

## TERM SHEET

RELATING TO THE OFFERING OF UP TO

**35,000,000 EUROPEAN STYLE NON-COLLATERALISED CASH-SETTLED CALL WARRANTS OVER THE ORDINARY SHARES OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD. (“ICBC”) (“ICBC SHARES”) WITH AN EXERCISE RATIO OF 3 CALL WARRANTS : 1 ICBC SHARE (“CALL WARRANTS”) AT AN ISSUE PRICE OF RM0.150 PER CALL WARRANT**

*Issuer and Liquidity Provider*

### **KENANGA INVESTMENT BANK BERHAD**

(Company No.: 197301002193(15678-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

(Incorporated in Malaysia under the Companies Act 2016)

This Term Sheet is published in connection with the offering of the Call Warrants to be issued by Kenanga Investment Bank Berhad (“**Issuer**”) for the purpose of providing information on the Call Warrants. This Term Sheet is supplemental to and should be read in conjunction with the Base Prospectus dated 25 May 2022 (“**Base Prospectus**”) which sets out the information on the Issuer and the Structured Warrants (as defined herein).

We may update or amend the Base Prospectus from time to time by way of supplementary documents. You should ask us if any supplement to the Base Prospectus has been issued. The Base Prospectus and any supplement to the Base Prospectus will be available on Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com). These documents will also be available for inspection at our registered office during our office hours for a period of twelve (12) months from the date of the Base Prospectus.

You are warned that the price of the underlying financial instruments and Call Warrants may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. You should therefore make sure you understand the terms and conditions of the Call Warrants offered, the risk factors involved, and where necessary seek professional advice before investing in the Call Warrants. **YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE BASE PROSPECTUS AND THIS TERM SHEET. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 3 OF THIS TERM SHEET AND PAGE 20 OF THE BASE PROSPECTUS FOR RISK FACTORS.**

The Call Warrants constitute general unsecured contractual obligations of the Issuer and of no other person. Therefore, if you purchase the Call Warrants, you are relying on the creditworthiness of the Issuer and have no recourse/rights against ICBC.

The Call Warrants are to be listed and traded on the Structured Warrants Board of Bursa Securities.

We have applied to Bursa Securities for permission to list and quote the Call Warrants on the Official List of the Structured Warrants Board of Bursa Securities. As at the date of this Term Sheet, Bursa Securities has granted the said permission.

The date of this Term Sheet is 23 August 2022

## **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS HAVE SEEN AND APPROVED THIS TERM SHEET. OUR DIRECTORS COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS TERM SHEET AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS TERM SHEET FALSE OR MISLEADING.

WE ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THE BASE PROSPECTUS AND THIS TERM SHEET CONSTITUTE A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFERING OF THE CALL WARRANTS (“**OFFER**”).

NOTWITHSTANDING THE FOREGOING, OUR DIRECTORS DO NOT ACCEPT RESPONSIBILITY FOR THE CONTENTS OF INFORMATION ON ICBC OR ICBC SHARES, SAVE FOR THE FACT THAT THE INFORMATION IS AN ACCURATE EXTRACT OR SUMMARY OF RELEVANT PUBLICLY RELEASED INFORMATION.

## **STATEMENTS OF DISCLAIMER**

A COPY OF THIS TERM SHEET HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA (“**SC**”). THE REGISTRATION OF THIS TERM SHEET SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFER OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS TERM SHEET.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS TERM SHEET, MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS TERM SHEET AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS TERM SHEET.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THIS INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) FOR THE LISTING OF AND QUOTATION FOR THE CALL WARRANTS BEING OFFERED. ADMISSION OF THE CALL WARRANTS TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE OFFER, THE CALL WARRANTS, ICBC OR ICBC SHARES.

A COPY OF THIS TERM SHEET HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS TERM SHEET.

## **OTHER STATEMENTS**

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS TERM SHEET IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“**CMSA**”).

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS TERM SHEET AND THE SALE OF CALL WARRANTS IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA MAY BE RESTRICTED BY LAW. YOU ARE REQUIRED TO BE AWARE AND OBSERVE THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA THAT YOU ARE OR MIGHT BE SUBJECT TO.

