

PRICING SUPPLEMENT



HUA YANG BERHAD
(Registration No. 197801007059 (44094-M))

Series 1 tranche 1

Issuance of RM5.0 million in nominal value of Perpetual Sukuk Musharakah pursuant to an unrated Perpetual Sukuk Musharakah Programme of RM500.0 Million

Lead Arranger/Lead Manager



RHB INVESTMENT BANK BERHAD
(Registration No. 197401002639 (19663-P))

The date of this Pricing Supplement is 5 August 2021

This document (“**Pricing Supplement**”) is issued to give details of the proposed issue of Series 1 tranche 1 of Perpetual Sukuk Musharakah of RM5.0 million in nominal value (“**Subject Perpetual Sukuk Musharakah**”) pursuant to an unrated Perpetual Sukuk Musharakah Programme of RM500.0 Million (“**Perpetual Sukuk Musharakah Programme**”) by HUA YANG BERHAD (Registration No. 197801007059 (44094-M)) (“**Issuer**”).

This Pricing Supplement is to be read in conjunction with the terms and conditions of the Perpetual Sukuk Musharakah (“**Conditions**”) set out in the trust deed dated 5 August 2021 made between the Issuer and Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)) as the sukuk trustee (“**Sukuk Trustee**”), which is made a part hereof as if set forth herein and all documents incorporated by reference therein (collectively, the “**Trust Deed**”). Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Conditions.

The Issuer has authorised the Lead Manager and/or its affiliates to circulate or distribute this Pricing Supplement on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Subject Perpetual Sukuk Musharakah only to prospective investors who fall within the ambit of the Selling Restrictions for the purpose of the sale of the Subject Perpetual Sukuk Musharakah and that no further evidence of authorisation is required.

This Pricing Supplement is for information purposes only and does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction.

This Pricing Supplement and its contents are strictly confidential and are made strictly on the basis that the recipient shall ensure that they will remain confidential. Accordingly, this Pricing Supplement and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Lead Manager and return this Pricing Supplement to the Lead Manager or the Issuer.

This Pricing Supplement or any document delivered under or in relation to the issue, offer and sale of the Perpetual Sukuk Musharakah is not, and should not be construed as, a recommendation by the Issuer, the Lead Manager or any other party to the recipient to subscribe for or purchase the Perpetual Sukuk Musharakah. This Pricing Supplement 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 is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Perpetual Sukuk Musharakah and all other relevant matters, and each recipient should consult its own professional advisers.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Lead Manager promptly upon the Lead Manager’s request.

THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE PERPETUAL SUKUK

MUSHARAKAH IN MALAYSIA. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES ARE REQUIRED BY THE ISSUER AND THE LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS. FOR A DESCRIPTION OF THE RESTRICTIONS ON THE OFFERING AND SALE OF PERPETUAL SUKUK MUSHARAKAH AND ON DISTRIBUTION OF THIS PRICING SUPPLEMENT IN MALAYSIA, PLEASE REFER TO THE “SELLING RESTRICTIONS” IN THE TRUST DEED.

Specific Final Terms

The following items under this heading “**Specific Final Terms**” are the particular terms which relate to the Subject Perpetual Sukuk Musharakah to which this Pricing Supplement relates.

- 1. Issuer** : **HUA YANG BERHAD**
- 2. Series** : 1
- 3. Tranche** : 1
- 4. Nominal Amount** : RM5.0 million
- 5. Issue Date** : 20 August 2021
- 6. Tenure** : Perpetual Non-Callable 3 years
- 7. First Call Date** : 20 August 2024
- 8. Call Date** : First Call Date and each Periodic Distribution Date thereafter.
- 9. Periodic Distribution Frequency** : Semi-annual
- 10. Initial Periodic Distribution Rate** : 6.50% per annum (“**p.a.**”)
- 11. Initial Spread** : 4.22% p.a.
- 12. Relevant MGS Rate** : 2.28% p.a.
- 13. Reset Period of the Relevant MGS Rate** : On the First Call Date and every 3 years thereafter
- 14. Relevant Reset Periodic Distribution Rate** : Prevailing 3-year Malaysian Government Securities (“**MGS**”) + Initial Spread + Step-Up Margin
- 15. Step-Up Margin** : 2.5% p.a. after the First Call Date and an additional 1.0% p.a. thereafter on each anniversary of the First Call Date, subject to the maximum periodic distribution rate not exceeding 20% p.a.

