University, U.S..

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## 5.5 *Principal indebtedness of Khazanah*

The table below sets forth the total borrowings of Khazanah as at 31 December 2014.

	<b>Amount Outstanding</b>
	<b>(audited)</b>
	<b>RM'000</b>
Khazanah Bonds — Secured.....	15,018,863
Exchangeable Trust Certificates .....	3,748,221
Islamic Medium Term Notes issued by Danga Capital Berhad.....	6,460,419
Amount due to SPV — Rantau Abang Capital Berhad.....	4,800,000
Term Loans — Unsecured.....	2,000,000
<b>Total Borrowings.....</b>	<b>32,027,503</b>

### Khazanah Bonds — Secured

Since March 1999, Khazanah has from time to time issued various series of medium- to long-term zero coupon Islamic bonds with maturities ranging between 5 and 20 years pursuant to its Government-guaranteed bond programme of up to RM20.0 billion in nominal value. Each series of zero coupon Islamic bonds is guaranteed by the Government and is based upon the Islamic financing concepts of 'Murabahah' or 'Musyarakah'. The Government-guaranteed zero coupon Islamic bonds were issued at a discount and are redeemable at 100.0 per cent. of their nominal value on their relevant redemption dates.

### Exchangeable Trust Certificates

In March 2012, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Pulai Capital Ltd. No periodic payments are payable on such trust certificates and the certificates are redeemable at maturity upon dissolution at a discount to their issue price. The offering comprised US\$357.8 million seven-year certificates due 2019 exchangeable into ordinary shares of Parkson held indirectly by Khazanah. As at 23 March 2015, the trust certificates were fully redeemed.

In October 2013, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Indah Capital Ltd. The offering comprised S\$600 million five-year certificates due 2018 exchangeable into ordinary shares of IHH Healthcare Berhad indirectly held by Khazanah. As at 15 April 2015, the aggregate nominal value of the trust certificates outstanding was S\$600 million.

In September 2014, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Cahaya Capital Ltd. The offering comprised US\$500.0 million seven-year certificates due in the year 2021, exchangeable into ordinary shares of TNB which are directly held by Khazanah. As at 15 April 2015, the aggregate nominal value of the outstanding trust certificates was US\$500.0 million.

### Islamic medium term notes issued by Danga Capital Berhad

Khazanah has, via an independent orphan special purpose vehicle, Danga Capital Berhad ("Danga"), established a Ringgit-Denominated Islamic Securities Issuance Programme and a

Multi-currency Islamic Securities Issuance Programme on 6 February 2009 and 10 February 2009, respectively, with a combined programme limit of RM10.0 billion in nominal value.

#### *Ringgit-Denominated Islamic Securities Issuance Programme*

On 24 April 2009, Danga issued RM1.1 billion in nominal value of Islamic medium term notes with a maturity of five years and profit payment of 4.22 per cent. per annum and RM500.0 million in nominal value of Islamic medium term notes with a maturity of seven years and profit payment of 4.49 per cent. per annum. The Islamic medium term notes of RM1.1 billion in nominal value of were fully redeemed on 24 April 2014.

On 13 April 2010, Danga issued RM2.0 billion in nominal value of Islamic medium term notes. These Islamic medium term notes have a tenure of five years and profit payment of 4.35 per cent. per annum. This Islamic medium term notes were fully redeemed on 13 April 2015.

On 1 January 2015, Danga issued RM1.5 billion in nominal value of Islamic medium term notes with a tenure of fifteen (15) years and a profit payment of 4.88 per cent. per annum.

On 9 April 2015, Danga issued RM2.0 billion in nominal value of Islamic medium term notes with a tenure of five (5) years and a profit payment of 4.10 per cent. per annum.

Each of these financings has recourse to Khazanah pursuant to a purchase undertaking.

#### *Multi-currency Islamic Securities Issuance Programme*

On 11 August 2010, Danga issued S\$600.0 million in nominal value of Islamic medium term notes with a maturity of five years and S\$900.0 million in nominal value of Islamic medium term notes with a maturity of 10 years. Profit payments of 2.615 per cent. per annum and 3.725 per cent. per annum are payable on the Islamic medium term notes, respectively.

On 20 October 2011, Danga issued Chinese Yuan 500.0 million in nominal value of Islamic medium term notes with a maturity of three years. Profit payments of 2.90 per cent. per annum are payable on the Islamic medium term notes. This Islamic medium term notes were fully redeemed on 20 October 2014.

The structure of each of these offerings was based on the Islamic financing concept of 'Wakalah' and includes the provision for recourse to Khazanah pursuant to a purchase undertaking.

As at 15 April 2015, the aggregate nominal value of the outstanding Islamic medium term notes issued pursuant to the Ringgit-Denominated Islamic Securities Programme and the Multicurrency Islamic Securities Programme is approximately RM7.5 billion.

#### Islamic commercial papers and Islamic medium term notes issued by Rantau Abang Capital Berhad

Khazanah has, via its wholly-owned subsidiary, Rantau Abang Capital Berhad ("**Rantau Abang**"), established an Islamic commercial paper programme of RM3.0 billion in nominal value ("**ICP Programme**") and an Islamic medium term notes programme of RM7.0 billion in nominal value ("**IMTN Programme**") in 15 March 2006. Rantau Abang has issued various series of commercial papers and medium term notes based on the Islamic financing concept of 'Musyarakah'. Each of these financings includes provisions for recourse to Khazanah

pursuant to a purchase undertaking. As at 15 April 2015, the ICP Programme has matured and the nominal amount of outstanding Islamic medium term notes issued pursuant to the IMTN Programme is RM4.8 billion.

#### Unsecured term loans

As at 15 April 2015, Khazanah has a loan facility for an outstanding amount of RM2.5 billion. This loan facility is unsecured, denominated in Ringgit and provides for a fixed semi-annual profit payments at 4.641 per cent. The loan facility will mature on 20 January 2025.

## **5.6 Recent developments**

### **(a) Issuance of US\$500 million exchangeable trust certificates in shares of TNB**

In September 2014, Khazanah announced that it had successfully priced US\$500 million exchangeable trust certificates to be issued via its Labuan incorporated independent special purpose company, Cahaya Capital Ltd. The trust certificates are exchangeable into ordinary shares of TNB, Malaysia's largest electricity utility company.

The exchangeable trust certificates, priced through an accelerated book-building process at -0.05% yield to maturity with 15% exchange premium is the first 7-year put 4 exchangeable trust certificates priced at a negative yield. The transaction drew a demand of 1.6 times the book size. Khazanah has undertaken repeat issuances of Islamic securities since its inaugural issuance of trust certificates exchangeable into Telekom Malaysia Berhad shares in 2006.

This is the first exchangeable trust certificates structured based on the combined Islamic principles of Mudarabah and Murabahah, while Khazanah's past issuances were based on 'Musyarakah' and 'Wakalah' structures. The issuance supports the Malaysia International Islamic Financial Centre's initiative and reinforces Malaysia's status as an international marketplace for Islamic offerings and leader of Islamic finance. The exchangeable trust certificates are listed on the Singapore Stock Exchange, Bursa Malaysia (under the exempt regime) and Labuan International Financial Exchange.

### **(b) MAS restructuring continues steady progress**

On 2 March 2015, Khazanah issued the second scheduled update on the on-going restructuring of MAS for the period 29 November 2014 to 27 February 2015, showing steady and sustained progress in all key areas under the five-year 12-point MAS Recovery Plan ("MRP") announced on 29 August 2014. The first MRP Quarterly Progress Update was released on 28 November 2014.

The restructuring of MAS involves a "complete overhaul" to return the national carrier to sustained profitability. This entails the transformation of MAS's corporate structure, financial position, operating performance and human capital management, guided throughout by the principles of fairness, transparency and compassion.

