



**AmInvestment Bank**



## **PRESS RELEASE**

### **SMJ Sdn Bhd Successfully Priced Its Inaugural RM900 Million Sukuk Wakalah With a Bid to Cover Ratio of Circa 3.9 Times**

**KOTA KINABALU, Oct 20, 2023:**

SMJ Sdn Bhd (SMJSB), a wholly-owned subsidiary of the State Government of Sabah through the Chief Minister Incorporated of Sabah, has successfully priced its inaugural RM900 million Islamic medium-term notes (Sukuk Wakalah) on 16 October 2023 issued out of its AAA-rated Multi-Currency Sukuk Wakalah Programme of up to RM10 billion (or its equivalent in other currencies) in nominal value. AmInvestment Bank Berhad (AmInvestment Bank) is the sole Principal Adviser and Lead Arranger for the Sukuk Wakalah Programme (PA/LA).

The Sukuk Wakalah, which has a tenor of between 5 and 15 years, was issued under the Shariah principle of Wakalah and carries a profit rate of between 4.23% and 4.67% per annum. The inaugural issuance was closed with an order book of RM3.5 billion translating to a bid to cover ratio of 3.9 times, subscribed by a diverse group of investors in Malaysia. The overwhelming demand delivered an intraday price tightening of 20 basis points and reflects the market's confidence in SMJSB's financial strength, business prospects and corporate governance and the Sabah State Government's strong support for the company.

The Joint Lead Managers for the inaugural Sukuk Wakalah issuance were AmInvestment Bank, CIMB Investment Bank Berhad and Bank Pembangunan Malaysia Bhd (BPMB).

Sabah Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor witnessed the signing ceremony to mark the inaugural issuance between Chief Executive Officer Dr Dionysia Kibat, representing SMJSB and AmInvestment Bank Berhad Head of Debts Market Yeoh Teik Leng, here, today.

Also present were, amongst others, Sabah Finance Minister Datuk Seri Panglima Masidi Manjun (DSP Masidi), who is also SMJSB Chairman, Sabah State Secretary, Datuk Seri Panglima Safar Untong, and Technical Advisor to the Sabah Government-cum-SMJSB Special Advisor, Datuk Seri Panglima Lim Haw Kuang, AmInvestment Bank Berhad Chief Executive Officer Tracy Chen and AmBank (M) Berhad's Business Banking Managing Director, Christopher Yap.

Describing the programme as a significant milestone for SMJSB, DSP Masidi in his speech said, "These cash flows enable the State Government to diversify its funding sources, optimise the capital structure and support our growth strategy where SMJSB will continue to acquire profitable and producing oil and gas assets."



He further said that there are a lot more untapped oil and gas resources in Sabah and believed that the State Government, with SMJSB's help, will achieve greater revenue sharing, greater say and greater participation in the oil and gas development in the state.

Dr Dionysia said the Sukuk Wakalah is a recognition of SMJSB's underlying financial strength and future growth. This programme was launched in April this year and assigned a AAA-rating by RAM Rating Services Berhad (RAM), the largest credit rating agency in Malaysia and in South-East Asia.

"This success also demonstrates the strong interest and confidence in Sabah state and SMJSB in undertaking oil and gas activities for the best interest of the state," Dr Dionysia added.

Meanwhile, in applauding SMJSB for its successful maiden issuance, Tracy said, "This inaugural issuance marks a testament of investors' strong confidence in SMJSB's financial performance and business outlook. We believe that financially supporting entities such as SMJSB play a vital role in the collective journey towards a more sustainable energy future. We are committed to ensuring a responsible transition by supporting companies in the energy sector as they innovate and adapt to meet the world's energy demands while reducing their environmental footprint. To this end, SMJSB continues to partner reputable operators with established and proven environmental, social and governance (ESG) practices and policies with set targets to reduce greenhouse gas emissions over time. The emission reduction initiatives along with the socio-economic advancement remain the anchor of SMJSB's responsible and sustainable investment practices."

To-date, SMJSB has successfully acquired the following profitable and producing oil and gas businesses and assets to create a balanced portfolio as a financial investor:

1. 50% participating interest in Samarang Production Sharing Contract (PSC) with PETRONAS Carigali Sdn Bhd as the operator. The PSC comprises seven existing oil and gas producing fields with a production capacity of 36,000 barrels of oil and gas equivalent per day. SMJ has sold its first crude oil cargo in June 2023;
2. Back-in option for up to 20% participating interest in Block SB409 PSC upon completion of work commitment or commercial discovery, whichever is earlier; and
3. 25% equity interest in an integrated ammonia and urea production complex located in Sipitang Oil and Gas Industrial Park in Sabah (SAMUR). SAMUR is the largest single train ammonia and urea plant in Southeast Asia and the third largest urea plant in Asia Pacific with a production capacity of 2,100 metric tonne (mtpd) per day of ammonia, 3,500 mtpd of urea synth and 3,850 mtpd of urea granules.

SMJSB will acquire Sabah International Petroleum Sdn Bhd (SIP), which holds a 10 per cent ownership stake in Petronas LNG9 Sdn Bhd that operates a LNG plant within the



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Bintulu LNG Complex and use the Sukuk proceeds to part refinance its SIP's existing borrowings.

SMJSB, as a financial investor, plans to continue to adopt a prudent and conservative approach in growing its business in acquiring further profitable and producing upstream and midstream oil and gas assets.

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For further information, please contact Ridzuan Zulkifli, Senior Vice President, Group Corporate Communications and Marketing, AmBank Group at [ridzuan.zulkifli@ambankgroup.com](mailto:ridzuan.zulkifli@ambankgroup.com) and the Media Relations team at [media.relations@ambankgroup.com](mailto:media.relations@ambankgroup.com)

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