PROJEK LEBUHRAYA USAHASAMA BERHAD
(Company No. 954700-A)

INFORMATION MEMORANDUM

Islamic Medium Term Notes pursuant to an Islamic Medium Term Notes Programme of up to RM23.35 billion in nominal value

PRINCIPAL ADVISER / LEAD ARRANGER

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

JOINT LEAD MANAGERS

AmInvestment Bank Berhad (Company No. 23742-V)	**CIMB Investment Bank Berhad** (Company No. 18417-M)	**Maybank Investment Bank Berhad** (Company No. 15938-H)	**RHB Investment Bank Berhad** (Company No. 19663-P)

8 December 2011

IMPORTANT NOTICE

Responsibility Statements

This information memorandum (the "**Information Memorandum**") has been approved by the directors of Projek Lebuhraya Usahasama Berhad (Company No. 954700-A) ("**Issuer**" or "**PLUS Berhad**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to the Issuer which is material in the context of the issuance of the Islamic Medium Term Notes ("**Sukuk Musharakah**") pursuant to an Islamic Medium Term Notes issuance programme of up to RM23.35 billion in nominal value based on the Islamic principle of Musharakah ("**Sukuk Programme**"). The opinions and intentions expressed in this Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the Sukuk Musharakah the omission of which would, in the context of the Sukuk Musharakah issuance, make any statement in this Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum. The Issuer and its board of directors accept full responsibility for the 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 for the purpose of enabling prospective investors to consider the purchase of the Sukuk Musharakah.

It is a condition precedent to the issuance of the Sukuk Musharakah that the Sukuk Programme is assigned, on issue a rating of AAA_{IS} by Malaysian Rating Corporation Berhad. 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.

None of the information or data contained in this Information Memorandum has been independently verified by CIMB Investment Bank Berhad as the principal adviser/lead arranger, and together with AmInvestment Bank Berhad, Maybank Investment Bank Berhad and RHB Investment Bank Berhad as joint lead managers of the Sukuk Programme ("**Joint Lead Managers**"). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Principal Adviser/Lead Arranger/Joint Lead Managers as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Principal Adviser/Lead Arranger/Joint Lead Managers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Sukuk Musharakah and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

It is to be noted that although the Issuer has sought the advice of the Shariah Adviser with regards to the conformity of the Sukuk Musharakah and the structure and mechanism as described in the Principal Terms and Conditions of the Sukuk Musharakah with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer as to Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah and the Issuer, the Principal Adviser/Lead Arranger/Joint Lead Managers and/or the Shariah Adviser shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on the Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah. Any non-compliance with Shariah principles may have legal consequences.

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, the Principal Adviser/Lead Arranger/Joint Lead Managers 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 Sukuk Musharakah or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. The distribution or possession of this Information Memorandum in or from certain 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 nor the Principal Adviser/Lead Arranger/Joint Lead Managers accept 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 Sukuk Musharakah under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Musharakah, (d) the Issuer, the Principal Adviser/Lead Arranger/Joint Lead Managers 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 Sukuk Musharakah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Musharakah is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk Musharakah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Musharakah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Musharakah, (g) it is subscribing or accepting the Sukuk Musharakah for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Musharakah would constitute an excluded offer or excluded issue as specified in Schedule 6 or Section 229(1)(b), and Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 ("**CMSA**") at issuance and Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Musharakah 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 Sukuk Musharakah is not, and should not be construed as, a recommendation by the Issuer and/or the Principal Adviser/Lead Arranger/Joint Lead Managers to subscribe or purchase the Sukuk Musharakah. 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, the Sukuk Musharakah 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.

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

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

This 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 operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Principal Adviser/Lead Arranger/Joint Lead Managers 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 Sukuk Musharakah to prospective investors and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission

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 Sukuk Musharakah in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the approval of the SC.

A copy of this Information Memorandum will be lodged with the SC together with the application for the issuance of the Sukuk Musharakah and upon such deposit of this Information Memorandum and the application, the SC is deemed to have granted its approval.

However, please note that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Musharakah. Further, the SC takes no responsibility for the contents of this Information Memorandum.

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

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

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

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, if published later, the most recently published interim financial statements of the Issuer (if any); and

(ii) all supplements or amendments to this Information Memorandum circulated by the Issuer, 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 Sukuk Musharakah 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/Joint Lead Managers.

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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:

BKE	-	Butterworth-Kulim Highway and more particularly described in Section 6.1 (d) of this Information Memorandum.
CIMB or Principal Adviser/Lead Arranger	-	CIMB Investment Bank Berhad (Company No. 18417-M).
Concessions	-	collectively, (a) PLUS Concession; (b) ELITE Concession; (c) KLBK Concession; (d) LINKEDUA Concession; and (e) PBSB Concession.
Concession Agreements	-	collectively, (a) PLUS Concession Agreement; (b) ELITE Concession Agreement; (c) KLBK Concession Agreement; (d) LINKEDUA Concession Agreement; and (e) PBSB Concession Agreement.
Concession Companies	-	collectively, (a) PLUS; (b) ELITE; (c) KLBK; (d) LINKEDUA; and (e) PBSB.
ELITE	-	Expressway Lingkaran Tengah Sdn Bhd (Company No. 312805-M).
ELITE Concession	-	the concession granted by the Government to UEM, novated to ELITE on 27 January 1995, and further novated to PLUS Berhad.
ELITE Concession Agreement	-	the concession agreement dated 26 April 1994 between the Government and UEM, which was novated to ELITE on 27

		January 1995, as supplemented by the supplemental concession agreement dated 9 January 1997, the second supplemental concession agreement dated 23 March 2001 and the third supplemental concession agreement dated 10 January 2003.
ELITE Supplemental Concession Agreement	-	the fourth supplemental agreement dated 11 November 2011 between the Government and PLUS Berhad.
EPF	-	Employees Provident Fund Board.
Expressways	-	collectively, (a) the PLUS Expressways; (b) the NSECL; (c) the BKE; (d) the Second Link; and (e) the Penang Bridge.
Government or GOM	-	the Government of Malaysia.
Government Guaranteed Sukuk	-	the sukuk issuance of up to RM11.0 billion in nominal value issued or to be issued by the Issuer and backed by an irrevocable and unconditional guarantee from the GOM.
KLBK	-	Konsortium Lebuh Raya Butterworth-Kulim (KLBK) Sdn Bhd (Company No. 276969-H).
KLBK Concession	-	the concession granted by the Government to KLBK under the KLBK Concession Agreement relating to BKE and further novated to PLUS Berhad.
KLBK Concession Agreement	-	the concession agreement dated 28 June 1994 between the Government and KLBK, supplemented by the supplemental agreement dated 4 June 2007.
KLBK Supplemental Concession Agreement	-	the second supplemental agreement dated 11 November 2011 between the Government and PLUS Berhad.
LINKEDUA	-	Linkedua (Malaysia) Berhad (Company No. 233673-W).
LINKEDUA Concession	-	the concession granted by the Government to UEM, which was novated to LINKEDUA on 10 May 1994, and further novated to PLUS Berhad.
LINKEDUA Concession Agreement	-	the concession agreement dated 27 July 1993 between the Government and UEM, which was novated to LINKEDUA on 10 May 1994, as supplemented by the supplemental concession agreement dated 12 September 1994 and the second supplemental concession agreement dated 30 May 2000.
LINKEDUA Supplemental	-	the third supplemental agreement dated 11 November 2011 between the Government and PLUS Berhad.

Concession Agreement

MHA	-	the Malaysian Highway Authority.
NKVE	-	the New Klang Valley Expressway, an expressway of approximately 35 km connecting the North Klang Straits By-Pass and Jalan Duta in Kuala Lumpur.
Novation Agreement	-	collectively, (i) in respect of PLUS, the novation agreement dated 11 November 2011 made between the GOM, PLUS and PLUS Berhad; (ii) in respect of ELITE, the novation agreement dated 11 November 2011 made between the GOM, ELITE and PLUS Berhad; (iii) in respect of KLBK, the novation agreement dated 11 November 2011 made between the GOM, KLBK and PLUS Berhad; (iv) in respect of LINKEDUA, the novation agreement dated 11 November 2011 made between the GOM, LINKEDUA and PLUS Berhad; and (v) in respect of PBSB, the novation agreement dated 11 November 2011 made between the GOM, PBSB and PLUS Berhad.
NSE	-	the North-South Expressway, an expressway of 772km long, extending the length of the west coast of Peninsular Malaysia from Bukit Kayu Hitam, Kedah in the north to Johor Bahru, Johor in the south.
NSECL	-	the North South Expressway Central Link and the two interchanges at Putrajaya, Salak Tinggi (now to be replaced by Ampar Tenang) and a 2.74km extension to the KLIA Expressway and more particularly described in Section 6.1(b) of this Information Memorandum.
PBSB	-	Penang Bridge Sdn Bhd (Company No. 360115-X).
PBSB Concession	-	the concession relating to the Penang Bridge granted by the Government to Mekar Idaman Sdn Bhd under the PBSB Concession Agreement and novated by Mekar Idaman Sdn Bhd to PBSB.
PBSB Concession Agreement	-	the concession agreement dated 30 September 1993 between the Government and Mekar Idaman Sdn Bhd, which was novated to PBSB on 23 November 1995, as supplemented by the supplemental agreement dated 30 August 2007 and the second supplemental agreement dated 2 November 2011.
PBSB Supplemental Concession Agreement	-	the third supplemental agreement dated 11 November 2011 between the Government and PLUS Berhad.
PEB	-	PLUS Expressways Berhad (Company No. 570244-T).

Penang Bridge	-	the bridge more particularly described in Section 6.1 (e) of this Information Memorandum.
PLUS	-	Projek Lebuhraya Utara-Selatan Berhad (Company No. 154158-H).
PLUS Berhad or the Issuer or the Obligor	-	Projek Lebuhraya Usahasama Berhad (Company No. 954700-A).
PLUS Concession	-	the concession relating to the PLUS Expressways granted by the Government to UEM under the PLUS Concession Agreement and novated by UEM to PLUS.
PLUS Concession Agreement	-	the concession agreement dated 18 March 1988 between the Government and UEM, which was novated to PLUS on 20 July 1988, as supplemented by the supplemental concession agreement dated 8 July 1999, the second supplemental concession agreement dated 11 May 2002 and the third supplemental concession agreement dated 22 April 2005.
PLUS Expressways	-	means the NSE, the NKVE, approximately 16 km section of the Federal Highway Route 2 between Subang and Klang, and SPDH and more particularly described in Section 6.1 (a) of this Information Memorandum.
PLUS Malaysia	-	PLUS Malaysia Sdn Bhd (Company No. 923639-A).
PLUS Supplemental Concession Agreement	-	the fourth supplemental agreement dated 11 November 2011 between the Government and PLUS Berhad.
PROPEL	-	Projek Penyelenggaraan Lebuhraya Berhad (Company No. 171667-P).
Proposed Acquisition	-	the proposed acquisition of each of the Concession Companies' assets, liabilities, business, undertakings and rights in Malaysia under their respective Concession Agreements by the Issuer, more particularly described in Section 5.1 of this Information Memorandum.
Second Link	-	Malaysia-Singapore Second Link and more particularly described in Section 6.1 (c) of this Information Memorandum.
Series 2 Sukuk Musharakah	-	the series 2 Sukuk Musharakah with tenures ranging from more than one (1) year and up to twenty five (25) years with an aggregate nominal value of RM2.35 billion pursuant to the Sukuk Programme.
SPDH	-	Seremban-Port Dickson Highway, an expressway of approximately 23 km connecting Seremban and Port Dickson.
Sukuk Musharakah	-	the Islamic medium term notes to be issued pursuant to an Islamic medium term notes issuance programme of up to RM23.35 billion based on the Islamic principle of Musharakah.
Sukuk Programme	-	the Islamic medium term notes issuance programme of up to

		RM23.35 billion in nominal value based on the Islamic principle of Musharakah.
Supplemental Concession Agreements	-	collectively, (a) PLUS Supplemental Concession Agreement dated 11 November 2011; (b) ELITE Supplemental Concession Agreement dated 11 November 2011; (c) KLBK Supplemental Concession Agreement dated 11 November 2011; (d) LINKEDUA Supplemental Concession Agreement dated 11 November 2011; and (e) PBSB Supplemental Concession Agreement dated 11 November 2011.
UEM	-	UEM Group Berhad (Company No. 6551-K).

SECTION 1.0 EXECUTIVE SUMMARY

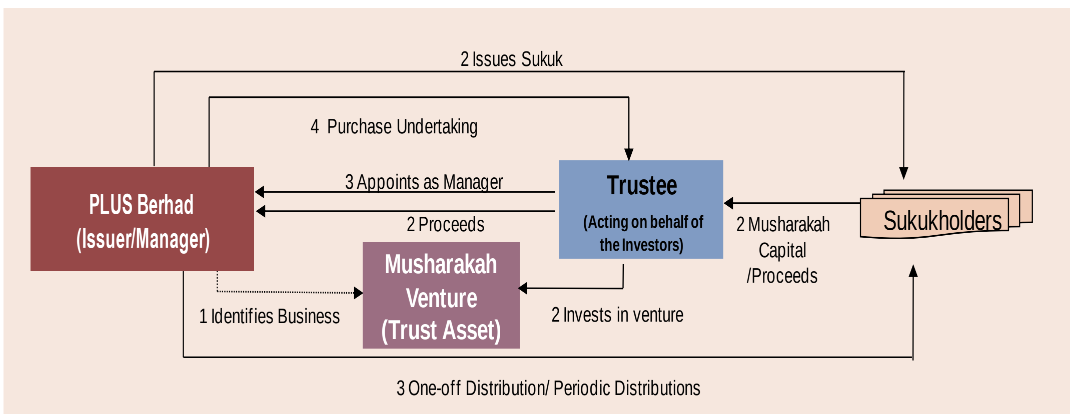
1.1 Brief Background of the Issuer

The Issuer was incorporated in Malaysia on 27 July 2011 under the Companies Act, 1965 with the intention to undertake the Proposed Acquisition more particularly described in Section 5.1 of this Information Memorandum. Thereafter, its principal business activity is anticipated to be the design, construction, financing, operation and maintenance of the Expressways upon the completion of the Proposed Acquisition pursuant to the terms of the Concession Agreements and Supplemental Concession Agreements as more particularly described in Section 5.2 of this Information Memorandum.

PLUS Berhad is wholly owned by PLUS Malaysia, with one (1) special rights redeemable preference share of RM1.00 in the share capital of PLUS Berhad to be issued to the Government.

Please refer to Section 3.0 of this Information Memorandum for further details on the Issuer.

1.2 Brief Description of the Sukuk Programme



In respect of each issue of Sukuk Musharakah under the Sukuk Programme, PLUS Berhad will identify its business comprising rights under the respective toll-road concessions granted by the Government of Malaysia ("**GOM**") or part thereof which will be used as the underlying asset ("**Underlying Asset**") for that particular Musharakah transaction. The Underlying Asset shall be endorsed by the Shariah Adviser. The potential holders of the Sukuk Musharakah ("**Sukukholders**") shall via the Trustee, from time to time, form a Musharakah amongst themselves, which is a partnership amongst the Sukukholders, to invest (via the Trustee) in the Underlying Asset ("**Musharakah Venture**") via the subscription of the Sukuk Musharakah to be issued by PLUS Berhad. PLUS Berhad shall make a declaration that it holds on trust, the Underlying Asset for the benefit of the Sukukholders. The Sukuk Musharakah shall represent amongst others, the Sukukholders' undivided proportionate interest in the Musharakah Venture. PLUS Berhad shall receive musharakah capital ("**Musharakah Capital**") arising from the subscription of the Sukuk Musharakah, which is equivalent to the proceeds from the Sukuk Musharakah. There will be at least two (2) Sukukholders forming the Musharakah at each issuance.