THE DETAILS ON PERSONAL DATA PROTECTION ACT 2010 (“**PDPA**”) ARE AVAILABLE AT KIBB’S WEBSITE, <https://kenanga.com.my/pdpa/>.

**INDICATIVE TIMETABLE**

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The indicative timing of events leading up to the listing of and quotation for the Call Warrants on the Structured Warrants Board of Bursa Securities are as follows:-

	<b>Tentative dates</b>
Launch of the Call Warrants	23 August 2022
Allotment of the Call Warrants	23 August 2022
Listing of the Call Warrants on the Structured Warrants Board of Bursa Securities	24 August 2022

*Note:*

*The Price-Fixing Date for the Call Warrants is 3 August 2022.*

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**CORPORATE DIRECTORY**

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- Registered Office/Head Office : Level 17, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Wilayah Persekutuan  
Telephone no.: (03) 2172 2888  
Facsimile no.: (03) 2172 2999  
Email: [kenanga@kenanga.com.my](mailto:kenanga@kenanga.com.my)  
Website: [www.kenanga.com.my](http://www.kenanga.com.my)
- Issuer : Kenanga Investment Bank Berhad (197301002193 (15678-H))  
Level 17, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Wilayah Persekutuan  
Telephone no.: (03) 2172 2888  
Facsimile no.: (03) 2172 2999
- Warrant Registrar : Boardroom Share Registrars Sdn. Bhd. (199601006647  
(378993-D))  
11<sup>th</sup> Floor, Menara Symphony  
No.5, Jalan Semangat (Jalan Professor Khoo Kay Kim)  
Seksyen 13  
46200 Petaling Jaya  
Selangor, Malaysia  
Telephone no.: (03) 7890 4700  
Facsimile no.: (03) 7890 4670
- Listing Sought : Structured Warrants Board of Bursa Securities

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## DEFINITIONS

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All references to “our Company” or “the Issuer” or “the Bank” or “KIBB” in this Term Sheet are to Kenanga Investment Bank Berhad (197301002193 (15678-H)), references to “our Group” or “KIBB Group” are to our Company and our subsidiaries, and references to “we”, “us”, “our” and “ourselves” are to our Company and, except where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the latest practicable date, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

References to “Ringgit”, “Ringgit Malaysia”, “RM” or “sen” are to the lawful currency of Malaysia, and references to a time of day are to Malaysian time, unless otherwise stated. Words importing the singular shall, where applicable, include plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations. References to a “series” of Structured Warrants are to each type of Structured Warrants to be issued by us based on the Base Prospectus and the term sheets to be issued in support of each series of Structured Warrants.

The following terms in this Term Sheet bear the same meanings as set out below, unless the term is defined otherwise or the context otherwise requires:-

Base Prospectus	: Base Prospectus dated 25 May 2022 relating to the offering of Structured Warrants to be issued by us, as supplemented from time to time
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
Bull ELS	: Bull equity-linked structures
Call Warrants	: Up to 35,000,000 European style non-collateralised cash-settled Call Warrants over ICBC Shares with an Exercise Ratio of 3 Call Warrants for 1 ICBC Share
CBBCs	: Callable bull/bear certificates
Deed Poll	: Deed Poll dated 19 May 2022 executed by us for the Structured Warrants, as supplemented from time to time. The Term Sheet to be issued for the Structured Warrants will form a new schedule in and supplement the Deed Poll
ETF	: Exchange-traded fund
HKD	: Hong Kong Dollars
HKEX	: The Stock Exchange of Hong Kong Limited
ICBC	: Industrial and Commercial Bank of China Ltd.
ICBC Share(s)	: Ordinary H share(s) of ICBC. H shares are shares issued by enterprises incorporated in China, that are primarily listed in Hong Kong and traded in Hong Kong Dollars
KIBB or the Issuer or the Bank or Company	: Kenanga Investment Bank Berhad (197301002193 (15678-H))
KIBB Group or Group	: KIBB and its subsidiaries