16. **Margin in relation to the Make-Whole Amount** : Relevant MGS Rate + 3.165%
17. **Utilisation of Proceeds** : The proceeds raised from the issuance of the Subject Perpetual Sukuk Musharakah shall be utilised by HYB Group for the following Shariah-compliant purposes:
- (i) full redemption of the banking facilities granted to G Land Development Sdn Bhd by Public Bank Berhad;
 - (ii) working capital; and
 - (iii) defraying fees, costs and expenses in relation to the issuance of the Perpetual Sukuk Musharakah and the Perpetual Sukuk Musharakah Programme.
- (iv) **Security Cover** : 1.50 times
- (v) **Series Security** : (a) a first legal charge and assignment over the escrow account opened or to be opened by Hua Yang Group Berhad with RHB Islamic Bank Berhad (the “**Escrow Account**”);
- (b) a first legal charge and assignment over the reserve account opened or to be opened by Hua Yang Group Berhad with RHB Islamic Bank Berhad and each other reserve account opened under each tranche under Series 1 (each a “**Reserve Account**”); and
- (c) a first fixed charge over nine (9) units of shop lots measuring approximately 9,484 square feet held under titles no. (1) GM 2636/M1/1/7, Petak No. 7, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A7, Lot 10414; (2) GM 2636/M1/1/8, Petak No. 8, Tingkat No. 1, Bangunan No. M1, Lot 10414; (3) GM 2636/M1/1/9, Petak No. 9, Tingkat No. 1, Bangunan No. M1, Lot 10414; (4) GM 2636/M1/1/10, Petak No. 10, Tingkat No. 1, Bangunan No. M1, Lot 10414; (5) GM 2636/M1/1/11, Petak No. 11, Tingkat No. 1, Bangunan No. M1, Lot 10414; (6) GM 2636/M1/1/12, Petak No. 12, Tingkat No. 1, Bangunan No. M1, Lot 10414; (7) GM 2636/M1/1/13, Petak No. 13, Tingkat No. 1, Bangunan No. M1, Lot 10414; (8) GM 2636/M1/1/14, Petak No. 14, Tingkat No. 1,

Bangunan No. M1, Lot 10414; (9) GM 2636/M1/1/15, Petak No. 15, Tingkat No. 1, Bangunan No. M1, Lot 10414 in Mukim 06, District Seberang Perai Tengah, Pulau Pinang (Security Party: G Land Development Sdn Bhd) (“**Secured Properties**”).

- (vi) **Eligible Replacement Security** : (a) four (4) parcels of development land measuring approximately 7.21 acres held under title no. GRN 173584 Lot 8670, GRN 173583 Lot 397469, GRN 173564 Lot 397470 and PN 73938 Lot 102133 in Mukim Hulu Kinta, District Kinta, Perak (Security Party: Agro-Mod Industries Sdn Bhd);
- (b) two (2) parcels of development land measuring approximately 2.46 acres held under title no. HSM 2637 Lot 10415 and HSM 2638 Lot 10416 in Mukim 06, District Seberang Perai Tengah, Pulau Pinang (Security Party: G Land Development Sdn Bhd);
- (c) six (6) units of shop office measuring approximately 22,852 square feet held under titles no. (1) GM 2636/M1/1/1, Petak No. 1, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A1, A244, Lot 10414; (2) GM 2636/M1/1/2, Petak No. 2, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A2, A243, Lot 10414; (3) GM 2636/M1/1/3, Petak No. 3, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A3, A242, Lot 10414; (4) GM 2636/M1/1/4, Petak No. 4, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A4, A241, Lot 10414; (5) GM 2636/M1/1/5, Petak No. 5, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A5, A240, Lot 10414; (6) GM 2636/M1/1/6, Petak No. 6, Tingkat No. 1, Bangunan No. M1, Petak Aksesori A6, A239, Lot 10414; in Mukim 06, District Seberang Perai Tengah, Pulau Pinang (Security Party: G Land Development Sdn Bhd);
- (d) two (2) parcels of development land measuring approximately 9.50 acres held under title no. HSM 2206 Lot 20328 and HSM 2207 Lot 20329 in Mukim 13, District Seberang Perai Tengah, Pulau Pinang (Security Party: Tinggian Development Sdn Bhd);