The expected return of the Sukukholders from the Musharakah Venture ("**Expected Return**") shall be the yield for the Sukuk Musharakah up to the maturity date of the

Sukuk Musharakah or the date of declaration of an Event of Default/Dissolution Event ("**Dissolution Date**"), whichever is the earlier.

Pursuant to the management agreement to be entered into between PLUS Berhad and the Trustee (acting on behalf of the Sukukholders), the Trustee shall appoint PLUS Berhad as the manager of the Musharakah Venture. For the avoidance of doubt, the income due to the Sukukholders shall be based on the Musharakah Venture's undivided, proportionate interest in the Underlying Asset.

In respect of Sukuk Musharakah with periodic distribution, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk per annum ("**Expected Periodic Distribution**") shall be distributed periodically in the form of periodic distribution ("**Periodic Distribution**") to the Sukukholders of that particular Sukuk Musharakah. The Periodic Distribution shall be made semi-annually or such period to be determined prior to each issuance of the Sukuk Musharakah (each such date for distribution, a "**Periodic Distribution Date**"). In the event of any shortfall between the Periodic Distribution and the Expected Periodic Distribution for such relevant period, PLUS Berhad shall make top-up ("**Top-up**") payments to make good the difference. The Top-up payments will be set-off against the Exercise Price (as defined in Section 2.0 of this Information Memorandum). Any income in excess of the Expected Periodic Distribution shall be retained by PLUS Berhad as an incentive fee.

Any profit or losses derived from the Musharakah Venture will be distributed or borne by each Sukukholder in proportion to each Sukukholder's respective contribution of the Musharakah Capital.

In respect of Sukuk Musharakah without periodic distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("**One-off Distribution**") upon the maturity date of the Sukuk Musharakah or the Dissolution Date, whichever is the earlier. In the event of any shortfall between the One-off Distribution and the Expected Return for such relevant period, PLUS Berhad shall make Top-up payment to make good the difference. The Top-up payment will be set-off against the Exercise Price. Any income in excess of the Expected Return shall be retained by PLUS Berhad as an incentive fee.

Pursuant to a purchase undertaking granted by PLUS Berhad (as "**Obligor**") in favour of the Trustee (acting on behalf of the Sukukholders) ("**Purchase Undertaking**"), PLUS Berhad shall undertake to purchase the Sukukholders' interest in the Musharakah Venture by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price on either the maturity date of the Sukuk Musharakah or on the Dissolution Date, whichever is the earlier. PLUS Berhad shall be entitled to set-off the Exercise Price with any Top-Up payment(s) made.

For the terms of the Sukuk Programme, please refer to Section 2.0 of this Information Memorandum.

1.3 Utilisation of Proceeds

The proceeds from the Sukuk Musharakah under the Sukuk Programme shall be utilised for Shariah-compliant purposes as follows:

(a) to part finance the purchase consideration for the Proposed Acquisition;

(b) to fund capital expenditure, working capital and general funding requirements of the Issuer; and

(c) to fund the fees, cost, expenses and all other amounts payable under or in relation to the Proposed Acquisition and the Sukuk Programme.

1.4 Rating of the Sukuk Programme

The Sukuk Programme has been accorded a “AAA_{IS}” rating by Malaysian Rating Corporation Berhad (“**MARC**”), pursuant to MARC’s letter to the Issuer dated 15 November 2011.

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SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK PROGRAMME

The principal terms and conditions of the Sukuk Programme as attached to the submission to the SC are set out below. Words and expression used and defined in this Section 2.0 shall, in the event of inconsistency with the definitions section of this Information Memorandum, only be applicable for this Section 2.0.

BACKGROUND INFORMATION

1. Issuer

(i)	Name	:	Projek Lebuhraya Usahasama Berhad ("**PLUS Berhad**" or the "**Issuer**").
(ii)	Address	:	19-2, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
(iii)	Business Registration No.	:	954700-A.
(iv)	Date/Place of Incorporation	:	27 July 2011/Malaysia.
(v)	Date of Listing (in case of a public listed company)	:	Not applicable.
(vi)	Status	:	Resident-controlled company.
(vii)	Principal Activities	:	Expressways operation.
(viii)	Board of Directors as at 16 November 2011	:	Dato' Mohd Izzaddin bin Idris Dato' Noorazman bin Abd Aziz Rohaya Mohammad Yusof Mohamad Hafiz Kassim
(ix)	Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders as at 15 November 2011	:	

Name of Shareholder	Total Shareholding	% Equity Held
PLUS Malaysia Sdn Bhd ("**PLUS Malaysia**")	100 ordinary shares of RM1.00 each	100%

(x)	Authorised share capital as at 15 November 2011	:	RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each.

(xi)	Paid-up share capital as at 15 November 2011	:	RM100.00 divided into 100 ordinary shares of RM1.00 each.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Names of parties involved in the proposed transaction (where applicable)

(i)	Principal Adviser	:	CIMB Investment Bank Berhad ("**CIMB**").
(ii)	Lead Arranger	:	CIMB.
(iii)	Co-Arranger	:	Not applicable.
(iv)	Solicitors	:	To the Lead Arranger: Messrs. Zaid Ibrahim & Co. ("**Legal Counsel**"). To the Issuer: Messrs. Kadir Andri and Partners.
(v)	Financial Adviser	:	Not applicable.
(vi)	Technical Adviser	:	Not applicable.
(vii)	Trustee	:	Mayban Trustees Berhad.
(viii)	Guarantor	:	Not applicable.
(ix)	Valuer	:	Not applicable.
(x)	Facility Agent	:	CIMB.
(xi)	Primary Subscriber (under a bought-deal arrangement) and Amount Subscribed	:	The primary subscribers under a bought deal arrangement for any issuance will be determined prior to that issuance, if any. There shall be at least two (2) primary subscribers at the point of each issuance of Sukuk Musharakah under the Sukuk Programme (as defined hereinafter).
(xii)	Underwriter(s) and Amount Underwritten	:	Not applicable.
(xiii)	Shariah Adviser	:	CIMB Islamic Bank Berhad (backed by CIMB Islamic Shariah Committee).
(xiv)	Central Depository	:	Bank Negara Malaysia ("**BNM**").
(xv)	Paying Agent	:	BNM.
(xvi)	Reporting	:	Messrs. Ernst & Young.

		Accountant		
	(xvii)	Calculation Agent	:	Not applicable.
	(xviii)	Others (please specify)	:	CIMB and other financial institutions to be appointed by the Issuer prior to each issue under the Sukuk Programme, as Lead Manager. CIMB as Security Agent. PLUS Berhad as Obligor.
(b)	**Facility Description (including description of Islamic principle)**		:	An Islamic medium term notes ("**Sukuk Musharakah**") issuance programme of up to RM23.35 billion in nominal value based on the Islamic principle of Musharakah ("**Sukuk Programme**"). In respect of each issue of Sukuk Musharakah under the Sukuk Programme, PLUS Berhad will identify its business comprising rights under the respective toll-road concessions granted by the Government of Malaysia ("**GOM**") or part thereof which will be used as the underlying asset ("**Underlying Asset**") for that particular Musharakah transaction. The potential holders of the Sukuk Musharakah ("**Sukukholders**") shall via the Trustee, from time to time, form a Musharakah amongst themselves, which is a partnership amongst the Sukukholders, to invest (via the Trustee) in the Underlying Asset ("**Musharakah Venture**") via the subscription of the Sukuk Musharakah to be issued by PLUS Berhad. PLUS Berhad shall make a declaration that it holds on trust, the Underlying Asset for the benefit of the Sukukholders. The Sukuk Musharakah shall represent amongst others, the Sukukholders' undivided proportionate interest in the Musharakah Venture. PLUS Berhad shall receive musharakah capital ("**Musharakah Capital**") arising from the subscription of the Sukuk Musharakah, which is equivalent to the proceeds from the Sukuk Musharakah. There will be at least two (2) Sukukholders forming the Musharakah at each issuance. The expected return of the Sukukholders from the Musharakah Venture ("**Expected Return**") shall be the yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah or the date of declaration of an Event of Default/Dissolution Event ("**Dissolution Date**"), whichever is the earlier. Pursuant to the management agreement to be entered into between PLUS Berhad and the Trustee (acting on behalf of the Sukukholders), the Trustee shall appoint PLUS Berhad as the manager of the Musharakah Venture. For the avoidance of doubt, the income due to the Sukukholders shall be based on the Musharakah Venture's undivided, proportionate interest in the

Underlying Asset.

In respect of Sukuk Musharakah with periodic distribution, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk per annum ("**Expected Periodic Distribution**") shall be distributed periodically in the form of periodic distribution ("**Periodic Distribution**") to the Sukukholders of that particular Sukuk Musharakah. The Periodic Distribution shall be made semi-annually or such period to be determined prior to each issuance of the Sukuk Musharakah (each such date for distribution, a "**Periodic Distribution Date**"). In the event of any shortfall between the Periodic Distribution and the Expected Periodic Distribution for such relevant period, PLUS Berhad shall make top-up ("**Top-up**") payments to make good the difference. The Top-up payments will be set-off against the Exercise Price (as defined hereinafter). Any income in excess of the Expected Periodic Distribution shall be retained by PLUS Berhad as an incentive fee.

Any profit or losses derived from the Musharakah Venture will be distributed or borne by each Sukukholder in proportion to each Sukukholder's respective contribution of the Musharakah Capital.

In respect of Sukuk Musharakah without periodic distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("**One-off Distribution**") upon the maturity date of the Sukuk Musharakah or the Dissolution Date, whichever is the earlier. In the event of any shortfall between the One-off Distribution and the Expected Return for such relevant period, PLUS Berhad shall make Top-up payment to make good the difference. The Top-up payment will be set-off against the Exercise Price. Any income in excess of the Expected Return shall be retained by PLUS Berhad as an incentive fee.

Pursuant to a purchase undertaking granted by PLUS Berhad in favour of the Trustee (acting on behalf of the Sukukholders) ("**Purchase Undertaking**"), PLUS Berhad (as "**Obligor**") shall undertake to purchase the Sukukholders' interest in the Musharakah Venture by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price on either the maturity date of the Sukuk Musharakah or on the Dissolution Date, whichever is the earlier. PLUS Berhad shall be entitled to set-off the Exercise Price with any Top-Up payment(s) made.

A diagrammatical illustration of the transaction and the other terms and conditions are set out in Annexure 1.

Exercise Price

In the case of Sukuk Musharakah with periodic distribution, the Exercise Price for the Sukuk Musharakah shall be equivalent to the Musharakah Capital plus the Expected Return less total Periodic Distributions.

In the case of Sukuk Musharakah without periodic distribution, the Exercise Price for the Sukuk Musharakah shall be equivalent to the Musharakah Capital plus the Expected Return less any One-off Distribution.

PLUS Berhad shall be entitled to set-off from the Exercise Price any Top-up payment(s) made by PLUS Berhad (if any) due to any shortfall between the Periodic Distribution or the One-off Distribution (whichever is applicable) and the Expected Periodic Distribution.

(c) **Issue/ Programme Size** : The aggregate outstanding nominal value of the Sukuk Musharakah issued under the Sukuk Programme at any point in time shall not exceed RM23.35 billion, as follows:

(i) Series 1: comprising Sukuk Musharakah with tenures ranging from more than one (1) year and up to twenty five (25) years with an aggregate nominal value of RM21.0 billion ("**Series 1 Sukuk Musharakah**"); and

(ii) Series 2: comprising Sukuk Musharakah with tenures ranging from more than one (1) year and up to twenty five (25) years with an aggregate nominal value of RM2.35 billion ("**Series 2 Sukuk Musharakah**").

(d) **Tenure of the Issue/sukuk Programme** : <u>Tenure of the Sukuk Programme</u>

The tenure of the Sukuk Programme shall be twenty-five (25) years from the date of the first issue under the Sukuk Programme Provided Always that the Sukuk Programme shall expire before 31 December 2038.

<u>Tenure of the Sukuk Musharakah</u>

Each Sukuk Musharakah shall have tenure of more than one (1) year and up to twenty-five (25) years, provided that the Sukuk Musharakah matures prior to the expiry of the Sukuk Programme.

(e) **Availability Period of the Sukuk Programme** : The period commencing from the date the conditions precedent of the Sukuk Programme are fulfilled and ending on the date falling twenty-five (25) years after the date of the first (1^{st}) issuance of the Sukuk Musharakah under the Sukuk Programme Provided That the first issuance of Sukuk Musharakah under the Sukuk Programme shall be made within two (2) years from the date of the Securities Commission ("**SC**")'s approval.

(f) **Profit/Coupon/Rental Rate (%)** : In respect of Sukuk Musharakah with Expected Periodic Distribution, the expected rate of distribution shall be determined prior to each issuance of the Sukuk

			Musharakah ("**Expected Periodic Distribution Rate**"). On any relevant scheduled Periodic Distribution Date, the Expected Periodic Distribution is calculated at the Expected Periodic Distribution Rate on the nominal value of the relevant tranche of Sukuk Musharakah based on the Periodic Distribution Basis (as defined hereinafter). Not applicable to Sukuk Musharakah without periodic distribution.
(g)	**Profit/ Coupon/Rental Payment Frequency**	:	The frequency of the Expected Periodic Distribution for each tranche of the Sukuk Musharakah shall be on a semi-annual basis or such other period of frequency to be agreed between the Issuer and the Lead Manager prior to each issuance of the Sukuk Musharakah. Not applicable to Sukuk Musharakah without periodic distribution.
(h)	**Profit/Coupon/Rental Payment Basis**	:	The Expected Periodic Distribution shall be calculated based on an actual/365 days basis ("**Periodic Distribution Basis**").
(i)	**Security/Collateral (if any)**	:	The obligation to pay the Exercise Price shall be secured by the following security arrangement, including but not limited to: (i) a first ranking debenture incorporating a first fixed and floating charge on the assets of the Issuer, both present and future; (ii) a first ranking assignment of all the Issuer's rights, interest, titles and benefits under the respective Concession Agreements and Supplemental Concession Agreements (as defined hereinafter) to demand, collect and retain toll for its own benefit from the Expressways (as defined hereinafter) and any other proceeds therefrom; (iii) a first ranking assignment of all the Issuer's rights, title and interest in and to the following: (a) all project agreements and contracts related to the respective toll-road concessions; (b) takaful/insurances; (c) all permits and licenses, to the extent where they are assignable; (d) performance bonds and guarantees; (iv) a first ranking assignment of the Designated Account (as defined hereinafter) and the credit balances therein, (collectively, the "**Security Documents**").