**DEFINITIONS (Cont'd)**

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Listing	:	Listing of and quotation for the Call Warrants on the Structured Warrants Board of Bursa Securities
LPD	:	3 August 2022, being the latest practicable date before the registration of this Term Sheet
Market Day	:	A day (other than Saturday, Sunday or public holiday) on which Bursa Securities and HKEX are open for trading during the normal trading hours
Offer	:	Our offering of the Call Warrants
Price-Fixing Date	:	Date on which the exercise price and issue price for the Call Warrants is determined. The Price-Fixing Date is 3 August 2022.
Record of Depositors	:	The record provided by Bursa Depository to us or the Warrant Registrar under chapter 24.0 of the Rules of Bursa Depository
Relevant Country	:	(a) any country (or any political or regulatory authority thereof) in which the Relevant Currency or Settlement Currency is the legal tender or currency of the country; or  (b) any country (or any political or regulatory authority thereof) with which ICBC have a material connection and, in determining what is material, we, may without limitation, refer to the country in which ICBC is listed; and/or the country in which ICBC is incorporated; or  as the case may be, and/or such other factor(s) as we may deem appropriate
Relevant Currency	:	HKD
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued under the Securities Industry (Central Depositories) Act 1991
SC	:	Securities Commission Malaysia
Structured Warrants	:	Non-collateralised structured warrants proposed to be issued by KIBB which include the following:  (i) American style cash settled call/put warrants over a single equity; (ii) American style cash settled call/put warrants over a basket of equities; (iii) American style cash settled call/put warrants over a single index; (iv) American style cash settled call/put warrants over an ETF; (v) European style cash settled call/put warrants over a single equity; (vi) European style cash settled call/put warrants over a basket of equities; (vii) European style cash settled call/put warrants over a single index; (viii) European style cash settled call/put warrants over an ETF; (ix) European style cash settled CBBCs over a single equity; (x) European style cash settled CBBCs over a single index; (xi) European style cash settled CBBCs over an ETF; and (xii) Bull ELS,  where the equity(ies) and ETF are listed on, and indices are based on Bursa Securities and/or Securities Exchanges outside Malaysia which are members of the World Federation of Exchanges or are approved by Bursa Securities.

**DEFINITIONS (Cont'd)**

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	Reference to “Structured Warrants” may mean any one of the Structured Warrants in this definition
Terms	: Terms and conditions of the Call Warrants
VWAP	: Volume weighted average price
Warrantholder(s)	: The person or persons whose names for the time being appear on the Record of Depositors for the Structured Warrants
Warrant Registrar	: Boardroom Share Registrars Sdn. Bhd. (199601006647 (378993-D)), being the registrar for the Structured Warrants

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## 1. TERMS AND CONDITIONS OF THE CALL WARRANTS

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The following is only part of the terms and conditions of the Call Warrants and should be read together with the Terms as set out in the Base Prospectus. Copies of the Deed Poll are available for inspection at our registered office during our office hours. Warranholders are bound by and are deemed to have notice of all provisions contained in the Deed Poll.

Issuer	: KIBB
Liquidity provider	: KIBB
Instrument	: Non-collateralised cash-settled Call Warrants over ICBC Shares
Issue size	: Up to 35,000,000 Call Warrants
Underlying Shares	: ICBC Shares, which are quoted on HKEX (stock code: 1398.HK)
Board lot	: 100 Call Warrants
Exercise Ratio	: 3 Call Warrants : 1 ICBC Share
Exercise Amount	: The amount of Call Warrants to be exercised, subject to the minimum of 100 Call Warrants
Exercise Expenses	: Charges or expenses including taxes or duties which are incurred in respect of or in connection with the exercise of the Structured Warrants. Such expenses shall include without limitation any transaction fee charged by Bursa Depository, stamp duty, processing fee charged by Warrant Registrar and administrative cost.
Exercise Style	: European style, i.e. may be exercised only on the Expiry Date
Exercise Price	: <b>HKD4.38</b> , being 108.68% of the closing price of ICBC Shares on the Price-Fixing Date of HKD4.03. The Exercise Price shall be rounded to the nearest two (2) decimals, subject to adjustments in accordance with the provisions of the Deed Poll. In the event of any dispute regarding the calculation of the Issue Price, our determination shall be final and conclusive
Issue Price	: <b>RM0.150</b> , being an amount equal to (i) 19.67% of the closing price of ICBC Shares on the Price-Fixing Date of HKD4.03 (ii) divided by 3 (being the Exercise Ratio) and taking into account the relevant foreign exchange rate of HKD/RM0.5678**, rounded to the nearest half sen. In the event of any dispute regarding the calculation of the Issue Price, our determination shall be final and conclusive  <i>** The HKD/MYR middle rate as at 5.00 p.m. on the Price-Fixing Date published on the Bank Negara Malaysia website</i>
Expiry Date	: 10 July 2023
Settlement Currency	: RM
Relevant Currency	: HKD
Settlement	: Cash settlement only  The Cash Settlement Amount in respect of the Exercise Amount shall be an amount in cash (if greater than zero) payable in Settlement Currency and, calculated as follows less Exercise Expenses:-