- (e) fifty four (54) parcels of vacant shop lots, measuring approximately 7,247square metres held under titles no. (1) PN 205395 Lot 105147, (2) PN 205397 Lot 105148, (3) PN 205399 Lot 105149, (4) PN 205400 Lot 105150, (5) PN 205401 Lot 105151, (6) PN 205402 Lot 105152, (7) PN 205404 Lot 105153, (8) PN 205405 Lot 105154, (9) PN 205407 Lot 105155, (10) PN 205409 Lot 105156, (11) PN 205410 Lot 105157, (12) PN 205412 Lot 105158, (13) PN 205414 Lot 105159, (14) PN 205416 Lot 105160, (15) PN 205419 Lot 105161, (16) PN 205420 Lot 105162, (17) PN 205422 Lot 105163, (18) PN 205423 Lot 105164, (19) PN 205426 Lot 105165, (20) PN 205427 Lot 105166, (21) PN 205430 Lot 105167, (22) PN 205432 Lot 105168, (23) PN 205434 Lot 105169, (24) PN 205437 Lot 105170, (25) PN 205438 Lot 105171, (26) PN 205441 Lot 105172, (27) PN 205443 Lot 105173, (28) PN 205445 Lot 105174, (29) PN 205463 Lot 105175, (30) PN 205464 Lot 105176, (31) PN 205465 Lot 105177, (32) PN 205466 Lot 105178, (33) PN 205468 Lot 105179, (34) PN 205469 Lot 105180, (35) PN 205470 Lot 105181, (36) PN 205471 Lot 105182, (37) PN 205472 Lot 105183, (38) PN 205473 Lot 105184, (39) PN 205474 Lot 105185, (40) PN 205672 Lot 105186, (41) PN 205673 Lot 105187, (42) PN 205674 Lot 105188, (43) PN 205675 Lot 105189, (44) PN 205676 Lot 105190, (45) PN 205677 Lot 105191, (46) PN 205678 Lot 105192, (47) PN 205679 Lot 105193, (48) PN 205680 Lot 105194, (49) PN 205681 Lot 105195, (50) PN 205682 Lot 105196, (51) PN 205684 Lot 105197, (52) PN 205686 Lot 105198, (53) PN 205689 Lot 105199, (54) PN 205691 Lot 105200, in Mukim Hulu Kinta, District Kinta, Perak (Security Party: Agro-Mod Industries Sdn Bhd);
- (f) fifty two (52) parcels of vacant shop lots measuring approximately 7,751square metres held under titles no. (1) PN 209528 Lot 105837, (2) PN 209529 Lot 105838, (3) PN 209530 Lot 105839, (4) PN 209531 Lot 105840, (5) PN 209532 Lot 105841, (6) PN 209533 Lot 105842, (7) PN 209534 Lot 105843, (8) PN 209535 Lot 105844, (9) PN 209536 Lot 105845, (10) PN 209537 Lot 105846, (11) PN 209538 Lot 105847, (12) PN 209539 Lot 105848, (13) PN 209540 Lot 105849, (14) PN 209541 Lot 105850,