(j)	**Details on Utilisation of Proceeds**	:	The proceeds from the Sukuk Musharakah issued under the Sukuk Programme shall be utilised for Shariah-compliant purposes as follows: (i) to part finance the purchase consideration for the proposed acquisition of all the assets, liabilities, business, undertakings and rights of the following concession companies under the Concession Agreements (as defined hereinafter) ("**Proposed Acquisition**") by the Issuer ("**Purchase Consideration**"): (a) Projek Lebuhraya Utara-Selatan Berhad (Company No 154158-H) ("**PLUS**"); (b) Expressway Lingkaran Tengah Sdn Bhd (Company No. 312805-M) ("**ELITE**"); (c) Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sdn Bhd (Company No. 276969-H) ("**KLBK**"); (d) Linkedua (Malaysia) Berhad (Company No. 233673-W) ("**LINKEDUA**"); and (e) Penang Bridge Sdn Bhd (Company No. 360115-X) ("**PBSB**"), (collectively, the "**Concession Companies**"); (ii) to fund capital expenditure, working capital and general funding requirements of the Issuer; and (iii) to fund the fees, cost, expenses and all other amounts payable under or in relation to the Proposed Acquisition and the Sukuk Programme.
(k)	**Sinking Fund and Designated Accounts (if any)**	:	PLUS Berhad will open and maintain a Shariah-compliant Finance Service Reserve Account ("**FSRA**") with a bank acceptable to the Lead Arranger. The FSRA shall be operated solely by the Security Agent. During the tenure of the Sukuk Programme, the Issuer will make contributions to the FSRA as follows: (i) a deposit equivalent to the first fifty percent (50%) of the amount payable in respect of the next projected profit payment of the Sukuk Musharakah, six (6) months prior to the due date of such profit payment; and (ii) in respect of the remaining fifty percent (50%) of the amount payable for the next projected profit payment of the Sukuk Musharakah: (a) a deposit equivalent to one third (1/3) of the remaining fifty percent (50%) amount payable, three (3) months prior to the due date of such profit payment; (b) a deposit equivalent to one third (1/3) of the

remaining fifty percent (50%) amount payable, two (2) months prior to the due date of such profit payment; and

(c) a deposit equivalent to one third (1/3) of the remaining fifty percent (50%) amount payable, one (1) month prior to the due date of such profit payment,

(collectively, the "**Minimum Required Balance**").

The Issuer shall at all times throughout the tenure of the Sukuk Musharakah maintain the Minimum Required Balance in respect of any projected profit payment of the Sukuk Musharakah. The monies in the FSRA may be withdrawn to pay the Periodic Distribution and the Top Up under the Sukuk Musharakah as and when they fall due under the Sukuk Programme.

For the avoidance of doubt, the Minimum Required Balance shall be funded by the internally generated funds of the Issuer and/or a standby letter of credit procured by the shareholders of the Issuer for the benefit of the Issuer and issued in favour of the Security Agent by a bank with a rating of AAA (or its equivalent).

In the event that the balance held in the FSRA is less than or exceeds the Minimum Required Balance, the shortfall or excess shall be topped up from or released to the Issuer, as the case may be. In the event the Issuer utilises the balance in the FSRA, the Issuer is to top up the FSRA within thirty (30) days of such utilisation so as to comply with the Minimum Required Balance.

Funds held in the FSRA shall be permitted to be invested in Permitted Investments by the Security Agent upon instruction from the Issuer, provided that:

(i) such funds utilised for the Permitted Investments shall, where necessary, be remitted to the FSRA as the case may be in a timely manner to meet any payment obligations of the Issuer when due and payable;

(ii) such Permitted Investments are to be held and not traded; and

(iii) such Permitted Investment shall be denominated in Ringgit Malaysia.

(l) Rating and Rating Agency : The Sukuk Programme has been accorded an indicative rating of AAA_{IS} by Malaysian Rating Corporation Berhad ("**MARC**").

(m) Mode of Issue : Via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis.

Issuance of the Sukuk Musharakah under the Sukuk Programme shall be in accordance with the MyClear Procedures (as defined below), subject to such

			exemptions (if any) granted from time to time.
(n)	**Selling Restriction, Including Tradability**	:	The Sukuk Musharakah are tradable subject to the following restrictions: <u>Selling Restrictions at Issuance</u> The Sukuk Musharakah 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 Musharakah and to whom the Sukuk Musharakah are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets & Services Act 2007 ("**CMSA**") and would fall within Schedule 9 or Section 257(3) of the CMSA. <u>Selling Restrictions Thereafter</u> The Sukuk Musharakah 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 Musharakah would fall within Schedule 6 or Section 229(1)(b) of CMSA and would fall within Schedule 9 and Section 257(3) of the CMSA.
(o)	**Listing Status and Types of Listing**	:	The Sukuk Musharakah may be listed on Bursa Malaysia Securities Berhad (Exempt Regime).
(p)	**Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)**	:	None.
(q)	**Conditions Precedent**	:	To include but not limited to the following (all have to be in form and substance acceptable to the Lead Arranger): **<u>A. Main Documentation</u>** (i) The Transaction Documents (as defined hereinafter) have been executed and, where applicable, stamped or endorsed as exempted from stamp duty and presented for registration; and (ii) All relevant notices and acknowledgements (where applicable) required under the relevant Security Documents shall have been made or received as the case may be. **<u>B. Issuer</u>** (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of

Association of the Issuer;

(ii) Certified true copies of the latest Forms 24 and 49 of the Issuer;

(iii) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the Transaction Documents;

(iv) A list of the Issuer's authorised signatories and their respective specimen signatures;

(v) A report of the relevant company search of the Issuer; and

(vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

(i) The approval from the SC and, where applicable, all other regulatory authorities;

(ii) Execution of the relevant Supplemental Concession Agreements, the respective Novation Agreements and all other related documents;

(iii) Letters of undertaking from the relevant concession companies addressed to the Trustee/Security Agent to undertake to transfer the relevant concession assets to the Issuer, and to deliver to the Security Agent all relevant documents (including the original documents of title) in relation to those assets within fourteen (14) business days from the payment of the purchase price;

(iv) Letters of undertaking from the relevant trustees/security agents/chargees of the security arrangement under the respective Concession Agreements (as defined hereinafter) to release the security created under the relevant concession assets upon redemption of the existing bonds/sukuk issued in connection with the respective Concession Agreements, and payment of all other financing facilities (if any) having security over the assets to be transferred to the Issuer pursuant to the Proposed Acquisition, and to deliver the duly executed release/ discharge documents and all original documents of title to the Security Agent relating thereto within fourteen (14) business days after redemption of the existing bonds/ sukuk and payment of the financing facilities;

(v) The Sukuk Programme has been accorded a rating of AAA_{IS} by the Rating Agency;

(vi) Evidence that all transaction fees, costs and expenses will be paid in full from the proceeds of the Sukuk Programme;

(vii) Evidence that the Designated Account has been opened;

(viii) The Lead Arranger having received a legal opinion from the solicitors in charge of the preparation of the agreement ("**Acquisition Agreement**") for the Proposed Acquisition (in form and substance acceptable to the Lead Arranger) confirming that (i) the Acquisition Agreement is duly executed and is legal, valid, binding and enforceable against the parties thereto and has not been terminated by either of the parties thereto; and (ii) that all conditions precedent to the completion of the Proposed Acquisition have been met, or if not met or waived, details of such condition precedent;

(ix) Evidence that all the government support loan granted to the relevant Concession Companies will be terminated by the completion date of the Proposed Acquisition;

(x) The Lead Arranger has received from its legal counsel a legal opinion addressed to it and the 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 fulfilled;

(xi) Evidence of confirmation from the Shariah Adviser that the structure and mechanism of the Sukuk Programme and the transaction documents are in compliance with Shariah principles; and

(xii) Evidence that (a) the single special rights redeemable preference share in the Issuer ("**Golden Share**") has been issued and is held directly by the GOM via Minister of Finance (Incorporated); and (b) PLUS Malaysia is effectively 51% owned by Khazanah Nasional Berhad via UEM Group Berhad and 49% owned by Employees Provident Fund Board ("**EPF**") and/or other government linked investment companies.

Condition Subsequent to Issuance	:	To include but not limited to the following (all have to be in form and substance acceptable to the Lead Arranger):

(i) The release of security created pursuant to the respective government support loans granted by the

GOM in connection with the relevant concession assets within ten (10) business days) upon the Supplemental Concession Agreements becoming unconditional and effective in accordance with the terms therein; and

(ii) Perfection of all security (if not already perfected prior to the first issue date of the Sukuk Musharakah), including issuance of all notices of assignment and receipt of corresponding acknowledgements or consents as may be required in accordance with the terms of the Security Documents.

(r) Representations and Warranties : The representations and warranties of the Issuer shall include but are not limited to the following:

(i) it is a company duly established and existing under Malaysian laws;

(ii) it has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents;

(iii) all necessary authorisations, licences, and consents required for its performance under the Transaction Documents have been obtained, renewed, fulfilled and remain in full force and effect;

(iv) no registration and no payment of any duty or tax or other action is necessary to ensure the validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents;

(v) its entry into, exercise of its rights under, and performance of the Transaction Documents, do not and will not violate any law or agreement to which it is a party;

(vi) no litigation or arbitration is current or, to its knowledge, is threatened, which if adversely determined may have a material adverse effect on its ability to comply with the Transaction Documents;

(vii) it is subject to civil and commercial law with respect to its obligations under the Transaction Documents, the transactions contemplated hereby and thereby constitute private and commercial acts done for private and commercial purposes and it is not entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which may include, without limitation, suits, attachment prior to judgment, execution or other enforcement in Malaysia);

(viii) each of the Transaction Documents is or will when executed and/or issued, be in full force and effect and constitutes, or will when executed or issued, constitute its valid and legally binding obligations enforceable in accordance with its terms;

(ix) the Sukuk Musharakah constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, and, in respect of assets subject to security created by the Security Documents, in priority to all other present and future unsecured and unsubordinated obligations of the Issuer, subject to the provisions of the Transaction Documents and those preferred by law;

(x) its audited financial statements have been or will be prepared in accordance with approved accounting standards in Malaysia and in accordance with all procedures required by its memorandum and articles of association and the laws of Malaysia and audited and certified by qualified auditors;

(xi) the information furnished by it in connection with the Sukuk Programme and the Transaction Documents do not contain any false or misleading statement or any material omission and any opinion contained therein were honestly made on reasonable grounds after its due and careful enquiry; and

(xii) no Event of Default/Dissolution Event or any event which upon the giving of notice and/or the lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the Transaction Documents would constitute an Event of Default/Dissolution Event has occurred and is continuing.

(s) Events of Default/ Dissolution Events : To include but not limited to the following:

(i) the Issuer fails to distribute/pay any amount due from it under any of the Transaction Documents on the due date (including the non-payment of the Periodic Distribution, the One-Off Distribution, the Exercise Price or Top-up) or, if so payable, on demand;

(ii) save for the RCULS (as defined hereinafter), any indebtedness for borrowed monies of the Issuer (including but not limited to the Government Guaranteed Sukuk) becomes due or payable or capable of being declared due or payable prior to its stated maturity or where the security created for any indebtedness becomes enforceable or any guarantee or similar obligation of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligation is not discharged or disputed in good faith by the

Issuer in a court of competent jurisdiction within a period of thirty (30) days from the date of such declaration or call;

(iii) 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 Musharakah 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 which has a Material Adverse Effect and in the case of such failure which in the opinion of the 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 Trustee in writing of such failure;

(iv) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk Musharakah or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above of this section, where such failure has a Material Adverse Effect and in the case of a failure which in the opinion of the 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 Trustee of the failure;

(v) any step is taken for the winding up, dissolution or liquidation of any 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 thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the Issuer;

(vi) 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 Trustee, 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;

(vii) an encumbrancer takes possession of, or the appointment of a trustee, receiver, receiver and manager or similar officer in respect of 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 and no proceedings are initiated in court by the Issuer within thirty (30) days of receipt of notice, or any security interest which may for the time being affect any of its assets becomes enforceable;

(viii) the Issuer fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment 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;

(ix) termination of any of the Concession Agreements or the Supplemental Concession Agreements where such termination has a Material Adverse Effect;

(x) if at any time the Issuer breaches the terms of any of the Concession Agreements or the Supplemental Concession Agreements except:

(a) where such breach is not materially prejudicial to the interest of the Sukukholders; and

(b) in respect of any breach which the Issuer receives notice from GOM to remedy, the breach is remedied within a period of three (3) months from the notice of such breach or such other longer period as stipulated in the relevant Concession Agreement or such other period as agreed by the Trustee;

(xi) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may materially and adversely affect its ability to perform its obligations under the Transaction Documents and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer became aware of the breach or having been notified by the Trustee of the breach;

(xii) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the Sukuk Musharakah or the Transaction Documents;

(xiii) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;

(xiv) the Issuer is without dispute deemed unable to pay any of its debts within the meaning of Section 218 of the Companies Act, 1965 or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts and the Issuer has not taken any action in good faith to set aside such claims of debt payment within thirty (30) days from the date of service of such claims for debt payment;

(xv) the Issuer changes or threatens to change the nature or scope of a substantial part its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation has a Material Adverse Effect;

(xvi) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;

(xvii) the GOM, either directly or indirectly via Minister of Finance (Incorporated), EPF and/or Khazanah Nasional Berhad collectively, ceases to be the single largest shareholder with management control in PLUS Malaysia;

(xviii) the GOM, through the Minister of Finance (Incorporated) of Malaysia (“**Special Shareholder**”), ceases to hold the Golden Share issued by the Issuer to the Special Shareholder;

(xix) the Issuer ceases to be a direct wholly-owned subsidiary of PLUS Malaysia;

(xx) any 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 which results in a Material Adverse Effect;

(xxi) the Issuer fails to maintain the Minimum Required Balance in accordance with the terms herein; or

(xxii) any event or events has or have occurred or a situation exists which has a Material Adverse Effect, and in the case of the occurrence of such event or situation which in the opinion of the

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 Trustee of the event or situation.

Upon the occurrence of any of the events above, the Trustee may, at its sole and absolute discretion, or shall if directed to do so by an extraordinary resolution of the Sukukholders, declare (by giving notice in writing to the Issuer) that an Event of Default/Dissolution Event has occurred and the Trustee is entitled to enforce its rights under the Transaction Documents, including requiring the Obligor as stipulated under the Purchase Undertaking to purchase the Sukukholders' interest in the Musharakah Venture by entering into a Sale Agreement and pay the Exercise Price, and the Security Agent is entitled to enforce its rights under the Transaction Documents.

(t) Covenants

(1) Positive Covenants : To include but not limited to the following:

(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 necessary for 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;

(ii) the Issuer shall execute all such further documents and do all such further acts as the Trustee or the Security Agent may reasonably consider necessary or expedient at any time or times to give effect to the terms and conditions of the Transaction Documents;

(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;

(iv) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Sukuk Musharakah on the relevant Maturity Date(s) or any other date on which the Sukuk Musharakah are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;

(v) 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;

(vi) the Issuer shall promptly comply with all applicable laws relating to the ownership of its assets, and the entry into and performance by the Issuer of its obligations under the Transaction Documents to which it is a party, including the provisions of the CMSA and/or all the notes, circulars, conditions or guidelines issued by the SC from time to time as may be applicable to it;

(vii) the Issuer will promptly give to the Trustee such financial or other information relating to the Issuer's business and its operations or any other information as the Trustee may reasonably require for the performance of its duties and the exercise of its powers to the extent permitted under the law;

(viii) the Issuer will instruct the auditors to disclose to the Trustee such information relating to the Issuer as the Trustee may reasonably require for the purpose of performing its duties and exercising its powers and the Issuer shall consult the Trustee before any changes are made to the appointed auditors;

(ix) the Issuer shall maintain at all times a paying agent in Malaysia in respect of payments in relation to the Sukuk Musharakah in accordance with the relevant laws and regulations;

(x) the Issuer shall procure that the Paying Agent shall notify the 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 Musharakah;

(xi) the Issuer shall ensure that, save in relation to issuances of the Series 2 Sukuk Musharakah, prior to any issuance(s) of Sukuk Musharakah after the date of the first issue of Sukuk Musharakah under the Sukuk Programme, the Issuer shall have obtained a confirmation in writing from the Rating Agency that the prevailing rating of the Sukuk Programme and the outstanding Sukuk Musharakah issued hereunder will not be adversely affected by such further issuance(s) of Sukuk Musharakah; and

(xii) the Issuer shall ensure that none of the Government Guaranteed Sukuk shall be redeemed or repurchased so long as any Sukuk Musharakah remain outstanding.