The implementation of the 12-Point MRP continues and is on track and on schedule. Some of the progresses achieved to-date are as follows:

- (a) RM1.38 billion payment to shareholders pursuant to the successful selective capital reduction and repayment exercise as part of the first phase of conditional investment funding amounting to RM2.0 billion;
- (b) the delisting of MAS shares from Bursa Malaysia on 31 December 2014; and
- (c) the appointment of Christoph Mueller as Chief Executive Officer-designate of Malaysia Airlines Berhad on 1 January 2015, who assumed the role on 1 March 2015. He is also a non-executive director of MAS.

(c) Appointment of Dato' Sri Mohamed Nazir Razak to the Board of Directors

On 3 July 2014, Khazanah announced the appointment of Dato' Sri Mohamed Nazir Razak to the Board, which took effect on 1 September 2014. Prior to being appointed to the Board, Dato' Sri Nazir was the Group Managing Director and Chief Executive Officer of CIMB Holdings. He currently holds the position of chairman and non-independent non-executive director of CIMB Holdings. He is also the chairman and non-independent non-executive director of CIMB Group and CIMB, and the deputy chairman and non-independent non-executive director of CIMB Bank.

(d) Changes to the senior leadership team

In May 2014, Khazanah announced the recruitment of Ahmad Zulqarnain Onn as Executive Director of Investments. He was then appointed as the Head of Strategic Management Unit in January 2015. Prior to his appointment as Executive Director of Investments, Ahmad Zulqarnain Onn was the Chief Executive Officer of Danajamin Nasional Berhad.

Mohamed Nasri Sallehuddin in August 2014 was appointed as Head of Corporate Support and Services at Khazanah, in addition to his existing role as Head of Legal. He was promoted to Executive Director with effect from 1 April 2015. He holds an LLB (Hons) degree from Aberystwyth University (Wales) and an MBA from the University of Strathclyde Business School. Prior to joining Khazanah in 2009, Nasri was a partner with a leading law firm in Malaysia, advising clients on corporate law and the legal aspects of corporate restructuring, take-overs and mergers.

Latifah Daud joined Khazanah Nasional on 1 April 2015 and leads the Strategic Human Capital Management Division. She has over 20 years' Human Resources track record in multinational companies. Prior to joining Khazanah, Latifah was a Senior Staffing Director for Honeywell Inc., based in Shanghai, China for over seven years. In this role, Latifah helped Honeywell in their strategic expansion in High Growth Regions covering specific assignments in Greater China, India, Japan, Korea, Australia and South East Asia. She was also responsible for supporting talent acquisition for Global Honeywell Technology Solutions function with operations in Bangalore, Shanghai and Brno, Czech Republic.

As the result of the additions and changes listed above, Khazanah's senior leadership team increased to 18 members.

## 5.7 Corporate structure of Khazanah

AgriFood	Aviation	Creative & Media	Financial Services	Healthcare	Infrastructure & Construction	Innovation & Technology	Life Sciences	Leisure & Tourism	Others	Power	Property	Sustainable Development	Telecommunication
<p><b>MAFC</b> 100%</p>	<p><b>MAHB</b> 36.7%</p>	<p><b>Astro Holdings Sdn Bhd</b> 29.3%</p>	<p><b>CIMB Group</b> 29.3%</p>	<p><b>IHH Healthcare</b> 44.8%</p>	<p><b>UEM Group</b> 100%</p>	<p><b>Alibaba</b> 0.3%</p>	<p><b>Xeraya Capital</b> 100%</p>	<p><b>Themed Attractions Resorts &amp; Hotels</b> 100%</p>	<p><b>John Keells</b> 10.4%</p>	<p><b>Tenaga Nasional</b> 30.4%</p>	<p><b>UEM Sunrise</b> 66.1%</p>	<p><b>Cenviro</b> 100%</p>	<p><b>Axiata</b> 38.6%</p>
<p><b>Bioproducts Biotropics</b> 100%</p>	<p><b>ISG</b> 100%</p>	<p><b>Astro Malaysia</b> 20.7%</p>	<p><b>IDFC</b> 9.5%</p>	<p><b>Apollo Hospitals</b> 60%</p>	<p><b>PLUS Malaysia</b> 100%</p>	<p><b>SILTERRA</b> 100%</p>	<p><b>MTDC</b> 100%</p>	<p><b>Continuum Capital Sdn Bhd</b> 100%</p>	<p><b>Parkson Retail</b> 2.5%</p>	<p><b>SWEC</b> 6%</p>	<p><b>Iskandar Investment Berhad</b> 60%</p>	<p><b>Cenangi SEA</b> 100%</p>	<p><b>Telekom Malaysia</b> 28.9%</p>
<p><b>Blue Archipelago</b> 100%</p>	<p><b>MAS</b> 100%</p>	<p><b>Imagica SEA</b> 51%</p>	<p><b>Avicenna Capital</b> 100%</p>	<p><b>ACI B A D E M</b> 15%</p>	<p><b>UEM Builders</b> 100%</p>	<p><b>Atlantic Quantum</b> 100%</p>	<p><b>LeapEd</b> 100%</p>	<p><b>LeapEd</b> 100%</p>	<p><b>LeapEd</b> 100%</p>	<p><b>Shuaibah Water And Electricity Company</b> 12%</p>	<p><b>Iskandar Ventures</b> 100%</p>	<p><b>Camco Clean Energy</b> 24.6%</p>	<p><b>Pulau Kapas Ventures</b> 30%</p>
	<p><b>Penerbangan Malaysia</b> 100%</p>	<p><b>Rhizophora Ventures</b> 100%</p>	<p><b>SunLife Malaysia Takaful</b> 90%</p>	<p><b>Pantai Holdings</b> 100%</p>	<p><b>CIMA</b> 70.7%</p>				<p><b>12M Ventures</b> 100%</p>		<p><b>Medini Development</b> 100%</p>	<p><b>Beijing Development Hong Kong</b> 23.2%</p>	<p><b>TIME dotCom</b> 11.4%</p>
			<p><b>ACR Retakaful</b> 40%</p>	<p><b>International Medical University</b></p>	<p><b>UEM Edgenta</b></p>						<p><b>m+s M+S Pte Ltd</b> 60%</p>	<p><b>Beijing Enterprises Water Group</b> 4.6%</p>	
			<p><b>Jadwa Investment</b> 10%</p>								<p><b>Sunway Iskandar</b> 48.6%</p>		
			<p><b>Bank Muamalat</b> 30%</p>								<p><b>Pulau Indah Ventures</b> 50%</p>		
			<p><b>Fair Capital</b> 21.1%</p>								<p><b>Southern Marina</b> 30%</p>		
			<p><b>ValueCAP</b> 33.3%</p>								<p><b>Putrajaya Holdings</b> 15.6%</p>		
			<p><b>BDO Unibank</b> 2.1%</p>								<p><b>STLR</b> 100%</p>		
											<p><b>8990 Holdings</b> 8.6%</p>		
													<p>Public Listed</p>

## SECTION 6.0 INVESTMENT CONSIDERATIONS

Each Sukuk Ihsan may have different features involving, among others, different dates to exercise the Option to Waive and different adjustments to the nominal value of the respective Sukuk Ihsan. The proceeds from each issuance of Sukuk Ihsan may be invested in different Projects and different KPIs may be imposed on the various Projects. The respective Sukuk Ihsan may therefore be affected by different risk factors.

The following is a summary of risk factors relating to the First Sukuk Ihsan and their possible mitigating factors where available. This section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may affect the First Sukuk Ihsan. Each investor should carefully conduct his or her independent evaluation of the risks associated with investing in the First Sukuk Ihsan. Investors should also note that each issue of the Sukuk Ihsan will carry different risks and all potential investors are strongly encouraged to evaluate each Sukuk Ihsan issue on its own merit.