**1. TERMS AND CONDITIONS OF THE CALL WARRANTS (Cont'd)**

$$\text{Cash Settlement Amount} = \text{Exercise Amount} \times \frac{1}{\text{Exercise Ratio}} \times (\text{Closing Price} - \text{Exercise Price}) \times \text{Settlement Exchange Rate} - \text{Exercise}^* \text{ Expenses}$$

*\* The Exercise Expenses will be borne by KIBB unless affected by the occurrence of a settlement disruption event. Should there be an occurrence of a settlement disruption event, for avoidance of doubt, the Warranholder shall not be required to pay or top up the Exercise Expenses as the case may be, where the Cash Settlement Amount after deduction of the Exercise Expenses is less than zero*

- Closing Price : The average daily VWAP of ICBC Shares (subject to any adjustment as may be necessary to reflect any capitalisation, rights issue, distribution or others) for five (5) Market Days prior to and including the Market Day immediately before the Expiry Date
- Implied volatility : 61.63%
- Delta : 55.85%
- Gearing : 5.08 times
- Effective gearing : 2.84 times
- Premium : 28.35%
- Settlement Exchange Rate : The prevailing rate of exchange between the Relevant Currency and the Settlement Currency (expressed as the number of units of the Settlement Currency per unit of the Relevant Currency) on a day which is within eight (8) Market Days prior to the settlement date, based on the rates prescribed by such relevant financial institution or body as determined by us.
- Automatic Exercise : The Warranholders are not required to serve any notice of exercise. All Call Warrants shall be deemed to have been exercised automatically on the Expiry Date at 9.00 a.m. In the event the Cash Settlement Amount is less than or equal to zero, all Call Warrants shall be deemed to have expired on the Expiry Date and all rights of the Warranholders and our obligations with respect to such Call Warrants shall cease and the Warranholders shall not be entitled to receive any payment from us in respect of the Call Warrants
- For avoidance of doubt, the Warranholder shall not be required to pay or top up the Exercise Expenses as the case may be, where the Cash Settlement Amount after deduction of the Exercise Expenses is less than zero
- Mode of Exercise : The aggregate Cash Settlement Amount (less Exercise Expenses) shall be paid by cheque drawn in favour of the Warranholder or such other mode as may be approved by Bursa Securities and as determined by us no later than seven (7) Market Days following the Expiry Date. In the event that the Cash Settlement Amount is paid by way of cheque drawn in favour of the Warranholder, the cheque shall be delivered by ordinary post to the Warranholder's address last recorded in the Record of Depositors at the Warranholder's own risk. The amount of such Cash Settlement Amount shall be final and conclusive and we shall be discharged from our obligation upon making such payment in accordance with these Terms
- Listing : Structured Warrants Board of Bursa Securities

## **2. RISK FACTORS**

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**BEFORE INVESTING IN THE CALL WARRANTS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS TERM SHEET AND RISK FACTORS AND OTHER INFORMATION CONTAINED IN THE BASE PROSPECTUS.**

**INVESTMENTS IN THE CALL WARRANTS INVOLVE DIFFERENT RISKS INCLUDING MARKET RISK, LIQUIDITY RISK, CREDIT RISK AND THE RISK THAT YOU MAY SUSTAIN TOTAL LOSS OF YOUR INVESTMENT IN THE CALL WARRANTS.**