(2) Negative Covenants : To include but not limited to the following:

(i) the Issuer will not incur or permit to exist any indebtedness for borrowed monies (which, for the purpose of this clause, shall include any monies raised through any Islamic financing transaction such as the issuance of sukuk) nor give any guarantees in respect of any indebtedness for borrowed monies to any person or entity whatsoever other than the facility contemplated under the Transaction Documents, the Government Guaranteed Sukuk (as defined hereinafter) and the Permitted Indebtedness (as defined hereinafter);

(ii) the Issuer shall not create or permit to exist any encumbrances, mortgages, charges (whether fixed or floating), pledges, liens, hypothecations, assignments by way of security, trust arrangements for the purpose of providing security or other security interest of any kind including, without limitation, title transfers and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, save for:

(a) the security interest as contemplated under the Transaction Documents and the Government Guaranteed Sukuk; and

(b) the security interest created by the operation of law and those arising from the ordinary course of the Issuer's business over any of its undertaking, property, assets, revenues or rights;

(iii) the Issuer shall not obtain or permit to exist any loans or advances from its shareholders unless these loans and advances are subordinated to the Sukuk Musharakah;

(iv) the Issuer shall not dispose of any of its assets, save for:

(a) as contemplated by the terms of the Transaction Documents;

(b) where such assets to be disposed do not exceed in aggregate of five percent (5%) of (1) the Issuer's net assets (as shown in the latest audited consolidated accounts of the Issuer); or (2) RM3.4 billion, whichever is higher, in any financial year; or

(c) where the asset disposal is solely for the purpose of facilitating Shariah-compliant financing;

(v) the Issuer shall not take steps to wind up or dissolve itself;

(vi) the Issuer shall not declare or pay any dividends or make any distribution (including any coupon payments under the RCULS) whether income or capital in nature to its shareholders and also grant any advances or loans if:

(a) the requirements with respect to the FSCR ratio have not been met or will not be met after such payment or distribution;

(b) an Event of Default/Dissolution Event has occurred, is continuing and has not been remedied or waived; or

(c) any payments under the arrangements pertaining to the Sukuk Musharakah is overdue and unpaid or if any of the payments under the arrangements pertaining to the Sukuk Musharakah which has become payable has not been paid as a consequence of a default by the Issuer;

For the avoidance of doubt, the amount of coupons payable under the RCULS in any financial year of the Issuer shall not exceed RM335.0 million. Further, any coupons under the RCULS that are not paid in any financial year of the Issuer shall not be paid in the following financial years. However, the Issuer may pay coupons under the RCULS above RM335.0 million in any financial year provided that the Rating Agency confirms in writing that the prevailing rating of the outstanding Sukuk Musharakah and the Sukuk Programme will not be adversely affected following such payment;

(vii) 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 unless otherwise required under the law or to increase its authorised capital;

(viii) the Issuer shall not and shall not agree to amend, vary, terminate, replace or supplement any of the project documents (including the Concession Agreements and the Supplemental Concession Agreements) without the prior written consent of the Sukukholders**;**

(ix) save as contemplated in the Transaction Documents, the Issuer shall not reduce its authorised or paid-up capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stocks, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner;

(x) unless otherwise notified to the Lead Arranger previously, the Issuer shall not enter into any agreement with its shareholders, subsidiaries or associated companies unless such agreement is entered into:

(a) in the ordinary course of its business;

(b) on an arms-length basis; and

(c) will not have a Material Adverse Effect;

(xi) the Issuer shall not lend any money to any party save for any loans/financing to its directors, officers or employees as part of their terms of employment; and

(xii) the Issuer shall not change the utilisation of proceeds of this Sukuk Programme.

(3) Financial Covenants : The Issuer is to ensure that the Finance Service Cover Ratio ("**FSCR**") at each Calculation Date (as defined below) shall not be less than 2.0 times during the tenure of the Sukuk Programme.

The FSCR on any date is the ratio of Available Cash Flow (as defined hereinafter) to the aggregate of:

(i) all principal obligations paid by the Issuer under the Sukuk Programme (excluding any amount rolled over in the same period); plus

(ii) all other senior principal obligations paid by the Issuer under any other financing/borrowings including the Government Guaranteed Sukuk (as defined hereinafter), but excluding the RCULS; plus

(iii) all profit payments paid under the Sukuk Musharakah and any other senior financing/borrowings or indebtedness including the Government Guaranteed Sukuk but excluding any coupons paid under the RCULS.

The FSCR calculations shall be duly confirmed by the Issuer's external auditor and based on the latest audited consolidated accounts of the Issuer. The Issuer shall arrange for the external auditor's confirmation to be forwarded to the Facility Agent for its distribution to the

Trustee and the Rating Agency.

For the avoidance of doubt, the profit payments (if any) paid under the Series 2 Sukuk Musharakah up to 5.50% p.a. on the notional amount of the outstanding Series 2 Sukuk Musharakah shall be excluded from the calculations of the FSCR for the purposes of this principal terms and conditions in the event the GOM provides a subsidy of 5.50% p.a. on the profit payments on the notional amount of the outstanding Series 2 Sukuk Musharakah and for so long as such subsidy remains effective.

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

<u>Available Cash Flow</u>

In any financial year of the Issuer, the sum of:

(i) all revenues, royalties, fees received by the Issuer and any other receipts of a capital or revenue nature under any agreement;

(ii) all distribution, profit, income on cash balances and designated accounts, returns and realised gains received by the Issuer;

(iii) any compensation sums received by the Issuer from the GOM in connection to or pursuant to the Concession Agreements;

(iv) any claims received in respect of third party performance bonds, maintenance bonds, guarantees or any other compensation received;

(v) all other revenue and cash receipts of the Issuer;

(vi) the beginning credit balance in the Designated Account and other bank accounts;

(vii) all proceeds of takaful/insurance claim and amounts received by the Issuer; and

(viii) the amount covered by the relevant standby letter of credit provided in relation to the FSRA,

Less:

(i) the total amount paid on takaful/insurances, operations, maintenance, administration, management and overheads and fees;

(ii) taxes paid or such other contributions paid by the Issuer;

(iii) capital expenditure incurred and paid by the Issuer (save for any capital expenditure incurred and paid by the Issuer via the Series 2 Sukuk

Musharakah); and

(iv) dividends to be paid or any distribution to be paid (including any coupons to be paid under the RCULS) whether income or capital in nature to its shareholders.

For the avoidance of doubt, for purposes of calculating the FSCR, the provision of paragraph (viii) above in relation to "the amount covered by the relevant standby letter of credit provided in relation to the FSRA" shall only be applicable from 1 January 2015 onwards until the expiry of the Sukuk Programme. Any double counting shall be disregarded.

"**Calculation Date**" means such date in respect of any calculation required to be made prior to any payment of dividend, other distribution or advances as permitted under the Transaction Documents.

"**Government Guaranteed Sukuk**" refers to the Sukuk issuance of up to RM11.0 billion in nominal value issued or to be issued by the Issuer and backed by an irrevocable and unconditional guarantee from the GOM.

"**RCULS**" refers to the redeemable convertible unsecured loan stocks issued by PLUS Berhad to PLUS Malaysia with a nominal value of RM3.35 billion.

(4) Information Covenants : To include but not limited to the following:

(i) the Issuer shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk Musharakah and that there does not exist or had not existed, from the date the Sukuk Musharakah were issued or the date of the previous certificate, as the case may be, any Event of Default/Dissolution Event, and if such is not the case, to specify the same;

(ii) the Issuer shall deliver to the Trustee the following:

(a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its financial statements for that year or if applicable, its consolidated 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 Trustee;

(b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly financial statements or if applicable, its unaudited half yearly consolidated financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one of its directors;

(c) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally which contents may materially and adversely affect the interests of the Sukukholders at the same time as these documents are dispatched to these shareholders or creditors,

(iii) the Issuer shall promptly notify the Trustee of any change in its shareholders;

(iv) the Issuer shall promptly notify the Trustee of any change in circumstances which may have a Material Adverse Effect;

For the purposes of this principal terms and conditions, "**Material Adverse Effect**" means any material adverse effect on: (i) the business or condition (financial or otherwise) or results of the operations of the Issuer or its prospects; (ii) the ability of the Issuer to perform any of its obligations under any of the Transaction Documents; and/or (iii) the validity or enforceability of the Transaction Documents or the right of remedies of the Trustee, Security Agent, or the Sukukholders thereunder.

(v) the Issuer shall promptly notify the Trustee of 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 may have a Material Adverse Effect; and

(vi) the Issuer shall promptly give notice to the Trustee of the occurrence of any Event of Default/Dissolution Event or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant Transaction Document would constitute an Event of Default/Dissolution Event ("**Potential Event of Default**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Event of Default/Dissolution Event or the Potential Event of Default.

(u) Provisions on buy-back and early redemption of sukuk

(1) Redemption : Unless previously redeemed or purchased and cancelled, the Sukuk Musharakah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates pursuant to the relevant Exercise Price.

(2) Repurchase and Cancellation : The Issuer or its subsidiaries or its agent may at any time purchase the Sukuk Musharakah at any price in the open market or by private treaty, but these purchased Sukuk Musharakah shall be cancelled and cannot be reissued.

(v) Other principal terms and conditions for the issue

(1) Issue Price : The Sukuk Musharakah may be issued, at a premium, at par or at a discount and the issue price shall be calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**"), as amended or substituted from time to time ("**MyClear Procedures**").

The issue price of the relevant Sukuk Musharakah shall be determined prior to each issuance.

(2) Minimum Level of Subscription : The minimum level of subscription for each Sukuk Musharakah issue that is not issued on a bought deal basis or direct placement basis (which shall be fully subscribed) shall be 5% of the size of the particular issue.

(3) Status : The Sukuk Musharakah shall constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, and, in respect of assets subject to security created by the Security Documents, in priority to all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents.

(4) Issue : The Sukuk Musharakah may be issued in multiples of RM1,000,000.00, but subject to the MyClear Procedures and other standard conditions including, without limitation, the following:

(i) a minimum issue size of RM10.0 million for each issue; and

(ii) the issue notice shall be given to the Lead Arranger at least eight (8) business days (for the first issue) or six (6) business days (for subsequent issues) prior to and excluding the date of proposed issue.

(5) Form and Denomination : The Sukuk Musharakah shall be issued in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear Rules**") and (2) MyClear Procedures, or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.

Each tranche of the Sukuk Musharakah 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 Musharakah shall be RM1,000,000.00 or in multiples of RM1,000,000.00 at the time of issuance.

(6) Availability : Upon 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, provided that the first issuance of the Sukuk Musharakah shall not be later than two (2) years from the date of the SC's approval.

(7) Permitted Indebtedness : Permitted Indebtedness shall comprise:

(i) subordinated loan stocks, any hire purchase or trade facilities taken by the Issuer;

(ii) working capital facilities including revolving credit facilities, bank guarantee facility, overdraft facility, capital leases granted by any financial institution, short term debt not exceeding twelve (12) months of up to an aggregate principal amount of

RM50,000,000.00;

(iii) performance guarantees/maintenance guarantees granted or to be granted in favour of GOM as required under the respective Concession Agreements and the Supplemental Concession Agreements of up to an aggregate principal amount of RM100,000,000.00; and/or

(iv) any Government Support Loan ("**GSL**") of up to RM2.35 billion granted or to be granted by GOM in favour of the Issuer Provided Always that any GSL amount granted in favour of the Issuer shall be utilised to refinance Series 2 Sukuk Musharakah of an equivalent principal amount and/or to finance the capital expenditure requirements of the Issuer.

(8) Permitted Investments : Permitted Investments shall comprise investment products approved by the SC's Shariah Advisory Council ("SAC"). For the purpose of the Sukuk Programme, the Permitted Investments are as follows:

(i) Mudharabah, wadiah and other deposits under Shariah principles with licensed financial institutions; or

(ii) Islamic bankers acceptances, bills and other Islamic money market instruments issued under Shariah principles by licensed financial institutions with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent; or

(iii) Islamic treasury bills, Islamic money market instruments, and other Islamic securities issued under Shariah principles by BNM or the GOM; or

(iv) Islamic securities/sukuk issued by quasi government or government related corporations under Shariah principles with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent or Islamic securities/sukuk guaranteed by the GOM;

(v) Islamic securities/sukuk issued by corporations under Shariah principles with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short term rating of P1 or a minimum long term rating of AA3 and their equivalent; or

(vi) any Islamic fund approved by the SC which invests in any of the instruments above.

(9) Identified Assets : The Underlying Asset as defined in the Facility Description item above.

The Underlying Asset shall be endorsed by the Shariah

		Adviser.
(10) Purchase Undertaking	:	Pursuant to a purchase undertaking granted by PLUS Berhad (as Obligor) in favour of the Trustee (acting on behalf of the Sukukholders) ("**Purchase Undertaking**"), PLUS Berhad shall undertake to purchase the Sukukholders' interest in the Musharakah Venture by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price: (i) upon the maturity date of the Sukuk Musharakah; or (ii) upon the Dissolution Date, at the relevant Exercise Price and, following such purchase by the Obligor, the Sukuk Musharakah held by the relevant Sukukholders shall be cancelled. PLUS Berhad will be entitled to set-off the Exercise Price with any Top-Up payment(s) made.
(11) Compensation for Late & Default Payments ("Ta'widh")	:	In the event of any overdue payments of the Exercise Price, the Issuer shall pay the compensation on such overdue amounts at the rate and manner prescribed by the SC's SAC from time to time in accordance with Shariah.
(12) Taxation	:	All payments by the Issuer 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.
(13) Governing Laws	:	Laws of Malaysia.
(14) Jurisdiction	:	The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdictions of the courts of Malaysia.
(15) No Payment of Interest	:	For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is agreed and declared that nothing in this principal terms and conditions and the transaction documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions or the transaction documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
(16) Other Conditions	:	(i) The Sukuk Musharakah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM, MyClear and/or any other authority in Malaysia having jurisdiction over matters pertaining to the

Sukuk Musharakah.

(ii) The terms and conditions of this principal terms and conditions shall be treated as confidential prior to the awarding of the mandate to the Lead Arranger.

(17) Due Diligence : The Lead Arranger will arrange for a due diligence investigation and the obligations of CIMB in this principal terms and conditions are subject to the successful completion of such due diligence and the results being satisfactory to the Lead Arranger. In this context, the Legal Counsel of the Lead Arranger and the Reporting Accountant shall be required to provide and address their respective written opinions and confirmations to the Lead Arranger in the form and substance acceptable to the Lead Arranger.

(18) Other Expenses : All costs, charges and expenses including trustee and security trustee fee, legal and other professional fees, abortive fees, rating fees, stamp duties (if any), penalties, SC and BNM fees, and other incidental costs, charges and expenses shall be borne by the Issuer, even if the Sukuk Programme is subsequently aborted for any reason whatsoever.

(19) Clear Market : For the first issuance of the Sukuk Musharakah, from the date of provision of a formal offer by the Lead Arranger to sixty (60) days after the first issuance of the relevant Sukuk Musharakah, and for the subsequent issuance(s) of the Sukuk Musharakah, from sixty (60) days before the relevant issuance date to sixty (60) days after the relevant issuance date, the Issuer shall ensure that no other borrowings, debt instruments or securities issued and/or guaranteed by the Issuer and/or any of its subsidiaries and associated companies are mandated, syndicated or privately placed which may, in the opinion of the Lead Arranger, have the effect of prejudicing the successful completion of this transaction and the placement and/or selling down of the Sukuk Musharakah.