### 6.1 *Risks relating to the Issuer*

(a) The Issuer is a special purpose vehicle

The Issuer has no operating history and, as at the date of this Information Memorandum, no experience with the issuance of sukuk. As a recently incorporated special purpose vehicle, the Issuer will be subject to all the business risks and uncertainties associated with any new business, including the risk that it will not achieve its investment objective and that the value of an investment could decline substantially. The Issuer will not engage in any activities which are not related to its principal activities specified above in Section 4.1 (*Corporate history and principal activities of the Issuer*). The Issuer will have no material assets other than the beneficial interests in the Trust Assets relating to the First Sukuk Ihsan held by the Issuer on behalf of the First Sukuk Ihsan Sukukholders.

(b) The Issuer's ability to meet its obligations under the First Sukuk Ihsan

The ability of the Issuer to pay amounts due under the First Sukuk Ihsan will solely be dependent upon Khazanah fulfilling its obligations under the First Sukuk Ihsan. As such, the Issuer's ability to satisfy its obligations under the First Sukuk Ihsan is subject to all the risks to which Khazanah is subject that could negatively affect its ability to satisfy its obligations under the First Sukuk Ihsan.

### 6.2 *Risks relating to Khazanah*

(a) Khazanah has no operations of its own and is dependent on investment income from its investments for revenue and to pay dissolution amounts on the Sukuk Ihsan

Khazanah is a holding company for investments in its subsidiaries and associate companies and has no operations of its own. As a result, Khazanah will depend upon its investment income, including dividends and distributions from its subsidiaries, associate companies and investee companies and proceeds from divestments, to make payments if and when required, in its capacity as Investment Wakeel under the Wakalah Agreement, in its capacity as Buyer under the Commodity Murabahah Investment Agreement and in its capacity as Obligor under the Purchase Undertaking.



The ability of such companies to pay dividends to their shareholders (including Khazanah) is subject to, among other things, the results of operations and funding requirements of such companies, distributable reserves, the approval of their directors and shareholders, and applicable law and restrictions contained in debt instruments of such companies, if any. Moreover, further issues of equity interests by these companies could dilute the ownership interest of Khazanah in such companies.

(b) Khazanah and its portfolio companies are subject to strategic risk

Khazanah's investment portfolio is subject to investment and market risks as well as concentration risks. Khazanah's investment portfolio may be concentrated in certain sectors and geographic regions or in certain of its individual investments which may or may not be listed. Khazanah's investment portfolio profile may change from period to period depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by Khazanah.

As at 31 December 2014, the top sectors contributing to Khazanah's investment portfolio in terms of marked-to-market RAV were telecommunications, financial services and power comprising 22 per cent., 15 per cent. and 17 per cent. respectively. In terms of key geographic exposure by domicile of Khazanah's portfolio, 59 per cent. of its investment portfolio is in Malaysia, 7 per cent. in Indonesia and 10 per cent. in Singapore, in each case in terms of RAV and as at 31 December 2014.

(c) Khazanah and its portfolio companies are exposed to various regulatory and litigation risks

Khazanah and its portfolio companies hold investments in Malaysia and other countries, which means that Khazanah and such entities are subject to a variety of legal and regulatory requirements and judiciary systems in such jurisdictions. Laws and regulations that are applied in such countries may change from time to time. Changes in laws or regulations, other regulatory matters or litigation actions involving Khazanah and its portfolio companies, or restrictions such as tariffs, trade barriers, requirements relating to withholding taxes on Khazanah or such entities in any jurisdiction may have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.

(d) Liabilities relating to investments and divestments

In connection with an investment in, or divestment of, an interest in a company, Khazanah may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including, without limitation, tax or environmental claims or liabilities. There can be no assurance that any such claim or liability would not have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.



(e) Government ownership of Khazanah

Save for the one share owned by the FLC, all the ordinary share capital of Khazanah is owned by the Minister of Finance (Incorporated) and Khazanah is the strategic investment fund of the Government. As such, the Government, as the single largest shareholder of Khazanah (through the Minister of Finance (Incorporated)), can exercise influence over the corporate objectives, strategies or actions of Khazanah. There can be no assurance that the Government will not exercise such influence that is inconsistent with the interests of the Sukukholders.

(f) Khazanah may not be able to replace the investments disposed of under Khazanah's divestment strategy and the remaining investments may not be able to generate the same levels of investment income

Khazanah is committed to a gradual and orderly divestment of its non-core companies and holdings in core strategic investments, as evidenced by its divestment track record. Khazanah's divestment strategy in relation to non-core companies is in line with the role of Government-Linked Investment Companies and Government-Linked Companies under the new economic model announced by the Government on 30 March 2010 (the "**New Economic Model**") and its overall divestment strategy assists in increasing the free float and availability of shares of entities in which Khazanah invests and provides Khazanah with the opportunity to realise shareholder value. Between 2004 and 2013, Khazanah made 109 investments worth RM58.1 billion and 61 divestments valued at RM37.2 billion, recording gains of RM16.4 billion on divestments. There is, however, no assurance that investments of the equivalent value or competitiveness may be found to replace the disposed investments and the new investments may not be able to deliver the same financial performance or generate an equivalent level of investment income.

### **6.3 Risks relating to the First Sukuk Ihsan**

(a) Liquidity of the First Sukuk Ihsan

The First Sukuk Ihsan comprises a new issue of securities for which there is currently no secondary market. In other words, there can be no assurance regarding the future development of a secondary market for the First Sukuk Ihsan, the liquidity of any market that may develop, the ability of the First Sukuk Ihsan Sukukholders to sell their First Sukuk Ihsan, or the prices at which such First Sukuk Ihsan Sukukholders may be able to sell their First Sukuk Ihsan.

(b) The market value of the First Sukuk Ihsan may be subject to fluctuations

Trading prices of the First Sukuk Ihsan may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer and/or Khazanah, political, economic, financial and any other factors that can affect the capital markets or the industry in which the Issuer and/or Khazanah operates. Adverse economic developments could have a material adverse effect on the market value of the First Sukuk Ihsan.

(c) An investment in the First Sukuk Ihsan is subject to interest rate risk

First Sukuk Ihsan Sukukholders may suffer unforeseen losses due to fluctuations in the prevailing interest rates in the market. Although the First Sukuk Ihsan are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in First Sukuk Ihsan prices. The First Sukuk Ihsan may be similarly affected resulting in a capital loss for the First Sukuk Ihsan Sukukholders.

(d) The rating of the First Sukuk Ihsan may be changed at any time and this may adversely affect the market value of the First Sukuk Ihsan

The Sukuk Programme has been assigned a final rating of AAA(s) by RAM Ratings (please refer to Section 1.3.2 (*Rating of the Sukuk Programme*) above). A rating is not a recommendation to purchase, hold or sell the First Sukuk Ihsan. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigning rating organisation in the future, if, in its judgement, circumstances in the future so warrant. In such circumstances, the market price and liquidity of the First Sukuk Ihsan may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the First Sukuk Ihsan. Any reduction, suspension or withdrawal of a rating of the First Sukuk Ihsan will not constitute a dissolution event with respect to the First Sukuk Ihsan.

(e) Investors to make their own evaluation of Shariah compliance

The Joint Shariah Advisers have issued Shariah pronouncements in respect of the Sukuk Ihsan and the related structure and mechanism described in the transaction documents and their compliance with Shariah principles. However, the Shariah pronouncements are only an expression of the view of Joint Shariah Advisers based on their extensive experience in the subject and are not a binding opinion. Therefore, the Issuer and the Principal Adviser/Lead Arranger makes no representation and does not accept any responsibility or liability in respect of the same.

Investors are reminded that, as with any Shariah views, differences in opinion are possible. Investors are advised to obtain their own independent Shariah advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Sukuk Ihsan on any secondary market.