(15) PN 209542 Lot 105851, (16) PN 209543 Lot 105852, (17) PN 209544 Lot 105853, (18) PN 209545 Lot 105854, (19) PN 209546 Lot 105855, (20) PN 209547 Lot 105856, (21) PN 209548 Lot 105857, (22) PN 209549 Lot 105858, (23) PN 209550 Lot 105859, (24) PN 209551 Lot 105860, (25) PN 209552 Lot 105861, (26) PN 209553 Lot 105862, (27) PN 209554 Lot 105863, (28) PN 209555 Lot 105864, (29) PN 209556 Lot 105865, (30) PN 209557 Lot 105866, (31) PN 209558 Lot 105867, (32) PN 209559 Lot 105868, (33) PN 209560 Lot 105869, (34) PN 209561 Lot 105870, (35) PN 209562 Lot 105871, (36) PN 209563 Lot 105872, (37) PN 209564 Lot 105873, (38) PN 209565 Lot 105874, (39) PN 209566 Lot 105875, (40) PN 209567 Lot 105876, (41) PN 209568 Lot 105877, (42) PN 209569 Lot 105878, (43) PN 209570 Lot 105879, (44) PN 209571 Lot 105880, (45) PN 209572 Lot 105881, (46) PN 209573 Lot 105882, (47) PN 209574 Lot 105883, (48) PN 209575 Lot 105884, (49) PN 209576 Lot 105885, (50) PN 209577 Lot 105886, (51) PN 209578 Lot 105887, (52) PN 209579 Lot 105888, in Mukim Hulu Kinta, District Kinta, Perak (Security Party: Agro-Mod Industries Sdn Bhd);

- (g) a parcel of commercial land measuring approximately 3.30 acres held under title no. PTD 230074, HSD 574329 in Mukim Plentong, District Johor Bahru, Johor (Security Party: Grand View Realty Sdn Bhd); and/or
- (h) such other identified properties subject to the approval by the Sukukholders under Series 1 of the Perpetual Sukuk Musharakah by way of an extraordinary resolution.

(vii) Security Parties : (a) HYB; and

(b) G Land Development Sdn Bhd.

(viii) Designated Accounts : The Designated Accounts for Series 1 shall comprise an Escrow Account for Series 1 and a Reserve Account for each tranche under Series 1 as follows:

Escrow Account

Name of account	Escrow Account
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Parties responsible for opening the account	Issuer
Parties responsible for maintaining/operating the account	Security Trustee
Signatories to the account	Security Trustee
Sources of funds	<p>The Issuer shall deposit and maintain or cause to be deposited:</p> <p>(a) funds into the Escrow Account to meet the minimum Security Cover of 1.50 times, including:</p> <p style="padding-left: 40px;">(i) in the case of a revaluation of the Secured Properties in respect of the Subject Perpetual Sukuk Musharakah on a Revaluation Date, such amount required in order for the Security Cover to be at least 1.50 times; and</p> <p style="padding-left: 40px;">(ii) in the case of a Release and Replacement of Security relevant to the Subject Perpetual Sukuk Musharakah, an amount required in order for the Security Cover to be at least 1.50 times;</p> <p>(b) all monies received pursuant to the sale of any</p>

	<p>of the Secured Properties; and</p> <p>(c) proceeds, income and/or profit earned from Permitted Investments.</p>
Utilisation of funds	<p>The monies standing to the credit of the Escrow Account may only be utilised as follows:</p> <p>(a) towards the redemption of the relevant tranche under Series 1 of the Perpetual Sukuk Musharakah on or after the first call date of the that tranche of the Perpetual Sukuk Musharakah provided the Security Cover for the remaining tranches under Series 1 of the Perpetual Sukuk Musharakah after such redemption shall be at least 1.50 times;</p> <p>(b) to redeem the relevant tranche under Series 1 of the Perpetual Sukuk Musharakah pursuant to (i) an Optional Redemption; (ii) an Accounting Event Redemption; (iii) a Tax Event Redemption; (iv) a Change in Control Event Redemption; (v) a Leverage Event Redemption; (vi) a Privatisation Event Redemption; (vii) a Shareholder Event Redemption and/or (viii) a Sinking Fund Event Redemption;</p> <p>(c) save for monies received pursuant to the sale of any of the Secured Properties, to be used for any purpose</p>

	<p>pursuant to a Revaluation of the Secured Properties or Release and Replacement of Security, provided that additional security which are Eligible Replacement Security which would cause the Security Cover to be at least 1.50 times has been provided or procured by the Issuer;</p> <p>(d) for the transfer of funds to each Reserve Account under Series 1 of the Perpetual Sukuk Musharakah to meet the sinking fund top up schedule for each tranche under Series 1 of the Perpetual Sukuk Musharakah; and</p> <p>(e) for Permitted Investments.</p> <p>For the avoidance of doubt, where the Issuer exercises its right of redemption and utilises the amounts in the Escrow Account under (b) above in respect of all outstanding Perpetual Sukuk Musharakah (and not part thereof only), all monies in the Escrow Account can be applied towards payment of the relevant redemption sum.</p>
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Reserve Account