(20) Adverse Market : From the date of provision of a formal offer by the Lead Arranger until the first issue date of the Sukuk Musharakah and, for subsequent issuance of the Sukuk Musharakah, prior to the respective issuance dates, the Lead Arranger retains the right to amend, withdraw and/or terminate the offer if there occurs any event or circumstance which, in the opinion of the Lead Arranger, may materially and adversely affect any of the international and domestic money, capital or syndicated loan markets, the business activities of the Issuer and/or any of its subsidiaries and/or associated companies, and/or the social, political, financial and/or economic situation in Malaysia.

(21) Transaction Documents : (i) Programme Agreement;

(ii) Trust Deed;

(iii) Declaration of Trust;

(iv) Management Agreement;

(v) Purchase Undertaking;

(vi) Musharakah Agreement(s);

(vii) Sale Agreement;

(viii) the Security Documents; and

(ix) any other relevant documents agreed between the parties that may be required to complete the Sukuk Programme as advised by the Lead Arranger's Legal Counsel.

(22) Concession Agreements : (i) Concession Agreement dated 18 March 1988 between the GOM and United Engineers (Malaysia) Berhad which was novated to PLUS on 20 July 1988, as supplemented by the Supplemental Concession Agreement dated 8 July 1999, the Second Supplemental Concession Agreement dated 11 May 2002 and the Third Supplemental Concession Agreement dated 22 April 2005;

(ii) Concession Agreement dated 26 April 1994 between the GOM and United Engineers (Malaysia) Berhad which was novated to ELITE on 27 January 1995, as supplemented by the Supplemental Concession Agreement dated 9 January 1997, the Second Supplemental Concession Agreement dated 23 March 2001 and the Third Supplemental Concession Agreement dated 10 January 2003;

(iii) Concession Agreement dated 28 June 1994 between the GOM and KLBK, supplemented by the supplemental agreement dated 4 June 2007;

(iv) Concession Agreement dated 27 July 1993 between the GOM and United Engineers (Malaysia) Berhad which was novated to LINKEDUA on 10 May 1994, as supplemented by the Supplemental Agreement dated 12 September 1994 and the Second Supplemental Concession Agreement dated 30 May 2000; and

(v) Concession Agreement dated 30 September 1993 between the GOM and Mekar Idaman Sdn Bhd which was novated to PBSB on 23 November 1995, as supplemented by Supplemental Agreement dated 30 August 2007 and the Second Supplemental Agreement dated 2 November 2011.

(23) Supplemental Concession Agreements : Each of the respective Supplemental Concession Agreements, all dated 11 November 2011 between the GOM and PLUS Berhad, in relation to the following

(i) PLUS;

(ii) ELITE;

(iii) KLBK;

(iv) LINKEDUA; and

(v) PBSB.

(24) Expressways :

(i) In respect of PLUS, any or all of the sections of the North-South Interurban Toll Expressway, the New Klang Valley Expressway, the Federal Highway Route 2 between Subang and Klang, the Seremban-Port Dickson Highway, the Johor Causeway from the Malaysia-Singapore border and includes all traffic lanes, acceleration lanes, deceleration lanes, shoulders, median strips, bridges, overpasses, underpasses, interchanges, approaches, entrance and exit ramps, toll plazas, lay-bys, rest and service areas, maintenance centres, highway furniture, signs and other structures and fixtures and any other areas for regional and district offices of PLUS;

(ii) In respect of ELITE, the North-South Expressway Central Link including the Additional Expressway (as defined in the Elite's Concession Agreement) including its interchanges, traffic lanes, acceleration and deceleration lanes, shoulders, median, laybyes, toll plazas, highway signs, embankment slopes, street lightings, administrative office, landscaping and other structures therein or relating thereto, but excluding building structures relating to the Ancillary Facilities (as defined in ELITE's Concession Agreement);

(iii) In respect of KLBK, the Butterworth-Kulim Highway and all parts including its interchanges, traffic lanes, acceleration and deceleration lanes, shoulders, median lay-bys, toll plazas, highway signs, embankment slopes, street lightings and other structures therein or relating thereof, but excluding buildings structures relating to the Ancillary Facilities (as defined in KLBK's Concession Agreement);

(iv) In respect of LINKEDUA, those roads, interchanges and other areas more particularly described in Appendix I of LINKEDUA's Concession Agreement including all traffic lanes, acceleration lanes, deceleration lanes, shoulders, median strips, bridges, overpasses, underpasses, approaches, entrance and exit ramps, toll plazas, highway signs, cut or filled embankment slopes, street lighting, the Ancillary Facilities, Toll Plaza A and Toll Plaza B in the CIO Complex which forms part of Expressway A (the capitalised terms shall have the meaning defined in LINKEDUA's Concession Agreement); and

(v) In respect of PBSB, the Bridge and Interchanges including all traffic lanes, acceleration lanes, deceleration lanes, shoulders, median strips, bridges, overpasses, underpasses, approaches, entrance and exit ramps, toll plazas, highway signs, cut or filled embankment slopes, street lighting and any other structure thereon or relating thereto excepting however the office premises and structures located within the area shown as hatched on the plan forming part of the Appendix III of PBSB's Concession Agreement and the Ancillary Facilities (the capitalised terms shall have the meaning defined in PBSB's Concession Agreement).

(25) Novation Agreements :

(v) In respect of PLUS, the Novation Agreement dated 11 November 2011 made between the GOM, PLUS and PLUS Berhad;

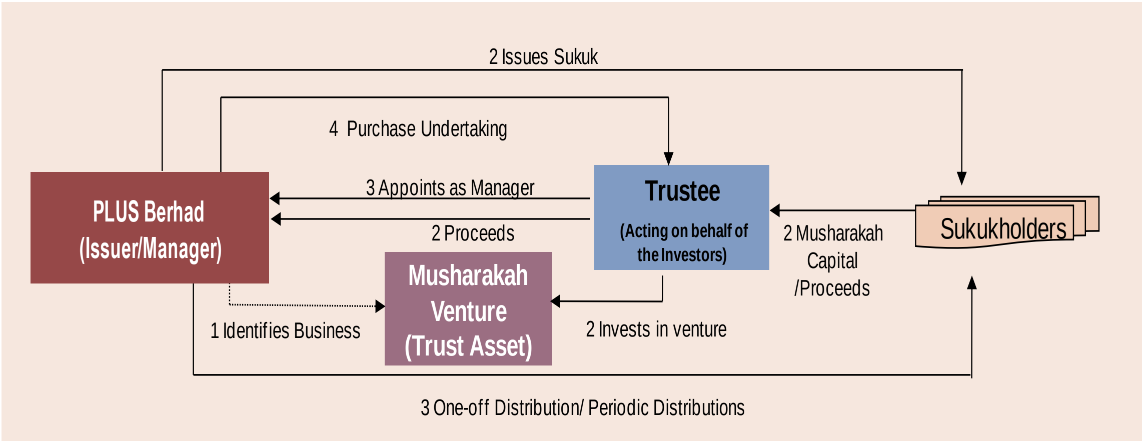
(vi) In respect of ELITE, the Novation Agreement dated 11 November 2011 made between the GOM, ELITE and PLUS Berhad;

(vii) In respect of KLBK, the Novation Agreement dated 11 November 2011 made between the GOM, KLBK and PLUS Berhad;

(viii) In respect of LINKEDUA, the Novation Agreement dated 11 November 2011 made between the GOM, LINKEDUA and PLUS Berhad; and

(ix) In respect of PBSB, the Novation Agreement dated 11 November 2011 made between the GOM, PBSB and PLUS Berhad.

Annexure 1



Step 1	In respect of each issue of Sukuk Musharakah under the Sukuk Programme, PLUS Berhad will identify its business comprising rights under the respective toll-road concessions granted by the Government of Malaysia ("**GOM**") or part thereof which will be used as the underlying asset ("**Underlying Asset**") for that particular Musharakah transaction.
Step 2	The potential holders of the Sukuk Musharakah ("**Sukukholders**") shall via the Trustee, from time to time, form a Musharakah amongst themselves, which is a partnership amongst the Sukukholders, to invest (via the Trustee) in the Underlying Asset ("**Musharakah Venture**") via the subscription of the Sukuk Musharakah to be issued by PLUS Berhad. PLUS Berhad shall make a declaration that it holds on trust, the Underlying Asset for the benefit of the Sukukholders. The Sukuk Musharakah shall represent amongst others, the Sukukholders' undivided proportionate interest in the Musharakah Venture. PLUS Berhad shall receive musharakah capital ("**Musharakah Capital**") arising from the subscription of the Sukuk Musharakah, which is equivalent to the proceeds from the Sukuk Musharakah. There will be at least two Sukukholders forming the Musharakah at each issuance.
Step 3	The expected return of the Sukukholders from the Musharakah Venture ("Expected Return") shall be the yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah or the date of declaration of an Event of Default/Dissolution Event ("**Dissolution Date**"), whichever is the earlier. Pursuant to the management agreement to be entered into between PLUS Berhad and the Trustee (acting on behalf of the Sukukholders), the Trustee shall appoint PLUS Berhad as the manager of the Musharakah Venture. In respect of Sukuk Musharakah with periodic distribution, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk Musharakah per annum, ("**Expected Periodic Distribution**") shall be distributed periodically in the form of periodic distribution ("**Periodic Distribution**") to the Sukukholders of that particular Sukuk Musharakah. The

	Periodic Distribution shall be made semi-annually or such period to be determined prior to each issuance of the Sukuk Musharakah (each such date for distribution, a "**Periodic Distribution Date**"). In the event of any shortfall between the Periodic Distribution and the Expected Periodic Distribution for such relevant period, PLUS Berhad shall make top-up ("**Top-up**") payments to make good the difference. The Top-up payments will be set-off against the Exercise Price (as defined hereinafter). Any income in excess of the Expected Periodic Distribution shall be retained by PLUS Berhad as an incentive fee. In respect of Sukuk Musharakah without periodic distribution, income from the Musharakah Venture of up to the Expected Return shall be distributed on a one-off basis ("**One-off Distribution**") upon the maturity date of the Sukuk Musharakah or the Dissolution Date, whichever is the earlier. In the event of any shortfall between the One-off Distribution and the Expected Return for such relevant period, PLUS Berhad shall make Top-up payment to make good the difference. The Top-up payment will be set-off against the Exercise Price. Any income in excess of the Expected Return shall be retained by PLUS Berhad as an incentive fee.
Step 4	Pursuant to a purchase undertaking granted by PLUS Berhad (as "**Obligor**") in favour of the Trustee (acting on behalf of the Sukukholders) ("**Purchase Undertaking**"), PLUS Berhad shall undertake to purchase the Sukukholders' interest in the Musharakah Venture by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price on either the maturity date of the Sukuk Musharakah or on the Dissolution Date, whichever is the earlier. PLUS Berhad shall be entitled to set-off the Exercise Price with any Top-Up payment(s) made.

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SECTION 3.0 BACKGROUND INFORMATION OF THE ISSUER

3.1 Corporate History

The Issuer was incorporated as a public company with limited liability in Malaysia on 27 July 2011 under the Companies Act, 1965 with its registered office located at 19-2, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

Its current authorised share capital as at 15 November 2011 is RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital as at 15 November 2011 is RM100.00 divided into 100 ordinary shares of RM1.00 each.

In addition, the Issuer intends to issue redeemable convertible unsecured loan stock with a nominal value of RM3,350,000,000.00 ("**RCULS**") and preference share. The terms of the RCULS and the preference share are summarised as follows:

Salient terms of the RCULS

PLUS Malaysia ("**Subscriber**") will be the sole subscriber of the RCULS which are not transferable.

The tenure of such RCULS shall be from the issuance date until 31 December 2038 or after the maturity of the Sukuk Programme and the Government Guaranteed Sukuk programme, whichever is later. The Subscriber will have a right to convert the RCULS into ordinary shares of PLUS Berhad during the tenure of the RCULS with a conversion ratio at every RM1.00 nominal value of RCULS convertible into one (1) new ordinary share and shall mandatorily convert such RCULS after the end of the tenure of the RCULS.

The amount of coupons payable under the RCULS in any financial year of the Issuer shall not exceed RM335.0 million. Further, any coupons under the RCULS that are not paid in any financial year of the Issuer shall not be paid in the following financial years. However, the Issuer may pay coupons under the RCULS above RM335.0 million in any financial year provided that MARC confirms in writing that the prevailing rating of the outstanding Sukuk Musharakah and the Sukuk Programme will not be adversely affected following such payment.

The RCULS shall constitute direct and unconditional obligations of the Issuer. The RCULS shall rank pari passu in all respects without priority amongst themselves, but shall be subordinated to and ranking after the Issuer's obligations under the Sukuk Programme and Government Guaranteed Sukuk programme and all other present and future unsubordinated and unsecured obligations of the Issuer from time to time outstanding subject only to those obligations and liabilities which have priority solely by Malaysian law.

The Subscriber will not be entitled to any dividend, right, allotment and/or other distribution given or issued by the Issuer to its shareholders until and unless the Subscriber converts the RCULS into ordinary shares of the Issuer. The Subscriber shall not declare any event of default under the RCULS for so long as any obligation of the Issuer to pay or repay any moneys under or in respect of the Sukuk Musharakah and the Government Guaranteed Sukuk issued under the respective Sukuk Programme and the Government Guaranteed Sukuk programme remains outstanding.

Salient terms of the Preference Share

One (1) special rights redeemable preference share of RM1.00 in the share capital of PLUS Berhad shall be issued to the Government ("**special rights redeemable preference share**"). The special rights redeemable preference share may only be legally and beneficially owned by the Government ("**Special Shareholder**") and the special rights redeemable preference share shall confer no rights to any dividend at any time to the Special Shareholder.

The special rights redeemable preference share shall confer on the Special Shareholder the right to receive notice of, and to attend and speak at all general meetings or any other meetings of any class of shareholders of PLUS Berhad but the special rights redeemable preference share shall carry no right to vote nor any other rights at any such meeting.

The Special Shareholder may, subject to the provisions of the Companies Act 1965, require PLUS Berhad to redeem the special rights redeemable preference share at par at any time by serving a written notice upon PLUS Berhad. In a distribution of capital in a winding up of PLUS Berhad, the Special Shareholder shall be entitled to repayment of capital paid up on the special rights redeemable preference share in priority to any repayment of capital to any other member. The special rights redeemable preference share shall confer no other right to participate in the capital or profits of PLUS Berhad.

The rights attaching to the special rights redeemable preference share cannot be amended, removed or altered in any way whatsoever without the written consent of the Special Shareholder.

Each of the following matters shall be deemed to be a variation of the rights attaching to the special rights redeemable preference share and shall accordingly only be effective with the consent in writing from the Special Shareholder:

(1) the amendment or removal, or alteration of the “Special Shareholder” and “rights of the special rights redeemable preference share” or the definition of the “Special Shareholder” and the “special rights redeemable preference share”;

(2) a proposal for the voluntary winding up or dissolution of PLUS Berhad;

(3) any disposal which, because of its size, is required by the Bursa Malaysia Securities Berhad or any other exchange on which PLUS Berhad’s shares are listed to be subject to approval by PLUS Berhad in general meeting; and

(4) any acquisition, take over by PLUS Berhad, amalgamation, merger or change in the operations carried on by PLUS Berhad, which because of its significance is required by the Companies Act 1965, the Bursa Malaysia Securities Berhad or any other exchange on which PLUS Berhad’s shares are listed to be subject to approval by PLUS Berhad in general meeting.