(f) Suitability of investments

The First Sukuk Ihsan issued under the Sukuk Programme may not be a suitable investment for all investors. Each potential investor in the First Sukuk Ihsan must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the First Sukuk Ihsan, the merits and risks of investing in the First Sukuk Ihsan and the information contained in this Information Memorandum;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the First Sukuk Ihsan and the impact the First Sukuk Ihsan will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the First Sukuk Ihsan, including where the currency of payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the First Sukuk Ihsan and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

#### **6.4 Risks relating to First Sukuk Ihsan Eligible SRI Project**

##### The success of the First Sukuk Ihsan Eligible SRI Project in meeting the relevant KPIs

The success of the First Sukuk Ihsan Eligible SRI Project in meeting the relevant KPIs is dependent on various factors, including the contribution of Yayasan AMIR's management team.

#### **6.5 Forward-looking statements**

This Information Memorandum contains forward-looking statements. Such forward-looking statements in the Information Memorandum involve known and unknown risks, uncertainties and other factors which may affect actual outcomes, many of which are outside the control of the Issuer. These factors include economic conditions in the markets in which the Issuer operates and achievement of the Issuer's business forecasts. These factors will cause the actual results, performance or achievements of the Issuer to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. These forward-looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated.

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## SECTION 7.0 YAYASAN AMIR

### 7.1 Description of Yayasan AMIR

Yayasan AMIR is a not-for-profit foundation set up by Khazanah and incorporated in Malaysia under the Companies Act, 1965 in the form of a public company limited by guarantee. Its principal activity is to collaborate with the MOE in response to the Government's call for a greater Public-Private Partnership in the education sector, to address the quality of education in Government schools via the Trust Schools Programme. Trust Schools are Government schools that are jointly managed by Yayasan AMIR and school principals, under the umbrella of the MOE. The inception of the Yayasan AMIR Trust Schools Programme is in line with the aspiration of the Malaysian Education Blueprint 2013-2025 which aims to provide opportunities for students to flourish and become knowledgeable Malaysians who think critically and creatively, and are equipped with leadership and communication skills.

In 2010, the MOE and Yayasan AMIR signed a Public-Private Sector Operation & Management Agreement ("**PPSOMA**") to formalise the strategic partnership between the two parties. Under the PPSOMA, Yayasan AMIR has been entrusted to develop a comprehensive public transformation model that focuses on improving holistic student outcomes in Government schools. The Trust Schools Programme revitalises the learning environment in schools in a sustainable, replicable and scalable manner by focusing on improvements in overall school management, curriculum and delivery of education. In this way, Yayasan AMIR promotes excellence in the schooling system by creating a leading network of integrated and sustainable Trust Schools and thereon, provide a "model" for replication to the district and state education officers to effect change at nearby schools.

The PPSOMA grants six (6) autonomies to the Yayasan AMIR Trust Schools that are managed by the School Leadership Team comprising of *Pengetua/Guru Besar* (Principals/Headmasters) and all *Penolong Kanan* (Senior Assistants) to align to their school improvement plan with the advice by Yayasan AMIR. The autonomies are:

- Timetable and school calendar – the ability to determine the timetabling of each subject as long as the minimum time allocation for certain subjects are met, as well as to add on to the number of school days in a term;
- Utilisation of funds allocated – the ability to reallocate operating funds provided by the Government to the schools to support its strategic goals as it deems fit;
- Curriculum – the ability to introduce additional subjects on top of the current curriculum;
- Pupil policies – the ability to determine the policy for the admission of up to 20% of new students subject to Government admission criteria;
- Staffing – the ability to participate in the selection, appraisal and professional development of school staff; and
- Procurement – the ability to administer the procurement policies and procedures for Trust Schools.

As of the end of 2014, there are thirty (30) schools which have been designated as Yayasan AMIR Trust Schools, which span the states of Johor, Sarawak, Kuala Lumpur and Selangor. This surpasses the initial target as set out in the Malaysian Education Blueprint 2013 to 2025 of twenty (20) schools by 2015. The existing Trust Schools comprise low/mid/high performance bands, urban, suburban and rural schools. They are:

- Cohort 2011 (Pilot): Ten (10) schools in Johor and Sarawak, comprising six (6) primary schools and four (4) secondary schools;
- Cohort 2013: Three (3) primary schools in Kuala Lumpur; and
- Cohort 2014: Seventeen (17) schools in Johor, Kuala Lumpur and Selangor, comprising eleven (11) primary schools and six (6) secondary schools.

The Government aims to set up a total of 500 Trust Schools across the country by 2025.

## **7.2 Trustees of Yayasan AMIR**

Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda  
*Chairman, Board of Trustees*

Please refer to Section 5.3 of this Information Memorandum for further details.

Dato' Noor Rezan Bapoo Hashim

Dato' Noor Rezan Bapoo Hashim was appointed as a Trustee on 10 February 2012. She is the former Deputy Director-General of the Ministry of Education Malaysia and headed a Committee under the purview of the Prime Minister to strengthen English language in Malaysian schools. She was also the Ministry's Lab Leader under the National Key Result Areas (NKRA) in Education. Dato' Noor Rezan is currently the Education Advisor to Khazanah, providing guidance on several educational initiatives, namely the PINTAR Foundation, the Trust Schools Programme and Teach for Malaysia.

Shahnaz Al-Sadat Abdul Mohsein

Shahnaz Al-Sadat Abdul Mohsein was appointed as a Trustee on 26 October 2010. She is an independent promoter of education, talent development and social enterprise reforms in the interest of Malaysia and the community at large. Shahnaz was a former Executive Director of the Strategic Human Capital Management Division of the Khazanah. She currently serves on various Boards of education-related entities such as Teach for Malaysia, the PINTAR Foundation, and MINDA.

She holds an LLB (Hons) degree from the University of Nottingham, United Kingdom, and a Masters in Business Administration (MBA) from IMD in Lausanne, Switzerland. She is also a Certified Public Accountant (CPA) and a Certified Internal Auditor (CIA).

Kenneth Shen

Kenneth Shen was appointed as a Trustee on 10 February 2012. He joined Khazanah as Executive Director of Investments in July 2011. Ken is a member of the Boards of Axiata Group Bhd., Destination Resorts and Hotels Sdn. Bhd., Themed Attractions and Resorts Sdn.

### 7.3 Yayasan AMIR's Trust Schools Programme

#### 7.3.1 Strategic Goals

The four (4) strategic goals of the Yayasan AMIR Trust Schools Programme are:



(a) Develop high quality leadership and management

The schools' Senior Leadership Team engages in regular professional learning and development, and incorporates these new learnings in their daily tasks.

The schools also learn to link their financial planning to strategic goals, and Performance Management Systems are put in place to monitor the individual growth and performance of all staff members.

(b) Improve the quality of learning and teaching

Teachers are exposed to new methods and techniques to make both teaching and learning more engaging and fun, and to encourage students to be more active and collaborative during lessons. They are also taught effective ways to create positive, safe environments that make learning much more effective.

(c) Maximise student achievement and potential

The schools put together an effective co-curriculum framework that supports the development of more well-rounded students. There are also activities and engagement plans that help students develop positive values and attitudes, with emphasis on the principles of Modal Insan.

(d) Strengthen the engagement of parents, community and other stakeholders

The schools actively engage with parents, keeping them well informed on the children's progress and regularly inviting them to participate in activities. They also reach out to local businesses and institutions to involve them in school programmes.