**YOU SHOULD CONSIDER CAREFULLY WHETHER THE CALL WARRANTS ARE SUITABLE FOR YOU TAKING INTO ACCOUNT YOUR EXPERIENCE, OBJECTIVES, FINANCIAL POSITION AND OTHER RELEVANT CIRCUMSTANCES. YOU SHOULD POSSESS ADEQUATE KNOWLEDGE OF THE CALL WARRANTS BEFORE INVESTING.**

### **2.1 No warranty of thorough investigation on ICBC**

We make no warranty to have conducted comprehensive and exhaustive research or investigation on the business operations and prospects of ICBC. Therefore, you should not assume that the issue of Call Warrants represents a recommendation by us to invest in ICBC Shares.

### **2.2 Value of Call Warrants may be affected by inherent risk of ICBC's business**

ICBC is incorporated in People's Republic of China ("PRC"). It is principally engaged in the provision of banking and financial services such as corporate banking, personal banking and treasury banking activities. The corporate banking division provides loan, trade financing, deposit, corporate finance and custody to enterprises, government agencies and financial institutions. The personal banking division provides loan, deposit, bank card and personal finance to individual customers. The treasury division is involved in money markets business, securities investment business, foreign exchange trading and derivative financial instruments business.

ICBC is subject to risks inherent to the abovementioned sectors. You should note that material and adverse impact in the industry in which ICBC operates may affect the performance of ICBC Shares on Bursa Securities and consequently affect the value of the Call Warrants.

### **2.3 Risk of "European Style" Structured Warrants**

European style Structured Warrants are only exercisable on its Expiry Date. The price of such Structured Warrants in the secondary market may be traded at a discount (or premium, as the case may be) to its estimated fair value under certain circumstances, including supply and demand factors. Accordingly on the expiry date, if the cash settlement amount is zero or negative, you will lose the value of your investment.

### **2.4 The Base Prospectus and this Term Sheet are not the sole basis for making an investment decision**

The Base Prospectus and this Term Sheet do not take into account your investment objectives, financial situation or particular needs. Nothing in the Base Prospectus and this Term Sheet should be construed as a recommendation by us or our affiliates to invest in the Call Warrants or ICBC Shares.

## **2. RISK FACTORS (Cont'd)**

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### **2.5 Exchange rate risk**

You should note that there may be an exchange rate risk where the cash settlement amount may be converted from foreign currency into Ringgit Malaysia which will be borne by the Warrantholder(s). Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation.

### **2.6 Foreign law or regulatory policy risks**

ICBC Shares are listed and traded in a market outside of Malaysia. Such foreign markets would have legal and regulatory regimes different from that of Malaysia and may therefore expose the investments over Structured Warrants on ICBC Shares to greater risks, as ICBC Shares have to be in compliance with the relevant laws, rules, regulations, guidelines, requirements or provisions imposed by HKEX.

### **2.7 Compliance with the relevant laws and regulations by ICBC**

You should note that ICBC is subject to full compliance with the relevant laws, rules, regulations, guidelines, requirements or provisions imposed by the relevant authorities during the tenure of the Structured Warrants.

The performance of ICBC Shares on HKEX may be affected due to failure to comply with the relevant laws and regulations, which may in turn affect the value and/or performance of our Structured Warrants.

### **2.8 Risks related to the COVID-19 pandemic**

The outbreak of the COVID-19 pandemic has had, and continues to have, significant economic ramifications, such as contractions in economic growth rates across the world. The ongoing COVID-19 pandemic and any possible future outbreaks of disease may have a material and adverse effect on the business operations, financial position and prospects of ICBC, the performance of ICBC Shares and consequently affect the value of the Structured Warrants.

Should the COVID-19 outbreak continue to cause disruptions to global and domestic economic activity, KIBB Group's financial position may be adversely impacted. Prolonged and material impact on KIBB Group's financial position may also cause a downward rating in KIBB Group credit rating profile, which could in turn affect the ability to meet our financial commitments as a Structured Warrants Issuer.