The Government shall have the right from time to time to appoint or nominate three (3) Government appointed directors and to appoint one (1) of them to be the Chairman of the Board of the Issuer.

Shareholding Structure of the Issuer

The Issuer’s shareholding structure as at 15 November 2011 is as follows:

Name	% shareholding	
	Direct	Indirect
PLUS Malaysia	100%	-

PLUS Malaysia’s shareholders are UEM and EPF with their respective shareholdings at 51% and 49% respectively.

3.2 Business Overview

The Issuer has no business as at the date of this Information Memorandum. It is incorporated to undertake the Proposed Acquisition as described in Section 5.1 of this Information Memorandum and thereafter, its principal business activity is anticipated to be the design, construction, financing, operation and maintenance of the Expressways upon the completion of the Proposed Acquisition pursuant to the terms of the Concession Agreements and Supplemental Concession Agreements as more particularly described in Section 5.2 of this Information Memorandum.

3.3 Profile of Directors

The Directors of PLUS Berhad, with their respective profiles as at 16 November 2011, are as follows:

Dato' Mohd Izzaddin bin Idris

Dato' Izzaddin Idris was appointed as a Director of PLUS Berhad on 27 July 2011. He was appointed as the Group Managing Director/Chief Executive Officer of UEM on 7 July 2009. He is also the Non-Executive Deputy Chairman of PEB.

Dato' Izzaddin holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia. He is a Fellow of CPA Australia and a member of the Malaysian Institute of Accountants (MIA).

He has over twenty (20) years of experience in the fields of investment banking, financial and general management and was previously the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009.

He was formerly a Senior Vice President (Corporate Finance) of Southern Bank Berhad and the Chief Financial Officer of Ranhill Berhad. He also held the position of Chief Operating Officer of Malaysian Resources Corporation Berhad in the late 1990s.

After graduating in June 1985, Dato' Izzaddin served Malaysian International Merchant Bankers Berhad for almost eleven (11) years which included a three (3)-year secondment in the late 1980s to Barclays de Zoete Wedd Limited, a London-based investment bank and a subsidiary of Barclays Bank PLC then.

Dato' Izzaddin currently sits on the Board of UEM Land Holdings Berhad, PLUS, Cement Industries of Malaysia Berhad, TIME Engineering Berhad, Opus Group Berhad, UEM Builders Berhad, Faber Group Berhad, Sunrise Berhad and PLUS Malaysia and has served on the Boards of Proton Holdings Berhad and Kumpulan Wang Persaraan (Diperbadankan). He is also a member of the Malaysian Financial Reporting Foundation.

Dato' Noorazman bin Abd Aziz

Dato' Noorazman Abd Aziz was appointed as a Director of PLUS Berhad on 27 July 2011. He was appointed to the Board of UEM on 15 November 2010 and is also the director of PLUS Malaysia. He is a practising member of the Association of Chartered Islamic Finance Professionals (ACIFP). He holds a Bachelor of Science (Finance) Degree from Louisiana State University, USA.

Dato' Noorazman has vast experience in international finance, banking and financial markets especially in treasury operations, direct investments, corporate banking and debt capital markets.

Dato' Noorazman joined Khazanah Nasional Berhad as Executive Director, Investment in May 2010 after having spent two and an half (2 ½) years as Managing Director of Fajr Capital Ltd, a Khazanah investee company based in Dubai International Financial Centre. Prior to this, he had held senior positions through stints at Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA).

Dato' Noorazman currently sits on the Boards of Asian Finance Bank Berhad and Selia Selenggara Sdn Bhd.

Rohaya Mohammad Yusof

Rohaya Mohammad Yusof was appointed as a Director of PLUS Berhad on 16 November 2011.

Rohaya is currently the Head of Capital Market Investment Division in EPF. She graduated from the Australian National University, Australia with Bachelor of Commerce (Accountancy). She is a member of the CPA Australia.

She has over fifteen (15) years experience in Investment Banking in areas of corporate finance, debt and equity market.

She joined EPF Investment Division in 2008 as Head of Corporate Finance. In 2010 she was appointed as Head of Capital Market department overseeing investment in loans and bonds of RM140 billion in value.

Mohamad Hafiz Kassim

Mohamad Hafiz Kassim was appointed as a Director of PLUS Berhad on 16 November 2011.

He joined EPF in 2008 and currently heads the Private Markets Department since April 2011. The Private Markets Department manages EPF's real estate, infrastructure and private equity investment programmes. Prior to his current role, Hafiz headed the Private Equity Investment Department.

Hafiz has more than ten (10) years' experience in investment analysis, private equity investing, accounting and auditing.

Prior to joining EPF, Hafiz worked in the Internal Audit Department of Daiwa Capital in London. Prior to that, he spent more than five (5) years with PricewaterhouseCoopers in London and Kuala Lumpur offices where he was based in the Banking and Capital Markets Department. In addition, he also spent more than five (5) years as an Investment Analyst with Telekom Malaysia, focusing mainly on offshore investment opportunities.

Hafiz is a graduate in Accounting and Finance from the London School of Economics. He is a fellow of the Association of Chartered Certified Accountants and a CFA charterholder. He is member of EPF's Management Investment Committee and sits on the Advisory Board of several private equity funds. He currently sits on the Board of KWASA Solo Pte Ltd, KWASA Duo Pte Ltd and KWASA Trio Pte Ltd.

3.4 Senior Management

The personnel below are intended to be the senior management of PLUS Berhad and their profiles as at 15 November 2011 are as follows:

Dato' Noorizah Hj Abd Hamid

Dato' Noorizah Hj Abd Hamid is the Managing Director of PEB since 1 April 2007. Prior to that, she was the Managing Director of Faber Group Berhad from 17 March 2003. She was also the Managing Director of Faber Hotels Holdings Sdn Bhd since 3 August 2002. She holds a Masters in Business Administration, majoring in Finance and Management and a Bachelor of Science in Business Administration from the Central Michigan University, United States of America.

Prior to joining Renong Berhad as the Manager of Group Corporate Affairs in September 1991, she was attached to various positions in finance and corporate advisory with a subsidiary of the Terengganu State Development Corporation, Permodalan Nasional Berhad and Amanah Merchant Bank Berhad.

In January 1992, she joined HBN Management Sdn Bhd and was later transferred to PLUS as a Senior Manager in the Treasury Department in January 1994. She was transferred back to HBN Management Sdn Bhd in January 1996 and was appointed to the post of Senior Manager of Group Corporate Affairs.

She was posted back to PLUS as Senior General Manager, Finance in 1997 before assuming her designation as the Chief Operating Officer of Faber Group on 9 August 1999. During her tenure in Faber Group, she has also been appointed as a Director of various subsidiary companies of Faber Group.

Currently, she also sits on the Board of Commissioner of PT Lintas Marga Sedaya, PEB's subsidiary in Indonesia, Board of Directors of PLUS BKSP Toll Limited and Indu Navayuga Infra Project Private Limited, PEB's subsidiaries in India, Board of PLUS and Board of KLBK. She is also the Executive Director of ELITE, LINKEDUA, PLUS Helicopter Services Sdn Bhd and Chairman of Teras Teknologi Sdn Bhd.

Tajul Azwa Bani Hashim

Tajul Azwa Bani Hashim is currently the Chief Operating Officer of PEB and he has held this position since 1 October 2010. He is also the director PLUS Teknologi Sdn Bhd.

Tajul holds a Bachelor's Degree in Mathematics and Information Science from the University of Tasmania, Australia, graduated in 1979 and 1982 respectively.

He began his career in IT with the Hydro-Electric Commission of Tasmania, Australia until his return to Malaysia in 1983. He then worked with Malaysia Mining Corporation Bhd, Automated Technology Sdn Bhd and Progressive Insurance Sdn Bhd until he joined PLUS in 1989 as Senior Systems Analyst.

In PLUS, his career shifted from IT to management of operations, as Senior Manager of Toll Department from 1994 and then General Manager of PLUS Operations in 1996. His career progressed in January 1997 to managing companies involved in maintenance operations and facilities management, namely Faber Mediserve Sdn Bhd (FMS) as the Chief Operating Officer. Thereafter, he became its Managing Director from 2002 until June 2007, a company undertaking the facilities management of seventy five (75) public hospitals distributed over six (6) states in Malaysia.

Tajul held the position as the Chief Executive Officer of PROPEL for three (3) years from July 2007 until September 2010, a company whose current main activity is the maintenance of major highways in Malaysia, including the 973-kilometre length of inter-urban toll expressways.

How Seet Meng

How Seet Meng is the Senior General Manager, Finance Division of PEB, a position she held since September 2009.

She holds a Bachelor of Accounting from University of Malaya in 1993. She is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

She began her career in the auditing field with KPMG Malaysia in 1993 and joined the finance department of Faber Group Berhad in 1995. She was later transferred to Prolink Development Sdn Bhd as the finance manager in 1999 and subsequently moved on to PEB in April 2001 as the Assistant General Manager, heading the Corporate Affairs Department (Finance). Thereafter, she was promoted to the current position in September 2009.

She also sits on the Board of Directors of PT Lintas Marga Sedaya, PEB's subsidiary in Indonesia.

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SECTION 4.0 INVESTMENT CONSIDERATIONS

Investment in the Sukuk Musharakah involves certain risks. This section provides a summary of certain risk factors, each of which, among others, may materially and adversely affect the ability of the Issuer to make payment under any transaction documents relating to the Sukuk Musharakah to which it is a party on a timely basis. This section is not intended to be exhaustive. Prospective purchasers of the Sukuk Musharakah should read and carefully consider, among other things, the following factors in connection with the purchase of the Sukuk Musharakah and undertake their own investigations and analyses on the Issuer, its business and risks associated with the Sukuk Musharakah. Investors should also note that each Sukuk Musharakah issuance under the Sukuk Programme will carry different risks and all investors should evaluate each Sukuk Musharakah issuance on its respective merits.

4.1 Considerations Relating to the Issuer

Issuer's Ability to Meet its Obligations under the Sukuk Musharakah

The Sukuk Musharakah are secured by the security interests as described in Section 2.0 of this Information Memorandum.

There is no assurance that there will be sufficient cash flow to meet payments under the Sukuk Musharakah. However, the Issuer has no borrowings to date and has covenanted that it will not incur or permit to exist any indebtedness for borrowed monies nor give any guarantees in respect of any indebtedness for borrowed monies to any person or entity other than the facility contemplated under the transaction documents of the Sukuk Musharakah, the Government Guaranteed Sukuk and the Permitted Indebtedness (as defined in Section 2.0 of this Information Memorandum). Further, under the terms of the Sukuk Programme, the Issuer is required to make contributions to a finance service reserve account in accordance with the amount payable in respect of the next projected profit payment of the Sukuk Musharakah ("**Minimum Required Balance**") and the Issuer shall at all times throughout the tenure of the Sukuk Musharakah, maintain such Minimum Required Balance. Such finance service reserve account will be provided as security for the Sukuk Programme and will be operated solely by the security agent of the Sukuk Programme.

4.2 Considerations Relating to the Issuer's Business

The Issuer's principal business will be to carry out the Concessions including designing, constructing, financing, operating and maintaining the Expressways upon completion of the Proposed Acquisition (as described in Section 5.1 of this Information Memorandum). The risks to which this business is exposed to are:

(a) *Traffic volume*

The Issuer will derive almost all of its revenue from the operation of the Expressways which is derived from the number of vehicles using the Expressways and the toll rates chargeable. The traffic volume on any particular expressway is to a large extent dependent on factors beyond the control of the Issuer. Nonetheless the leading factor affecting traffic volume has historically generally been, and is expected to continue to be, the level of economic activity in particular along the corridors of the expressways and the associated demand for transportation by road, particularly in the regions served by the particular Expressway. Other factors which have in the past affected traffic volumes on the Expressways and are expected to continue to do so, include but are not limited to, the following:

(1) the level of commercial, industrial and residential developments in such corridors;

(2) the price of petrol and other fuel;

(3) affordability of automobiles;

(4) per capital ownership of automobiles;

(5) development of alternative, competing roads or expressways;

(6) alternative domestic and international transport modes such as rail, sea or air;

(7) unhindered access to the Expressways via feeder roads and adjoining highways not operated by the Issuer;

(8) the Issuer's ability to maintain the Expressways; and

(9) the prevailing toll rates.

(b) *Competition*

The Concession Agreements and the Supplemental Concession Agreements do not prevent the Government from awarding concessions for new roads which may compete with the Expressways. There are a number of road schemes that are either completed, already under construction, committed and well into the planning stage, that could lead to traffic being diverted away from the Expressways. The main completed road schemes, which may become significant competitors to the Expressways, are the Kajang-Seremban Highway, the Guthrie Corridor Expressway and the Maju Expressway. The existing north-south trunk road and Federal Highway Route 1 may also become direct competitors in the event the Government upgrades and improves the roads.

Potential future significant competitors to the Expressways include the Penang Second Bridge (which is expected to be completed in year 2013), the West Coast Expressway and also the potential third bridge linking Malaysia and Singapore.

Traffic volume on the Expressways is also affected by competition from alternative means of transport and such forms of transport include rail, air and sea. For example, the national rail network in Peninsular Malaysia is being upgraded to a dual track system and study is underway for the proposed Kuala Lumpur-Singapore High Speed Rail. The existing Light Rail Transit System in Klang Valley, the Express Rail Link connecting the Kuala Lumpur city centre and the Kuala Lumpur International Airport and the proposed Klang Valley MY Rapid Transit may also affect traffic volume on the Expressways. In addition, the growth of low cost air travel within Malaysia, particularly between major population centres, could reduce traffic volume on the Expressways.

(c) *Toll Rates*

Each of the Supplemental Concession Agreements establishes the agreed toll rates. However, the Government may impose and had in the past imposed toll rates lower than that agreed upon in the Supplemental Concession Agreements or Concession Agreements for various reasons, including economic difficulty and negative consumer perceptions. In situations where the Government imposes toll rates lower than that agreed upon in the Concession Agreements or the Supplemental Concession Agreements (as the case may be), the Government shall compensate the concessionaire in accordance with the Concession Agreements or the Supplemental Concession Agreements (as the case may be).

(d) *Toll Receipts*

The revenue derived from toll receipts may be reduced by:

(1) leakage through fraud or non-payment due to the lack of proper monitoring and control; and

(2) technical problems in toll collection systems.

Nonetheless, the introduction of various electronic toll collection ("**ETC**") products, namely, the "SmartTAG" and "Touch 'n Go", has increased the efficiency in collecting tolls and controlling leakages. The toll collection operations via ETC are dependent on the continued application of technology. If PLUS Berhad:

(a) experiences system failure or shut down with respect to the "SmartTAG" and "Touch 'n Go" payment systems or any of its monitoring or database systems; or

(b) is forced by the withdrawal of technology by existing suppliers to procure alternative technology,

this may hinder PLUS Berhad's ability to collect tolls efficiently and control leakage. Any such problem could result in loss of revenue and an increase in operating cost due to operational inefficiencies.

This is mitigated by the fact that toll collections can always be made in cash and that there are alternative electronic systems available in the market, though replacement of the existing electronic systems may be costly.

(e) Operation, Maintenance and Related Expenditure

Costs of operating and maintaining the Expressways and capital expenditure may increase due to external factors such as:

(1) standards of maintenance or road safety applicable to the Expressways prescribed by the highway authorities may become more onerous;

(2) restoration of the Expressways due to damage from natural disasters;

(3) more extensive or frequent repairs or maintenance due to higher loading, traffic volume or environmental stress; and

(4) increases in the cost of materials or supplies.