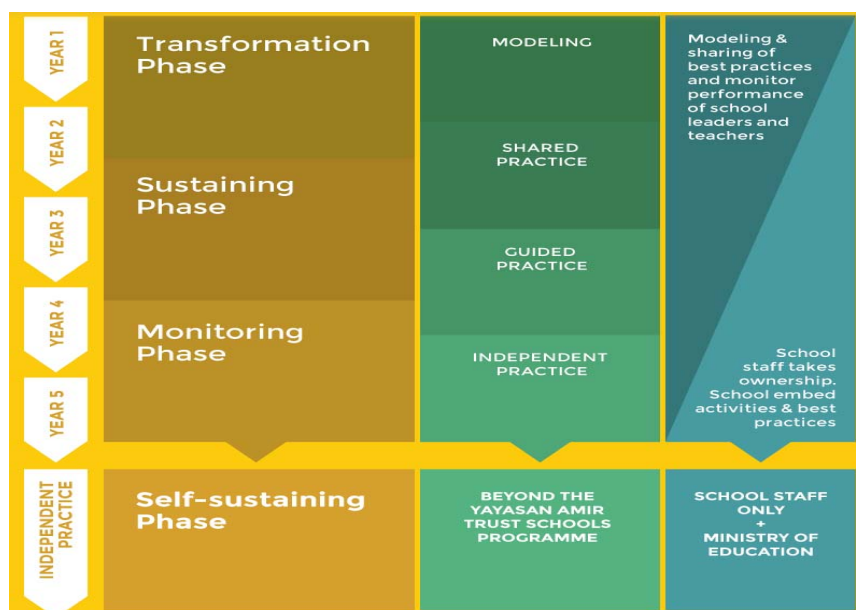
**7.3.2 Selection of Schools**

Yayasan AMIR and the MOE engage with school principals to determine alignment in vision and interest in the programme. Yayasan AMIR then conducts public dialogue sessions with the rest of the school community including teachers, parents and students to better gauge the response on the ground. The schools are then chosen based on several criteria such as geographical locations, dimensions of the schools and school types. Additional factors such as schools with the greatest transformational potential, combination of rural and urban areas, high- and low-performing schools and balanced social equity, are also taken into consideration.

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### 7.3.3 Phases of the Trust Schools Programme



The Yayasan AMIR Trust Schools Programme was developed to take a long-term view on school transformation. It is carried out using a gradual release implementation model over the course of five (5) years to ensure that continuous school improvement practices are firmly embedded into the school culture. Sustainability factors such as the development of in-school pedagogical support will be built in to ensure that there will be no 'roll back' after the fifth year.

The Yayasan AMIR Trust Schools Programme focuses on building the capacity of school leaders and teachers towards creating sustainable learning practices and culture in Government schools. Students and surrounding communities, including parents, are also engaged through an integrated school improvement plan so as to ensure a holistic learning environment.

Although each school programme will be customised based on their needs per the baseline findings, the programme will incorporate the following core elements:

- (a) Integrated school transformation programme to achieve the four strategic goals of the Trust Schools Programme
  - (i) Effective leadership and management
  - (ii) Raising the quality of teaching and learning
  - (iii) Maximising student potential and outcomes
  - (iv) Increased involvement of parents and community
- (b) Providing training and support
  - (i) Deliver Continuous Professional Development ("CPD") training to the schools
  - (ii) Encourage student development through an integrated co-curriculum framework, leadership training, cooperative learning and creativity

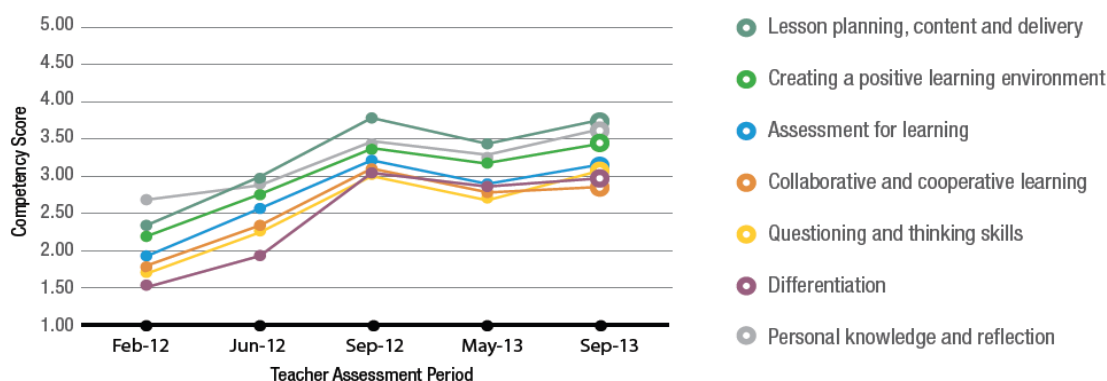
- (c) Establishing performance monitoring systems
  - (i) Set and track overall schools' and students' Key Performance Targets
  - (ii) Set and track individual Performance Management System Targets for school staff through lesson observations, CPD training attendance, application of learning and implementation of teacher targets
  - (iii) Report progress of key milestones throughout the programme
- (d) Embedding sustainability factors
  - (i) Develop in-school pedagogical support through the development of Middle Leaders
  - (ii) Establish Professional Learning Communities ("PLCs") within the school and surrounding areas
  - (iii) Implement the Gradual Release Implementation Model with increased independence and ownership for schools to ensure sustainable change practices
- (e) Improving overall school management
  - (i) Capability building in Data and Information Management
  - (ii) Capability building in Financial Management
  - (iii) Capability building in Human Resource, Talent and Succession Management

#### **7.3.4 Achievements of the Trust Schools Programme to-date**

In 2013, Yayasan AMIR commissioned the University of Melbourne's Centre for Programme Evaluation to independently assess the progress of the pilot cohort of 10 Trust Schools which commenced the programme in 2011, and the assessment found:

- (a) an **increasing trend in all teaching competencies**, suggesting that the impact of the Trust Schools Programme on the teachers are most readily seen in their increased proficiency as educators and leaders of learning;
- (b) **principals are more satisfied, engaged and enthusiastic**, and are moving towards strategic planning roles; and
- (c) **students are more confident and engaged**, and are learning through a more collaborative and independent process, with pockets of improved academic achievements.

#### TEACHER COMPETENCIES HAVE IMPROVED BY 58% FOR 10 PILOT TRUST SCHOOLS



Whilst the emphasis of the Yayasan AMIR Trust Schools Programme is on holistic development of students beyond mere academic results, it is important to note that prior experience and research by the University of Melbourne has shown that academic achievements as a result of school- or system-based interventions may only be evident after 8 to 10 years. This is consistent with the current varying academic improvements recorded for the Trust Schools in the pilot cohort, based on tracking of the major government school examinations.

#### 7.3.5 Initiatives for 2015 and beyond

Over and above the expansion of the Trust Schools Network, Yayasan AMIR will also be looking into the following work-tracks:

(a) Deepening and sustaining the Trust Schools Programme at school and network levels

Developing and implementing various measures such as the following to ensure that the transformation initiatives at the schools are self-sustainable beyond the Trust Schools Programme:

- (i) globally benchmarked standards across schools, state/district networks and the wider public education system;
- (ii) student outcome measurement tool for holistic student outcomes; and
- (iii) talent-management and succession planning programmes.

(b) Influencing wider education system initiatives

Examples are as follows:

- (i) partnerships with the MOE to pilot alternative transformational models for scaling-up;
- (ii) articulating progress of the Trust Schools Programme and rallying external champions to support the Trust Schools Programme (within the Government, the education system and the wider public); and
- (iii) continuous engagement of the MOE to align the relevant stakeholders in overseeing the planning, delivery, monitoring/inspection and training at the Trust Schools.

#### 7.4 KPIs for the First Sukuk Ihsan and Evaluation of KPIs

The KPIs for the First Sukuk Ihsan are as follows:

(a) Enabling scaling up of Identified Schools (in areas in need)

The KPI is measured based on the number of schools under Yayasan AMIR's Trust Schools Programme for a 5-Year Intervention Period during the term of the First Sukuk Ihsan. This KPI is deemed to be met if a minimum of twenty (20) Identified Schools are selected during the term of the First Sukuk Ihsan.