KIBB Group has put in place the necessary Standard Operating Procedures ("SOP") for COVID-19 and fortify the vibrancy of Business Continuity Management ("BCM") of the Group to ensure the preparedness, responsiveness and robustness in managing this event risk. In order to assess the severity of the COVID-19 pandemic, KIBB Group is also actively monitoring and evaluating this fluid situation and will take any additional actions as necessary.

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### 3. SUPPLEMENTAL GENERAL INFORMATION

The distribution of this Term Sheet in certain other jurisdictions outside Malaysia may be restricted by law. You are required to be aware of such restrictions and to observe it. This Term Sheet does not constitute and may not be used for the purpose of an invitation to subscribe for or an offer to sell ICBC Shares in any jurisdiction in which such offer or invitation is restricted, not authorized or lawful or to any person to whom it is unlawful to make such offer or invitation.

#### 3.1 Basis of arriving at the issue price

The issue price of the Call Warrants of RM0.150 was based on the Exercise Ratio and the warrant pricing model which takes into account the Exercise Price of the Call Warrants, volatility of ICBC Shares, tenure of the Call Warrants, expected dividend yield of ICBC Shares and interest rates.

#### 3.2 Details on use of gross proceeds

We will use the indicative total gross proceeds arising from the Offer of up to RM5.25 million, based on the issue price of RM0.150, in the following manner:-

	<b>Note</b>	<b>RM</b>
Working capital	(i)	5,000,000
Estimated expenses	(ii)	250,000
<b>Total</b>		<b>5,250,000</b>

**Notes:**

- (i) *This amount will be utilised for our general working capital purposes during the tenure of the Call Warrants.*
- (ii) *The estimated expenses include professional fees, fees to authorities, selling fees and printing fees which will be used as and when the expenses are incurred.*
- (iii) *The financial impact of the Offer on our earnings depends on certain factors including, but not limited to, the performance of ICBC Shares vis-à-vis the market as well as the costs relating to risk management i.e. hedging and its associated costs.*

#### 3.3 Break-even analysis

Warrantheolders may calculate the break-even level of their investments in the Call Warrants as follows:

$$\text{Break -even Level} = \text{Exercise Price} + \frac{[(\text{Purchase Cost}^{(i)} \times \text{Exercise Ratio}) + \text{Exercise Expenses}^{(ii)}]}{\text{Settlement Exchange Rate}}$$

**Notes:**

- (i) *This is the amount a Warrantheolder pays for every unit of Call Warrant in the primary or secondary market, including where relevant, transaction costs such as brokerage fees, clearing fees and stamp duty.*
- (ii) *The Exercise Expenses will be borne by KIBB unless affected by the occurrence of a settlement disruption event.*

Warrantheolders will obtain positive gain only if the price of ICBC Shares exceeds the break-even level upon exercise of the Call Warrants.

### **3. SUPPLEMENTAL GENERAL INFORMATION (Cont'd)**

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#### **3.4 Further Issue**

The Deed Poll allows KIBB to create and issue further Structured Warrants in respect of the same series of Structured Warrants pursuant to the Base Prospectus ("**Further Issue**") without the consent or sanction of the existing Warranholders. The Further Issue will form part of the existing Structured Warrants in issue ("**Existing Issue**").

For the purpose of facilitating Market Making, KIBB may apply for a Further Issue in respect of the Structured Warrants subject to the following conditions:

- (i) the Further Issue is for the purpose of facilitating Market Making;
- (ii) the terms and conditions of the Existing Issue either permit the Further Issue or have been properly amended to give us the right to issue and list one or more Further Issues;
- (iii) the terms and conditions of the Further Issue and the Existing Issue must be identical except for the size and tenure of the issue; and
- (iv) the Issuer holds not more than 50% of the Existing Issue at the time of application for the Further Issue.

#### **3.5 Liquidity provision**

We will be acting as the liquidity provider for the trading of the Call Warrants on Bursa Securities.

As an Issuer, it is our business policy to stand by our products by providing liquidity. As stipulated by the Bursa Securities, we will maintain a minimum market presence of 80% of trading hours on each day that Bursa Securities is open for trading and a maximum spread between bid and offer prices of ten (10) bids.