Name of account	Reserve Account
Parties responsible for opening the account	Issuer
Parties	Security Trustee

responsible for maintaining/operating the account	
Signatories to the account	Security Trustee
Sources of funds	<p>The Issuer shall deposit and maintain or cause to be deposited:</p> <p>(a) the transfer of monies from the Escrow Account;</p> <p>(b) monies to fund the build-up of the Sinking Fund Top Up (as defined below) and ensure that the balance standing to the credit of each Reserve Account on the Testing Date is not less than (i) the applicable scheduled amount calculated based on the immediate next Expected Periodic Distribution Amount payable under the applicable tranche of the Perpetual Sukuk Musharakah under Series 1 and (ii) the applicable scheduled amount calculated based on a percentage of the nominal value of the applicable tranche of the Perpetual Sukuk Musharakah under Series 1 (“Sinking Fund Top Up”) in accordance with the Sinking Fund Top Up Schedule set out below.</p>

	<p>The monies to be deposited into each Reserve Account will be from the Escrow Account, or, if there are insufficient monies to fund the build-up of the Sinking Fund Top Up, internally generated funds of the Hua Yang Group; and</p> <p>(c) proceeds, income and/or profit earned from Permitted Investments.</p> <p>“Testing Date” means a business day on which the Sinking Fund Top Up for the applicable tranche of Perpetual Sukuk Musharakah is tested and calculated.</p>
Utilisation of funds	<p>The monies standing to the credit of each Reserve Account may only be utilised as follows:</p> <p>(a) to redeem the relevant tranche under Series 1 of the Perpetual Sukuk Musharakah pursuant to (i) an Optional Redemption; (ii) an Accounting Event Redemption; (iii) a Tax Event Redemption; (iv) a Sinking Fund Event Redemption; (v) a Privatisation Event Redemption; (vi) a Leverage Event Redemption; (vii) a Shareholder Event Redemption; and/or (viii) a Change in Control Event Redemption;</p>

	<p>(b) to pay any shortfall in the Expected Periodic Distribution Amount under the applicable tranche under Series 1 of the Perpetual Sukuk Musharakah;</p> <p>(c) for the transfer of any amounts in excess of the amount equivalent of (i) the outstanding nominal value of all tranches under the Series 1 of the Perpetual Sukuk Musharakah and (ii) the aggregate Expected Periodic Distribution Amounts payable up to the first call date under each tranche under Series 1 of the Perpetual Sukuk Musharakah to the Issuer; and</p> <p>(d) for Permitted Investments.</p> <p>In the event funds are withdrawn from any Reserve Account to meet the payment of Expected Periodic Distribution Amount in accordance with item (b) above, the Issuer must replenish such funds within fifteen (15) business days from the date such funds were withdrawn.</p>
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(ix) **Sinking Fund Top Up Schedule** :

Testing Date	Sinking Fund Top Up for each tranche under Series 1 of the Perpetual Sukuk Musharakah
Nominal Value	

3 months prior to the First Call Date	25% of the nominal value of the relevant Perpetual Sukuk Musharakah then outstanding
2 months prior to the First Call Date	50% of the nominal value of the relevant Perpetual Sukuk Musharakah then outstanding
1 month prior to the First Call Date	100% of the nominal value of the relevant Perpetual Sukuk Musharakah then outstanding
Expected Periodic Distribution Amount	
6 months prior to the next Periodic Distribution Date	25% of the next Expected Periodic Distribution Amount payable
3 months prior to the next Periodic Distribution Date	50% of the next Expected Periodic Distribution Amount payable
1 month prior to the next Periodic Distribution Date	100% of the next Expected Periodic Distribution Amount payable

(x) **Other terms or special conditions** : None.

RESPONSIBILITY

The Issuer, having made all enquiries as were reasonable, confirms that the information contained in this Pricing Supplement is in accordance with the facts and is not false, not misleading and does not contain any material omission.