(b) Teachers of the Identified Schools are highly proficient in the required pedagogical mastery

The KPI is measured based on the percentage of teachers of the Identified Schools rated at the Establishing level or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period. KPI is deemed to be met if at least fifty per cent. (50%) of the teachers of the Identified Schools are rated at the Establishing level or above during the said period. For the purposes of this KPI, a Trust School teacher is rated at the Establishing level if he/she is proficient in the following areas, as evidenced by a robust performance management system evaluation process which shall be conducted by a third party engaged by Yayasan AMIR and the data shall be used for the purposes of generating the KPI Evaluation Report:

(i) *Pedagogy*

A good understanding of the Trust School Pedagogical Pillars, and is able to demonstrate the relevant teacher competencies in their teaching practice and planning.

The seven (7) Trust School Pedagogical Pillars are:

- (A) Lesson planning and content delivery
- (B) Creating a positive learning environment
- (C) Assessment for learning
- (D) Collaborative and cooperative learning
- (E) Questioning and thinking skills
- (F) Differentiation
- (G) Professional knowledge and reflection

(ii) *Curriculum and subject knowledge*

A secure knowledge of the relevant subject(s) and curriculum areas, foster and maintain students' interest in the subject, and address gaps in students' understanding.

(iii) *Planning and teaching effective three-part lessons*

Lessons are linked to Learning Objectives with the relevant Success Criteria and integrated resources that support student learning.

(iv) *Creating a positive learning environment*

Develops a student-friendly, positive emotional and physical learning environment that features displays of students' work and enables learning.

- (v) *Collaborative and cooperative learning*  
Integrates opportunities for collaboration and cooperation to develop peer learning, communication, teamwork and social skills.
  - (vi) *Problem-solving and thinking skills*  
Plans for enquiry-based learning and the selection of relevant thinking strategies to support learning and encourage thinking.
  - (vii) *Differentiation*  
Provides opportunities for all students to learn through differentiating the learning content and by providing multi-modal activities.
  - (viii) *Professional learning*  
Reflects on the impact of the teachers' teaching on student progress and participates actively in professional learning opportunities, including PLCs, to continuously improve on practice.
- (c) The senior leadership of the Identified Schools are highly proficient in enabling positive and relevant learning environment in schools

The KPI is measured based on the percentage of the senior leadership of the Identified Schools rated at the Establishing level or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period. This KPI is deemed to be met if at least fifty per cent. (50%) of the senior leadership of the Identified Schools are rated at the Establishing level or above during the said period. For the purposes of this KPI, the senior leadership of a Trust School are rated at the Establishing level if they are able to, upon the evaluation of a third party engaged by Yayasan AMIR, demonstrate the following abilities:

- (i) *Develop and articulate the school vision*  
Develop a shared vision for the school by involving identified teachers and school leaders, and communicate this compellingly to all stakeholders.
- (ii) *Implement the Trust School Standards*  
A reflective school leader who is knowledgeable in the four (4) Trust Schools Strategic Goals (as outlined in Section 7.3.1 above) and involves selected staff in the implementation of related Trust School standards and practices.
- (iii) *School Improvement Planning*  
Involves stakeholders in the development of the Trust School Improvement Plan ("TSIP") and related action plans, tracks the implementation of these plans and reviews the impact of such plans.

Note:

- (A) TSIP refers to the annual plan developed by the school to achieve its individual Key Performance Targets ("KPTs") as agreed with the MOE.
- (B) KPTs refer to the agreed targets for individual schools at the programme inception that is mutually agreed by the school, Yayasan AMIR and the MOE. It is formalised in a document called the Designated Instrument ("DI").

- (iv) *Distributed leadership*  
Identifies leadership roles in the school and begins to distribute these roles amongst school leaders at various levels.
  - (v) *Exercise strategic, curriculum-led financial planning*  
Ensures the equitable deployment of budgets and resources, in the best interests of the students' achievements and the school TSIP.
  - (vi) *Use a range of data effectively*  
Data is used effectively in order to identify and inform future planning and to evaluate the effectiveness of TSIP implementation.
  - (vii) *Implement talent development and performance management strategies*  
Leads processes for identification and development of talent, workforce and succession planning and systems and measures for managing the performance of all staff as well as provision of CPD through structured PLCs.
  - (viii) *Facilitate holistic student development*  
Ensures that school-wide policies for student behaviour, attendance and participation in co-curriculum activities which support holistic student outcomes are developed and implemented.
  - (ix) *Stakeholder engagement*  
Engages with parents and identified stakeholders such as District and State officials of the MOE through regular meetings and structured opportunities to obtain and provide feedback.
- (d) Students demonstrate holistic outcomes that are in line with the six (6) student aspirations (Knowledge, Thinking Skills, Leadership, Bilingual Proficiency, Ethics & Spirituality and National Identity) as set out in the Malaysian Education Blueprint 2013-2025

The KPI is measured based on the following two components:

- (i) *Students at the Identified Schools*  
The KPI is measured based on the percentage of students of the Identified Schools rated at the Establishing level or above in their observations after the end of their respective Identified Schools' 5-Year Intervention Period. This KPI is deemed to be met if at least fifty per cent. (50%) of the students of the Identified Schools are rated at the Establishing level or above during the said period. For the purposes of this KPI, the students are rated at the Establishing level if they are able to, upon the evaluation of a third party engaged by Yayasan AMIR, demonstrate the following outcomes:
  - (A) *Self and peer assessment of strengths*  
Students are able to assess their own strengths and identify the next steps for learning which would enable them to attain their learning targets. Students are also able to articulate their learning progress and are able to discuss their progress, as well as that of their peers.

(B) Holistic development of the students via an effective co-curriculum framework

Students are developing their soft skills such as leadership, communication, teamwork and responsibility, through their attendance and participation in weekly co-curricular activities.

(ii) Total student population at the Identified Schools

The KPI is measured based on the total student population at the Identified Schools having achieved the following after the end of their respective Identified Schools' 5-Year Intervention Period, upon the evaluation of a third party engaged by Yayasan AMIR:

(A) Demonstrate positive values and attitudes

Disciplinary issues as a percentage of the total student population are kept low, as follows:

- (1) Cases of student misconduct are less than eight per cent. (8%); and
- (2) Serious disciplinary cases are less than two per cent. (2%).

(B) Literacy and numeracy

At least seventy-five per cent. (75%) of the students in the Identified Schools which are primary Trust Schools are able to pass the national literacy and numeracy test.

The KPIs for the First Sukuk Ihsan shall be evaluated prior to the maturity date of the First Sukuk Ihsan by the Independent Auditor. The Independent Auditor shall, on a date no later than six (6) months prior to the maturity date of the First Sukuk Ihsan, provide the KPI Evaluation Report to the Sukuk Trustee and the Facility Agent. The Sukuk Trustee shall then make available the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders' ADI via any delivery channel including FAST within three (3) business days from the date of receipt of the KPI Evaluation Report. If the KPIs are met, the nominal value in relation to the Dissolution Distribution Amount payable to the First Sukuk Ihsan Sukukholders will be reduced, regardless of any failure and/or delay of the Sukuk Trustee in delivering the KPI Evaluation Report to the First Sukuk Ihsan Sukukholders.

The KPI Evaluation Report shall contain, amongst others, details of each KPI, the evaluation method of each KPI and whether each KPI is met. If the KPI Evaluation Report is unable to provide a complete evaluation of each KPI or if the KPI Evaluation Report is not provided to the Sukuk Trustee and the Facility Agent at least six (6) months prior to the maturity date of the First Sukuk Ihsan, the KPIs will be deemed to be not met.

For the avoidance of doubt, the evaluation and opinion of the Independent Auditor shall be conclusive and binding on all the First Sukuk Ihsan Sukukholders, Ihsan and Khazanah.



## **SECTION 8.0 OTHER INFORMATION**

### **8.1 *Material litigation***

As at 15 April 2015, neither the Issuer nor Khazanah are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on their respective financial positions or businesses. Both the Issuer and Khazanah are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect their respective financial positions or businesses.

### **8.2 *Material contingent liabilities***

As at 15 April 2015, the Boards of the Issuer and Khazanah are not aware of any material contingent liabilities, which may upon being enforceable, have a material adverse effect on their respective financial positions or businesses.