The need for repair or maintenance of the Expressways may also adversely affect traffic flow.

In view of the risks above, PLUS Berhad will take insurance policies to cover the risk on material damage to its assets, loss of anticipated toll revenue as a direct result of physical loss or damage due to insured perils, public liability, fidelity guarantee, employer's liability, Director's and officer's liability.

Based on the Concession Companies' experience in expressways operation, PLUS Berhad will also be able to reasonably plan the requirement of the Expressways in terms of routine maintenance and repairs and hence project the operating and capital expenditure of the Expressways.

(f) *Dependence on Directors, Senior Management and Key Technical Personnel*

The Issuer will rely to a significant extent on the abilities of some of its directors, senior management and key technical personnel for its continuing success, business directions, effective implementation of business strategy and the operation of the Expressways. The loss of any of these members could adversely affect the Issuer's ability to operate its business or to compete in the industry, and in turn, affect its financial performance and prospects. Further, the Issuer's future success will also depend upon its ability to attract new skilled personnel.

The Issuer will make offer of employment to the current senior management and technical personnel of each of the Concession Companies though there is no assurance that the employees of the Concession Companies will accept the offers. Nevertheless, the Issuer expects to be able to source experienced personnel in the similar industry in which it operates.

The Issuer will also continuously develop its human capital and will put in place a succession plan to mitigate such risk.

(g) *Unforeseen Events*

The use of the Expressways may be interrupted or adversely affected by events such as traffic accidents, defective design and construction, tunnel collapse, road subsidence and labour disputes. These may result in reduction in toll revenue and increase in costs of operating the Expressways and may also adversely affect public confidence in the Expressways. Insurance has been taken to cover the risk of material damage to assets and loss of anticipated toll revenue as a result of loss or damage from specific perils, as well as public liability, fidelity guarantee, employer's liability, director's and officer's liability insurance policies. However, there is no assurance that insurance will cover all liabilities resulting from claims. There are specific insurance limits per incident, which may be insufficient to meet actual costs and losses and this could adversely affect the operations and financial conditions of the operating subsidiary maintaining the particular Expressway.

(h) *Regulatory Risk*

The Issuer's operations will be subject to the jurisdiction of numerous governmental agencies with respect to regulatory matters such as the Federal Roads (Private Management) Act 1984, the Road Transport Act 1987 and the rules and regulations of the MHA. These regulations and requirements may limit the Issuer's activities or result in high compliance costs. Any failure by the Issuer to comply with such regulations could result in material penalties being imposed on the Issuer. No assurance can be given that any future changes to present regulation or any introduction of new regulation, or laws, by relevant authorities will not have a material adverse impact on the Issuer's business.

(i) *Termination of the Concessions*

There is a risk that the Concession Agreements pursuant to which the various Expressways are constructed, maintained and operated, may be terminated due to occurrence of default from either the concessionaire or the Government.

If the Government terminates any of the Concession Agreements (other than the PBSB Concession) due to the default of the concession company or if the concession company terminates the Concessions due to the default of the Government (other than due to force majeure) or the Government expropriates any of the Concessions or the concession company, the Government will pay to the concession lenders the aggregate amount owing to the concession lenders at the date of payment.

For the PBSB Concession, only when the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure), then the Government shall pay to the concession lenders the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount set out in the PBSB Concession Agreement.

The “concession lenders” as defined in each of the Concession Agreements refers to persons providing or making available finance or refinance to the concession company. As the proceeds of the Sukuk Musharakah are utilised by the Issuer to principally finance the Proposed Acquisition rather than to refinance the existing indebtedness of the concession companies, the Sukukholders will not be entitled to such termination payment as they would not fall under the definition of “concession lenders”. Further, upon completion of the Proposed Acquisition, each of the Concession Companies will repay or prepay all its respective indebtedness and thereafter, reducing the level of indebtedness to the respective concession lenders to zero. Accordingly, the Government’s payment to the concession lenders will no longer be applicable as all indebtedness of the concession companies will be settled in full.

For further details of such payment by the Government or payment by the concession company to the Government upon termination of the Concessions, please refer to Section 5.2 of this Information Memorandum.

(j) *Project Risk*

In relation to any expressway projects carried out (including the fourth lane widening project at the PLUS Expressways), there are risks of cost overrun, risks related to the construction work required as well as risk of a force majeure event occurring. Cost overruns incurred may be due to engineering requirements, adverse site conditions, increase in prices of the raw materials (for example, bitumen and steel) and construction difficulties are borne by the concessionaire.

Construction risks arising from factors such as shortages of construction materials, unavailability and inefficiency of equipment and labour, price increases, labour disputes, the non-performance or unsatisfactory performance of contractors and subcontractors, inclement weather, natural disasters, accidents, changes in Government policies or adverse economic, business and credit conditions, failure or postponement in the issuance or grant of licences, permits and approvals and unforeseen engineering and environmental problems may arise.

No assurance can be given that PLUS Berhad will not encounter significant construction difficulties and delays. However, it is anticipated that the terms of PLUS Berhad’s construction contracts would allow PLUS Berhad to have recourse against the contractors involved, such as under the provision for performance bonds and liquidated and ascertained damages for any delay that may be caused by such contractors.

4.3 Considerations Relating to the Sukuk Musharakah

(a) *No prior market for the Sukuk Musharakah*

There has been no prior public market for the Sukuk Musharakah. There can be no assurances that a secondary market for the Sukuk Musharakah will develop, or if a secondary market does develop, that it will provide Sukukholders with liquidity of investment or that it will continue for the life of the Sukuk Musharakah.

The market value of the Sukuk Musharakah may fluctuate. Consequently, any sale of the Sukuk Musharakah by Sukukholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates and the market for similar securities. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Sukuk Musharakah and an investor in the Sukuk Musharakah must be prepared to hold the Sukuk Musharakah for an indefinite period of time or until their maturity, nor any assurance can be given as to the ability of the Sukukholders to sell their Sukuk Musharakah, or the prices at which the Sukukholders will be able to sell their Sukuk Musharakah.

(b) *The market value of the Sukuk Musharakah may be subject to fluctuation*

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

(c) *An investment in the Sukuk Musharakah is subject to interest rate risk*

Sukukholders may suffer unforeseen losses due to fluctuations in interest rates. Although the Sukuk Musharakah 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 bond prices. The Sukuk Musharakah may be similarly affected resulting in a capital loss for the Sukukholders. Conversely, when interest rates fall, bond prices and the prices at which the Sukuk Musharakah trade may rise. Sukukholders may enjoy a capital gain but profit received may be reinvested for lower returns.

(d) *An investment in the Sukuk Musharakah is subject to inflation risk*

Sukukholders may suffer erosion on the return of their investments due to inflation. Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk Musharakah. An unexpected increase in inflation could reduce the actual return.

(e) *The ratings on the Sukuk Programme may be changed at any time and this may adversely affect the market value of the Sukuk Musharakah*

The Sukuk Programme has been assigned an indicative rating of “AAA_{IS}” by MARC. A rating is not a recommendation to purchase, hold or sell the Sukuk Musharakah as such ratings do not comment as to market price or suitability for a particular investor. 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 judgment, circumstances in the future so warrant. In such circumstances, the market price and liquidity of the Sukuk Musharakah may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the Sukuk Musharakah. Any reduction, suspension or withdrawal of the rating of the Sukuk Musharakah will not constitute an event of default/ dissolution event with respect to the Sukuk Musharakah.

(f) *Suitability of investments*

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

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

(2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Musharakah and the impact the Sukuk Musharakah will have on its overall investment portfolio;

(3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Musharakah, including where the currency of payment is different from the potential investor's currency;

(4) understand thoroughly the terms of the Sukuk Musharakah and be familiar with the behaviour of any relevant indices and financial markets; and

(5) 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.

(g) *Risks specific to the Musharakah structure*

The Musharakah structure is based on the concept of partnership. Therefore, the partners in a Musharakah structure (i.e. Sukukholders) will be exposed to both the risk of loss as well as the gain of profit. Any profit or loss derived from the partnership will be distributed or borne by each Sukukholder in proportion to each Sukukholder's contribution of capital in the partnership. The risk of loss is mitigated through an undertaking by the Obligor to purchase the Sukukholders' interest in the partnership on either the maturity date of the Sukuk Musharakah or on the Dissolution Date (as defined in Section 2.0 of this Information Memorandum), whichever is earlier.

(h) *Risk relating to the Underlying Assets*

The Sukuk Musharakah represent a fraction of undivided interest in the Musharakah Venture that ultimately represents a proportionate undivided interest in the Issuer's rights under the respective toll-road concessions granted by the GOM or part thereof for that particular Musharakah transaction. In order to mitigate the investment risk or uncertainty of income, the Sukukholders rely on the purchase undertaking provided by the Obligor in favour of the Trustee (acting on behalf of the Sukukholders) ("**Purchase Undertaking**") where the Obligor shall undertake to purchase the Sukukholders' interest in the Musharakah

Venture either on the maturity date of the Sukuk Musharakah or on the Dissolution Date, whichever is earlier.

Following a declaration of a dissolution event/event of default pursuant to the terms of the Sukuk Programme, the rights of each of the Trustee, Security Agent and the Sukukholders of the relevant series of the Sukuk Musharakah will be against the Obligor to pay the Exercise Price (as defined in Section 2.0 of this Information Memorandum) for the purchase of the Sukukholders' interest in the Musharakah Venture pursuant to the Purchase Undertaking. As the Underlying Assets are not intended to be part of the security for the Sukuk Musharakah and the Issuer's obligations are not secured by the Underlying Assets, the Sukukholders shall have no recourse to the Underlying Assets in the event of a declaration of dissolution event/event of default. However, the Sukukholders will have recourse to the security as described in Section 2.0 of this Information Memorandum.

(i) *<u>Claims for Specific Enforcement</u>*

In the event that the Obligor fails to perform its obligations under the Purchase Undertaking or make other payments under the Transaction Documents, then the potential remedies available to the Trustee include obtaining an order for specific enforcement of the Obligor's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will also depend upon a number of possible factors including an obligation on the Trustee to mitigate such damages. No assurance is provided on the level of damages which a court may award in the event of a failure by PLUS Berhad to perform its obligations set out in the Purchase Undertaking or the other Transaction Documents.

(j) *<u>No assurance that Sukuk Musharakah will be Shariah-compliant</u>*

The Shariah Adviser has issued a pronouncement which states, amongst others that in its opinion, the structure and mechanism of the Sukuk Programme are in compliance with Shariah principles. Neither the Issuer nor the Joint Lead Managers makes any representation as to the Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah issued under the Sukuk Programme. Investors are reminded that as with any Shariah views, differences in opinion are possible and opinions may change from time to time. Investors should obtain their own independent Shariah advice as to the Shariah permissibility of the structure, the issue and the trading of the Sukuk Musharakah.

If the Sukuk Musharakah are deemed not to be Shariah-compliant by an investor's own standard of Shariah compliance, such investor may be required to sell or otherwise dispose of its Sukuk Musharakah by virtue of its own constitutional restraints or otherwise. Similarly, if the Sukuk Musharakah are deemed not to be Shariah-compliant by potential investors' standard of Shariah compliance, they may be prohibited from buying the Sukuk Musharakah by virtue of its own constitutional restraints or otherwise. Accordingly, the liquidity and price of the Sukuk Musharakah in the market may be adversely affected by particular Shariah standards, and interpretation thereof, of existing or potential investors.

4.4 General Considerations

Political, economic, social developments and regulatory considerations

The business, prospects, financial condition and results of operations of the Issuer may be adversely affected by political, economic, social developments and regulatory conditions in Malaysia. Political, economic, social and regulatory uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiation or nullification of existing contracts, introduction of new regulations, changes in inflation, interest rates and methods of taxation.

Although measures may be taken by the Issuer to address and/or mitigate such developments, no assurance can be given that such measures would be sufficient or effective in the circumstances.

4.5 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 company'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 5.0 THE PROPOSED ACQUISITION AND THE CONCESSION AGREEMENTS

5.1 The Proposed Acquisition

On 9 November 2010, EPF and UEM made a joint offer to PEB to undertake the privatization of PEB via PLUS Malaysia by acquiring PEB's assets and liabilities for a purchase consideration of RM23.0 billion. The purchase consideration is based on the offer price of RM4.60 per PEB share and it was subsequently adjusted to RM22.25 billion to take into account an interim dividend of RM750.0 million which was paid to shareholders of PEB on 29 July 2011. An additional RM106.5 million dividend was declared by PEB on 30 November 2011, with no adjustment made to the offer price. In addition, pursuant to a sale and purchase agreement dated 3 November 2011 entered into between PLUS Malaysia and UEM Builders Berhad, PLUS Malaysia has agreed to acquire all UEM Builders Berhad's equity interest in PBSB (both transactions are collectively referred to as "**PLUS Malaysia Acquisition**").

Pursuant to the PLUS Malaysia Acquisition, each of the Concession Companies will in turn dispose of all its Malaysian assets, liabilities, business, undertakings and rights under its Concession Agreements to the Issuer, who is a wholly-owned subsidiary of PLUS Malaysia ("**Proposed Acquisition**") pursuant to five (5) sale and purchase agreements. The purchase consideration for the Proposed Acquisition is derived based on the aggregate equity value of the Concession Companies and the amount required to redeem their existing indebtedness. The Proposed Acquisition will be funded, *inter alia*, via the following:

(a) up to RM23.35 billion via proceeds raised from the Sukuk Programme;

(b) RM11.0 billion via proceeds from the Government Guaranteed Sukuk;

(c) RM3.35 billion via the RCULS; and

(d) the paid up share capital of the Issuer.

The Concession Companies have respectively entered into the Novation Agreements for the assignment of their respective rights and transfer their liabilities and obligations under the respective Concession Agreements to PLUS Berhad. PLUS Berhad has subsequently entered into the Supplemental Concession Agreements with the Government.

As part of the Proposed Acquisition, one (1) special rights redeemable preference share of RM1.00 in the share capital of PLUS Berhad will be issued to the Government ("**special rights redeemable preference share**"). The special rights redeemable preference share may only be legally and beneficially owned by the Government ("**Special Shareholder**") and shall confer no rights to any dividend at any time to the Special Shareholder. The Special Shareholder may, subject to provisions of the Companies Act 1965, require PLUS Berhad to redeem the special rights redeemable preference share at par at any time, by serving a written notice upon PLUS Berhad. In a distribution of capital in a winding up of PLUS Berhad, the Special Shareholder shall be entitled to repayment of capital paid up on the special rights redeemable preference share in priority to any repayment of capital to any other member. For further details of the special rights redeemable preference share, please see Section 3.1 of this Information Memorandum. Further, the Government will provide certain tax break to PLUS Berhad.

Upon completion of the Proposed Acquisition, PLUS Berhad will operate the Expressways in accordance with the Concession Agreements and the Supplemental Concession Agreements. The salient terms of each of the Concession Agreements and the Supplemental Concession Agreements are summarised in Section 5.2 below.

All existing project agreements and contracts related to the Concessions (including the operation and maintenance contracts), takafuls/insurances, the permits and licenses, performance bonds and guarantees will be transferred or novated from the Concession Companies to the Issuer to ensure that the Issuer may continue operating the Expressways upon completion of the Proposed Acquisition.