The process of providing liquidity involves maintaining bid and offer prices on the trading system of Bursa Securities on each Market Day, over the life of the Call Warrants. Although we endeavour to provide liquidity for the Call Warrants on Bursa Securities, the level of liquidity will depend on competitive forces and the price at which the Call Warrants will trade on Bursa Securities upon or subsequent to its listing. Besides the supply and demand for the Call Warrants in the secondary market, there are other factors affecting the price of the Call Warrants such as, without limitation, the underlying unit price, intrinsic value, dividend expectations, expected volatility, prevailing interest rates and the time left to the expiry of the Call Warrants.

As liquidity provider, we would need to maintain a certain number of Call Warrants as inventory for the purposes of liquidity provision during the tenure of the Call Warrants. The minimum quantity of Call Warrants for which liquidity will be provided is fifty (50) board lots (5,000 units of Call Warrants). We may during the tenure of the Base Prospectus issue additional Call Warrants in a particular series subject to the approval of Bursa Securities.

However, you should note that there would be circumstances under which we are unable and could not be obliged to provide liquidity, due to reasons beyond our control. Such circumstances are set out in Section 5.2 of the Base Prospectus.

You may obtain bid/offer prices for the Call Warrants (in respect of prices that appear on the trading system of Bursa Securities, and/or in respect of direct business transactions) from us at the following contact details:-

KIBB  
Equity Derivatives  
Telephone no: 03-2172 2615

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### 3. SUPPLEMENTAL GENERAL INFORMATION (Cont'd)

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#### 3.6 Information on ICBC, Bursa Securities and HKEX

Information on ICBC or ICBC Shares, Bursa Securities and HKEX may be obtained from the following sources:-

- (i) ICBC's website at <http://www.icbc-ltd.com/icbcltd/en/>;
- (ii) Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com); and
- (iii) HKEX's website at [www.hkex.com.hk](http://www.hkex.com.hk)

The quarterly highest and lowest market prices, market capitalisation, price-earnings and dividend yield for ICBC can be obtained from the HKEX's website through [https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=1398&sc\\_lang=en](https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=1398&sc_lang=en)

Below are the ICBC's daily VWAP for the past five (5) days preceding the Price-Fixing Date:

Date	VWAP (HKD)
27 July 2022	4.1429
28 July 2022	4.1310
29 July 2022	4.1456
1 August 2022	4.1389
2 August 2022	4.0725

(Source: Bloomberg)

Please note, however, the information contained in the above websites does not form part of this Term Sheet and the Base prospectus.

#### 3.7 Agreement, arrangement and understanding

As at the LPD, there are no agreements, arrangements or understanding that are in place between us, KIBB and our subsidiaries and associated companies, and any substantial shareholders of ICBC in relation to the Call Warrants or which will have an effect on the issuance of the Call Warrants.

#### 3.8 Consent

The Warrant Registrar has given and has not subsequently withdrawn its written consent to the inclusion in this Term Sheet of its name in the form and context in which its name appears.

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### **3. SUPPLEMENTAL GENERAL INFORMATION (Cont'd)**

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#### **3.9 Documents for inspection**

Copies of the following documents may be inspected at our registered office during our office hours for a period of twelve (12) months from the date of the Base Prospectus:-

- (i) Base Prospectus;
- (ii) Our Constitutions;
- (iii) Deed Poll dated 19 May 2022;
- (iv) Warrant Agency Agreement dated 19 May 2022;
- (v) Our audited financial statements for the past three (3) financial years ended 31 December 2019 to 2021 and the unaudited consolidated financial statements for the three (3)-months financial period ended 31 March 2022; and
- (vi) The letter of consent referred to in Section 3.8 of this Term Sheet.

#### **3.10 Responsibility statements**

Our Directors have seen and approved this Term Sheet. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Term Sheet and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this Term Sheet false or misleading.

We acknowledge that, based on all available information, and to the best of our knowledge and belief, the Base Prospectus and this Term Sheet constitute a full and true disclosure of all material facts concerning the offering of the Call Warrants.

Notwithstanding the foregoing, our Directors do not accept responsibility for the contents of information on ICBC or ICBC Shares, save for the fact that the information is an accurate extract or summary of relevant publicly released information.

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