### **8.3 *Material information***

As at 15 April 2015, the Boards of the Issuer and Khazanah are not aware of any other material information which has to be disclosed in this Information Memorandum.

### **8.4 *Conflict-of-interest***

#### **(a) CIMB**

As at 31 January 2015, Khazanah is a 29.62% shareholder of CIMB Holdings, which in turn holds 99.9% of CIMB Group. As at 31 January 2015, CIMB Group holds a 100% equity stake in CIMB.

Additionally, Dato' Sri Mohamed Nazir Abdul Razak, the chairman and non-independent non-executive director of CIMB Holdings, CIMB Group and CIMB, and deputy chairman and non-independent non-executive director of CIMB Bank, is a director of Khazanah.

Notwithstanding the abovementioned relationship between Khazanah and CIMB, CIMB is not aware of circumstances that would give rise to conflict-of-interest in its various roles in relation to the Sukuk Programme.

In addition, CIMB, has considered the factors involved and believes that the objectivity and independence in carrying out its various roles in relation to the Sukuk Programme, have been and will be maintained at all times for the following reasons:

- (i) CIMB is a licensed investment bank and its appointment as, amongst others, the Principal Adviser and Lead Arranger of the Sukuk Programme and the Lead Manager for the First Sukuk Ihsan is in the ordinary course of its business;

- (ii) CIMB is one of the major arrangers and managers in the Malaysian private debt securities and Islamic securities markets and is committed to upholding its integrity and responsibilities in relation to the Sukuk Programme;
- (iii) a due diligence review pursuant to the Sukuk Programme has been undertaken together with other independent professional advisers; and
- (iv) the conduct of CIMB 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.

(b) CIMB Islamic Bank Berhad (“CIMB Islamic”)

As at 31 January 2015, Khazanah is a 29.62% shareholder of CIMB Holdings, which in turn holds 99.9% of CIMB Group. As at 31 January 2015, CIMB Group holds a 99.99% equity stake in CIMB Bank which in turn holds 100% of CIMB Islamic.

Additionally, Dato' Sri Mohamed Nazir Abdul Razak, the chairman and non-independent non-executive director of CIMB Holdings, CIMB Group and CIMB, and deputy chairman and non-independent non-executive director of CIMB Bank, is a director of Khazanah.

Notwithstanding the abovementioned relationship between Khazanah and CIMB Islamic, CIMB Islamic is not aware of circumstances that would give rise to conflict-of-interest in its capacity as a Joint Shariah Adviser in relation to the Sukuk Programme.

In addition, CIMB Islamic has considered the factors involved and believes that the objectivity and independence in carrying out its role as a Joint Shariah Adviser in relation to the Sukuk Programme has been and will be maintained at all times for the following reasons:

- (i) CIMB Islamic is a licensed Islamic bank and its appointment as a Joint Shariah Adviser for the Sukuk Programme is in the ordinary course of its business; and
- (ii) the conduct of CIMB Islamic is regulated by the Islamic Financial Services Act 2013 and by its own internal controls and checks.

(c) Amanie Advisors Sdn Bhd

As at the date hereof and after making enquiries as were reasonable in the circumstances, Amanie Advisors Sdn Bhd confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as a Joint Shariah Adviser in relation to the Sukuk Programme.

(d) Messrs Zaid Ibrahim & Co.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Messrs Zaid Ibrahim & Co. confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as the legal counsel to CIMB as the Principal Adviser and Lead Arranger of the Sukuk Programme and the Lead Manager for the First Sukuk Ihsan.

(e) CIMB Islamic Trustee Berhad (“CIMB Islamic Trustee”)

As at 31 January 2015, Khazanah is a 29.62% shareholder of CIMB Holdings, which in turn holds 99.9% of CIMB Group. As at 31 January 2015, CIMB Group is the ultimate holding company of CIMB Islamic Trustee.

Additionally, Dato' Sri Mohamed Nazir Abdul Razak, the chairman and non-independent non-executive director of CIMB Holdings, CIMB Group and CIMB, and deputy chairman and non-independent non-executive director of CIMB Bank, is a director of Khazanah.

Notwithstanding the abovementioned relationship between Khazanah and CIMB Islamic Trustee, CIMB Islamic Trustee is not aware of circumstances that would give rise to conflict-of-interest in its capacity as the Sukuk Trustee in relation to the Sukuk Programme.

In addition, CIMB Islamic Trustee has considered the factors involved and believes that the objectivity and independence in carrying out its role as the Sukuk Trustee in relation to the Sukuk Programme has been and will be maintained at all times for the following reasons:

- (i) the Sukuk Trustee is a licensed trustee company and its appointment as the Sukuk Trustee for the Sukuk Programme is in the ordinary course of its business; and
- (ii) the role of CIMB Islamic Trustee will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of CIMB Islamic Trustee in its capacity as the Sukuk Trustee in relation to the Sukuk Programme, and shall be carried out on an arms-length basis and independently by CIMB Islamic Trustee.

*[the remainder of this page is intentionally left blank]*

## APPENDIX 1

### FORM OF WAIVER NOTICE

*[on the letterhead of the First Sukuk Ihsan Sukukholder]*

[Date]

To:

**Ihsan Sukuk Berhad (as Issuer)**

10<sup>th</sup> Floor, Menara Hap Seng,  
No 1 & 3, Jalan P. Ramlee,  
50250 Kuala Lumpur

Attention: [\*\*\*]

**[\*Name of First Sukuk Ihsan Sukukholder's ADI]**

[\*Address of First Sukuk Ihsan Sukukholder's ADI]

Attention: [\*\*\*]

**IHSAN SUKUK BERHAD (COMPANY NO. 1117716-P)**

**SUKUK IHSAN OF RM100.0 MILLION IN NOMINAL VALUE DUE 2022 PURSUANT TO THE SUKUK PROGRAMME OF RM1,000,000,000.00 IN NOMINAL VALUE ESTABLISHED UNDER THE "SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK" FRAMEWORK ("SUKUK PROGRAMME")**

---

We refer to the Sukuk Programme described above and the First Sukuk Ihsan held by us as described below:

*[\*insert description of First Sukuk Ihsan held by the relevant Sukukholders, e.g. stock code, Issue Date, Scheduled Dissolution Date, Nominal Value] ("First Sukuk Ihsan")*

Terms defined in the information memorandum dated 11 June 2015 in relation to the First Sukuk Ihsan shall have the same meanings herein.

We hereby inform you that we wish to exercise our Option to Waive, and agree to waive all our rights, titles and entitlements to the Periodic Distributions (including accrued and unpaid Periodic Distributions) and the nominal amount payable under the First Sukuk Ihsan held by us (in whole and not in part) by selling our holdings in the First Sukuk Ihsan to Khazanah for the consideration of RM1.00 ("**Consideration Amount**").

Such waiver shall be effective on the date of our transfer to Khazanah of the First Sukuk Ihsan held by us which shall be *[\*insert relevant Settlement Date, which is the date 21 business days from the date of this Waiver Notice ("**Settlement Date**")]*. We agree to effect the transfer of our holdings in the First Sukuk Ihsan to Khazanah on the Settlement Date, and acknowledge that we will not be entitled to receive the tax voucher relating to our waiver until and unless:

- (i) the Issuer and Khazanah receive the confirmation from our Authorised Depository Institution ("**ADI**") of our Sukukholdings; and
- (ii) such transfer to Khazanah is effected on the Settlement Date.

We hereby further confirm that, in the event we receive any Periodic Distributions after the Settlement Date, we shall return such amounts to Khazanah. In addition, if we receive any Periodic Distribution on a Settlement Date which was supposed to occur one (1) business day before a Periodic

Distribution Date but falls on such Periodic Distribution Date instead for whatever reason (including an unexpected holiday), we also confirm that we shall return such amounts to Khazanah.

[\*By a copy of this Waiver Notice issued to our ADI, we hereby instruct the ADI to confirm our holdings of the First Sukuk Ihsan to the Issuer and to Khazanah.] *[Note: To be deleted if not applicable]*

We confirm that except for the transfer of the First Sukuk Ihsan to Khazanah on the Settlement Date, from the date of this Waiver Notice, we shall not sell, dispose or transfer any of the First Sukuk Ihsan held by us.

This Waiver Notice shall be continuing and binding on us and our successors-in-title.

This Waiver Notice is governed by, and shall be construed in accordance with the laws of Malaysia.

Please deposit the Consideration Amount into the following account:

*[\*to insert details of the account of the First Sukuk Ihsan Sukukholder including the bank where such account is maintained and the account no.]*

Please deliver the Acknowledgment and the relevant tax vouchers to us at:

*[\*First Sukuk Ihsan Sukukholder to insert address and name of contact person]*

Yours faithfully,

For and on behalf of

**[name of First Sukuk Ihsan Sukukholder] (Company No. [\*])**

.....  
Authorised Signatory

Name:

Designation:

cc.

1. Khazanah Nasional Berhad (as Obligor)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*
  2. CIMB Islamic Trustee Berhad (as Sukuk Trustee)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*
  3. CIMB Investment Bank Berhad (as Facility Agent)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*
-

### Acknowledgement of Receipt of Waiver Notice

We refer to the above matter, and we acknowledge receipt of:

- (1) the waiver notice dated [●] ("**Waiver Notice**") from [*\*name of First Sukuk Ihsan Sukukholder*] ("**First Sukuk Ihsan Sukukholder**") to us in relation to the waiver by the First Sukuk Ihsan Sukukholder of all its rights, benefits and entitlements to the Periodic Distributions (including accrued and unpaid Periodic Distributions) and the nominal amount payable under the Sukuk Ihsan (in whole and not in part) upon the terms stated above; and
- (2) the confirmation from the ADI of the Sukukholdings of the First Sukuk Ihsan Sukukholder.

Please find below the details of our ADI account for purposes of the sale of your Sukukholding in the First Sukuk Ihsan to us:

Name of ADI:

Account Number:

In the event you receive any Periodic Distributions after the Settlement Date, please deposit such Periodic Distributions into the following account:

[*\*to insert details of the account of Khazanah and the bank where such account is maintained*]

Yours faithfully,

**KHAZANAH NASIONAL BERHAD (Company No. 275505-K) ON BEHALF OF IHSAN SUKUK BERHAD (Company No. 1117716-P)**

.....  
Authorised Signatory

Name:

Designation:

cc.

1. Ihsan Sukuk Berhad  
*Attention: [\*\*\*]*
2. CIMB Islamic Trustee Berhad  
*Attention: [\*\*\*]*
3. CIMB Investment Bank Berhad  
*Attention: [\*\*\*]*

## APPENDIX 2

### FORM OF NOTICE FOR TAX VOUCHER

*[on the letterhead of the First Sukuk Ihsan Sukukholder]*

*[Date]*

To:

**Ihsan Sukuk Berhad (as Issuer)**

10<sup>th</sup> Floor, Menara Hap Seng,  
No 1 & 3, Jalan P. Ramlee,  
50250 Kuala Lumpur

*Attention: [\*\*\*]*

**[\*Name of First Sukuk Ihsan Sukukholder's ADI]**

**[\*Address of First Sukuk Ihsan Sukukholder's ADI]**

*Attention: [\*\*\*]*

**IHSAN SUKUK BERHAD (COMPANY NO. 1117716-P)**

**SUKUK IHSAN OF RM100.0 MILLION IN NOMINAL VALUE DUE 2022 PURSUANT TO THE SUKUK PROGRAMME OF RM1,000,000,000.00 IN NOMINAL VALUE ESTABLISHED UNDER THE "SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK" FRAMEWORK ("SUKUK PROGRAMME")**

---

We refer to the Sukuk Programme described above and the First Sukuk Ihsan held by us as described below:

*[\*insert description of First Sukuk Ihsan held by the relevant Sukukholders, e.g. stock code, Issue Date, Scheduled Dissolution Date, Nominal Value] ("First Sukuk Ihsan")*

Terms defined in the information memorandum dated 11 June 2015 in relation to the First Sukuk Ihsan shall have the same meanings herein.

We write to request for the tax voucher for the amount which is equal to the reduction in the nominal value of our Sukukholdings in the First Sukuk Ihsan.

We acknowledge that we will not be entitled to receive the tax voucher for the amount which is equal to the reduction in the nominal value of our Sukukholdings in the First Sukuk Ihsan until and unless the Issuer and Khazanah receive the confirmation from our Authorised Depository Institution ("ADI") of our Sukukholdings.

[\*By a copy of this Notice for Tax Voucher issued to our ADI, we hereby instruct the ADI to confirm our holdings of the First Sukuk Ihsan to the Issuer and to Khazanah.][*Note: To be deleted if not applicable*]

This Notice for Tax Voucher shall be continuing and binding on us and our successors-in-title.

This Notice for Tax Voucher is governed by, and shall be construed in accordance with the laws of Malaysia.



Please deliver the Acknowledgment and the relevant tax vouchers to us at:  
[\*First Sukuk Ihsan Sukukholder to insert address and name of contact person]

Yours faithfully,

For and on behalf of  
[name of First Sukuk Ihsan Sukukholder] (Company No. [\*])

.....  
Authorised Signatory

Name:

Designation:

cc.

1. Khazanah Nasional Berhad (as Obligor)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*
2. CIMB Islamic Trustee Berhad (as Sukuk Trustee)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*
3. CIMB Investment Bank Berhad (as Facility Agent)  
*Attention: [\*\*\*]*  
*Tel:*  
*Facsimile:*  
*Email:*

---

### Acknowledgement of Receipt of Notice for Tax Voucher

We refer to the above matter, and we acknowledge receipt of:

- (1) the notice for tax voucher dated [●] ("**Notice for Tax Voucher**") from [\*name of First Sukuk Ihsan Sukukholder] ("**First Sukuk Ihsan Sukukholder**") to us in relation to its request for the tax voucher for the reduction amount in the nominal value of its Sukukholdings in the First Sukuk Ihsan; and
- (2) the confirmation from the ADI of the Sukukholdings of the First Sukuk Ihsan Sukukholder.

Yours faithfully,

**KHAZANAH NASIONAL BERHAD (Company No. 275505-K) ON BEHALF OF IHSAN SUKUK  
BERHAD (Company No. 1117716-P)**

.....  
Authorised Signatory

Name:

Designation:

cc.

1. Ihsan Sukuk Berhad  
*Attention: [\*\*\*]*
2. CIMB Islamic Trustee Berhad  
*Attention: [\*\*\*]*
3. CIMB Investment Bank Berhad  
*Attention: [\*\*\*]*

**THE ISSUER**

**Ihsan Sukuk Berhad**  
(Company No. 1117716-P)  
10<sup>th</sup> Floor, Menara Hap Seng  
No. 1 & 3, Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

**PRINCIPAL ADVISER AND LEAD ARRANGER FOR THE SUKUK PROGRAMME**  
**LEAD MANAGER FOR THE FIRST SUKUK IHSAN**

**CIMB Investment Bank Berhad**  
(Company No. 18417-M)  
Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

**FACILITY AGENT**

**CIMB Investment Bank Berhad**  
(Company No. 18417-M)  
Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

**SUKUK TRUSTEE**

**CIMB Islamic Trustee Berhad**  
(Company No. 167913-M)  
Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

**LEGAL COUNSEL TO**  
**THE PRINCIPAL ADVISER AND LEAD ARRANGER FOR THE SUKUK PROGRAMME**  
**LEAD MANAGER FOR THE FIRST SUKUK IHSAN**

**Messrs Zaid Ibrahim & Co.**  
Level 19, Menara Milenium  
Pusat Bandar Damansara  
50490 Kuala Lumpur