5.2 Salient Terms of the Concession Agreements and the Supplemental Concession Agreements

(a) ***PLUS Concession***

Under the terms of the PLUS Concession Agreement and the PLUS Supplemental Concession Agreement, the concession company has been granted the exclusive right and authority to undertake and enjoy the concession as follows:

(1) to design and construct 462.2 km of the NSE, 35 km of the NKVE and improvements to 16 km of the Federal Highway Route 2 between Subang and Klang, being a dual carriageway link between Kuala Lumpur and Klang;

(2) the taking over from MHA of the management, operation and maintenance of the existing sections of the NSE and the Tanjong Malim - Slim River section, the Senai - Johor Bahru section and the Johor Bahru Causeway from the Malaysia - Singapore border and the taking over from the Government of the management, operation and maintenance of a section of the Federal Highway Route 2, in each case in accordance with the provisions of the PLUS Concession Agreement;

(3) to design, construct, manage, operate and maintain the ancillary facilities and the rights thereto;

(4) to supply and install tolling and other equipment on the PLUS Expressways and the management, operation and maintenance thereof;

(5) to collect and retain the toll amounts for the concession company's benefit from vehicles using the PLUS Expressways;

(6) to maintain the PLUS Expressways during the concession period; and

(7) to design, construct, operate and maintain regional and district offices forming part of the PLUS Expressways and all other activities incidental to the performance of the works referred to in all of the above.

The Tanjong Malim - Slim River section was handed over to the Government pursuant to the PLUS Concession Agreement. Under the third supplemental concession agreement dated 22 April 2005, the Government and PLUS have agreed, that the Senai toll plaza be abolished and the Senai Johor Bahru section was handed over to the Government, with effect from 1 March 2004, whereby the Government agreed to pay the compensation amount under a settlement arrangement and the SPDH was taken over by the concession company on 7 October 2004 and was included as part of the PLUS Expressways thereafter.

Pursuant to the terms of the PLUS Supplemental Concession Agreement, the concession company has agreed to carry out the widening of certain stretches of the PLUS Expressways (the "**Fourth Lane Widening Project**") via the proceeds of the Series 2 Sukuk Musharakah. The Fourth Lane Widening Project comprises the widening of the mainline and associated works at the following stretches of the PLUS Expressways:

(1) Shah Alam Interchange – Bukit Lanjan Interchange (inclusive of provision of a dedicated lane from Damansara Interchange to Subang Interchange (Westbound));

(2) Bukit Lanjan Interchange – Jalan Duta Toll Plaza;

(3) Bukit Lanjan Interchange – Rawang Interchange; and

(4) Nilai (U) Interchange – Seremban Interchange (inclusive of Seremban Interchange – Port Dickson South Interchange Southbound only).

Concession Period

The concession period commenced on 31 May 1988 and shall expire on 31 December 2038.

Expiry of the Concession

Upon expiry of the concession period, the PLUS Expressways including the ancillary facilities and all rights and entitlements of the concession company thereunder and all buildings, structures and other fixtures will revert to the Government at no cost. The concession company is further obliged, upon such date, to hand over the PLUS Expressways in a well-maintained condition and at its own expenses, make good any defects identified during the joint inspection of the PLUS Expressways.

Deferred interchanges

The concession company is obliged to construct the following deferred interchanges under the PLUS Concession Agreement, as amended in the PLUS Supplemental Concession Agreement:

Location of interchanges	Year of commencement of construction of interchanges
1. Bukit Gambir	2009
2. Sungai Buaya	2011
3. Alor Pongsu	2011
4. New Seremban	2012

In consideration of the concession company agreeing to construct the New Seremban interchange, the Government has agreed to provide financial support to the concession company, including paying to the concession company the costs of constructing the New Seremban Interchange for an amount up to RM50,000,000.00 and providing an advance payment of up to RM30,000,000.00 to the concession company as the cost for acquisition of the land required for the construction of the New Seremban Interchange ("**PLUS Reimbursable Land Cost**"). The concession company shall repay to the Government the actual PLUS Reimbursable Land Cost utilized for the construction of the New Seremban Interchange by 31 December 2015.

Toll Rates

The toll rates which the concession company charges for different classes of vehicles for the concession period are set out in the PLUS Supplemental Concession Agreement and summarised below.

Agreed Toll Rates for Class 1 Vehicle in the Closed Toll System (January 2011 to December 2038)

Years	Rate for Class 1 Vehicle (sen/km)	Years	Rate for Class 1 Vehicle (sen/km)
2011 to 2015	13.60	2028 to 2030	17.36
2016 to 2018	14.28	2031 to 2033	18.23
2019 to 2021	14.99	2034 to 2036	19.14
2022 to 2024	15.74	2037 to 2038	20.10
2025 to 2027	16.53		

The toll multiplier for Class 2 and Class 3 vehicle shall increase to two (2) times and three (3) times respectively of the toll for Class 1 vehicles commencing from 1 January 2016. There will be no change to the toll multiplier for other classes of vehicle.

Compensation

Notwithstanding the novation agreement dated 11 November 2011 entered by PLUS together with the Government and PLUS Berhad for the assignment of PLUS' rights and transfer of PLUS' liabilities and obligations under the PLUS Concession Agreement to PLUS Berhad ("**PLUS Novation Agreement**"), the Government, PLUS and PLUS Berhad agreed that PLUS shall be entitled to continue to set off from the cumulative aggregate actual compensation to the end of the relevant concession year ("**CAAC**") calculated up to the effective date of the PLUS Novation Agreement, the amount of income tax payable by PLUS up to the year of assessment 2012. Upon full settlement of the income tax payable by PLUS up to the year of assessment 2012 by way of a set off against the CAAC, the remaining balance of the CAAC, if any, shall be waived by PLUS and PLUS Berhad.

The Government agrees to waive any amount due from the concession company to the Government arising from the additional works undertaken by the concession company in relation to the widening of certain stretches of the PLUS Expressways and the modification of the PLUS Expressway between Jelapang and Ipoh Selatan Toll Plazas, upon the certification by the Government of the statement of final account of such additional works.

In the event that the Government imposes toll for any class of vehicle for or during any concession year which is lower than the agreed toll for the class of vehicle for that concession year, the Government shall compensate the concession company for any reduction in toll collections by paying to the concession company the difference between the actual aggregate toll amount collected by the concession company for the relevant concession year and the agreed toll for Class 1 vehicle as should have applied for the relevant concession year multiplied by the actual traffic volume or the forecast traffic volume for the relevant concession year, whichever is lower.

Step-In Rights

In the event that the concession company fails to remedy any of its default within the period granted under the PLUS Concession Agreement and the PLUS

Supplemental Concession Agreement, or goes into liquidation, the lenders have a right to appoint a substituted entity to take over the PLUS Concession.

If such substituted entity has not been appointed by the lenders within the time period stipulated in the PLUS Concession Agreement and the PLUS Supplemental Concession Agreement, the Government shall have the right but not the obligation to assume the operational responsibility of the concession company in order to continue the activities under the PLUS Concession.

Termination

The PLUS Concession Agreement and the PLUS Supplemental Concession Agreement give the concession company the right to terminate the concession if the Government, without reasonable cause, breaches any of the terms of the PLUS Concession Agreement and the PLUS Supplemental Concession Agreement and if such breach adversely affects the concession company's right to collect tolls.

The Government similarly has a right to terminate the concession if the concession company fails to perform its obligations under the PLUS Concession Agreement or the PLUS Supplemental Concession Agreement or as a result of the liquidation of the concession company. The Government has a further right to terminate the concession if the concession company, its personnel, servants or employees is convicted by a court of law for corruption, unlawful or illegal activities in relation to the PLUS Concession Agreement, the PLUS Supplemental Concession Agreement or any other agreement that the concession company may have with the Government.

(1) Termination by the Government

If the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure) or goes into compulsory or voluntary liquidation, then the Government shall pay to the concession lenders the aggregate amount owing to the concession lenders (who have provided or make available finance or refinance to the concession company) at the date of payment subject to a maximum amount as agreed between the Government and the concession company. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the PLUS Concession Agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full.

The concession company shall also compensate the Government all amounts at the time which may be owing to the Government by the concession company under the terminated concession and any additional costs and expenses incurred by the Government in so completing the construction works under the terminated concession in excess of the costs and expenses which would have been incurred by the concession company in so completing the construction works under the terminated concession (if any).

(2) Termination by the Concession Company

If the concession is terminated by the concession company due to default of Government (other than due to force majeure), or the

Government expropriates the concession company or otherwise takes over effective control of the concession company otherwise than on an arm's length basis, the Government shall pay:

(a) to the concession lenders (who have provided or make available finance or refinance to the concession company) the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount as agreed between the Government and the concession company. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the PLUS Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full.;

(b) to the concession company the amount by which the value of works (as defined below) exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government pursuant to (a) above and all amounts at that time owing to the Government by the concession company under the PLUS Concession Agreement and the PLUS Supplemental Concession Agreement; and

(c) to the concession company an amount equal to the loss of future profit suffered by the concession company as a direct result of such termination.

The "value of the works" shall mean the amount jointly certified by the operation auditors to be the aggregate as at the termination date of:

(a) the certified value of the completed construction works;

(b) all design and management costs incurred by the concession company in relation to the concession; and

(c) all interest and capitalised interests and other financing costs and expenses incurred by the concession company in connection with the financing and refinancing of the concession up to 31 December 1994.

(b) ***ELITE Concession***

Under the ELITE Concession Agreement, the Government has granted to ELITE the exclusive right and authority to undertake and to enjoy the concession which includes:

(1) the design and construction of the NSECL;

(2) the supply and installation of tolling and other equipment on the NSECL's toll plazas and the management, operation and maintenance thereof;

(3) the demand, collection and retention of toll and levy for its own benefit from vehicles using the NSECL during the concession period;

(4) subject to all prevailing laws, the design, construction, management, operation and maintenance of the ancillary facilities which include,

amongst others, rest and service areas, lay-bys, telecommunication facilities and advertising hoardings and to retain the ancillary facilities income for its own benefit;

(5) management, operation and maintenance of the NSECL; and

(6) the design, construction, operation and maintenance of an administrative office located adjacent to the NSECL, set up for the purposes of managing, operating and maintaining the NSECL.

Concession Period

The concession period commenced on 26 April 1994 and shall expire on 31 December 2038 under the terms in the ELITE Supplemental Concession Agreement.

Expiry of the Concession

Upon the expiry of the concession period, the NSECL including the ancillary facilities and all rights and entitlements of the concession company thereunder and all buildings, structures and other fixtures will revert to the Government at no cost. The concession company is further obliged, upon such date, to hand over the NSECL in a well-maintained condition and at its own expenses, make good any defects identified during the joint inspection of the NSECL.

Deferred interchanges

Under the ELITE Concession Agreement, the Bandar Baru Nilai and Ampar Tenang interchanges were scheduled to be constructed in 2015. However, under the ELITE Supplemental Concession Agreement, the concession company has been released from the obligation to construct the Bandar Baru Nilai Interchange.

Toll Rates

The agreed toll on the closed toll system which the concession company charges for different classes of vehicles for the concession period are set out in the ELITE Supplemental Concession Agreement and summarised below:

Agreed Toll Rates for Class 1 Vehicle in the Closed Toll System (January 2011 to December 2038)

Years	Rate for Class 1 Vehicle (sen/km)	Years	Rate for Class 1 Vehicle (sen/km)
2011 to 2015	14.96	2028 to 2030	19.11
2016 to 2018	15.71	2031 to 2033	20.07
2019 to 2021	16.50	2034 to 2036	21.07
2022 to 2024	17.33	2037 to 2038	22.12
2025 to 2027	18.20		

The toll multiplier for Class 2 and Class 3 vehicle shall increase to two (2) times and there (3) times of the toll for Class 1 vehicles commencing from 1 January 2016. There will be no change to the toll multiplier for other classes of vehicles.

The agreed levy which the concession company charges at the KLIA toll plaza from January 2011 to December 2038 is also set out below:

Years	Levy (sen)	Years	Levy (sen)
2011 to 2015	53	2028 to 2030	68
2016 to 2018	56	2031 to 2033	71
2019 to 2021	59	2034 to 2036	75
2022 to 2024	62	2037 to 2038	79
2025 to 2027	65		

Compensation

For NSECL, in the event that the Government imposes toll for any class of vehicle for or during any concession year which is lower than the agreed toll for the class of vehicle for that concession year the Government shall compensate the concession company for any reduction in toll collections by paying to the concession company the difference between the actual toll collected by the concession company for the relevant concession year and the agreed toll rates multiplied by the actual traffic volume for the relevant concession year.

Step-In Rights

In the event that the concession company fails to perform its obligations under the ELITE Concession Agreement and the ELITE Supplemental Concession Agreement, the Government shall have the right but not the obligation to assume the operational responsibility of the concession company in order to continue the activities under the ELITE Concession.

Termination

The ELITE Concession Agreement and the ELITE Supplemental Concession Agreement give the concession company the right to terminate the concession if the Government, without reasonable cause, breaches any of the terms of the ELITE Concession Agreement or the ELITE Supplemental Concession Agreement and if such breach adversely affects the concession company's right to collect tolls.

The Government similarly has a right to terminate the concession if the concession company fails to perform its obligations under the ELITE Concession Agreement or the ELITE Supplemental Concession Agreement or as a result of the liquidation of the concession company. The Government has a further right to terminate the concession if the concession company, its personnel, servants or employees is convicted by a court of law for corruption, unlawful or illegal activities in relation to the ELITE Concession Agreement, the ELITE Supplemental Concession Agreement or any other agreement that the concession company may have with the Government.

(1) <u>Termination by the Government</u>

If the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure) or goes into compulsory or voluntary liquidation at anytime prior to the completion of the construction works and the Government continues and completes the construction works being carried out by the concession company as at the termination date:

(a) then the Government shall pay to the concession lenders who have provided or make available finance or refinance to the concession company, the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount set out in the ELITE Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the ELITE Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full;

(b) the concession company shall pay to the Government:

(i) all amounts at the time which may be owing to the Government by the concession company under the ELITE Concession Agreement and the ELITE Supplemental Concession Agreement; and

(ii) any additional costs and expenses incurred by the Government in so completing the construction works in excess of the costs and expenses which would have been incurred by the concession company in so completing the construction works.

(2) <u>Termination by the Concession Company</u>

If the concession is terminated by the concession company due to default of Government (other than due to force majeure), or the Government compulsorily purchases or acquires the concession company, the Government shall pay:

(a) to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount pursuant to the ELITE Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the ELITE Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full;

(b) to the concession company the amount by which the "value of the works" exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government pursuant to (a) above and all amounts at that time owing to the Government by the concession company under the ELITE Concession Agreement and the ELITE Supplemental Concession Agreement; and

(c) to the concession company an amount equal to the amount of interest which would have been accrued on the subscription monies paid to the concession company in respect of its paid up capital as if interest had accrued on such amounts from the relevant dates of payment to the date of payment by the Government on an annual basis an annual rate equal to the weighted average bank deposit rate of each relevant concession year (or at a rate of 12% per annum in the case of compulsory purchase by the Government) ***less*** any net dividends received by the shareholders of the concession company.

The "value of the works" shall mean the amount jointly certified by the operation auditors to be the aggregate as at the termination date of:

(a) the value of the completed construction work at the termination date as certified by the consulting engineers;

(b) all design, management and consulting costs and fees for professional services incurred by the concession company in relation to the concession; and

(c) all interest and capitalised interests and other financing costs and expenses incurred by the concession company in connection with the financing and refinancing of the concession up to 31 December 1999.

(c) ***KLBK Concession***

The KLBK Concession Agreement and the KLBK Supplemental Concession Agreement set out the terms and conditions of the KLBK Concession. Under the KLBK Concession Agreement and the KLBK Supplemental Concession Agreement, the Government granted to the concession company the exclusive right and authority to undertake and to enjoy the KLBK Concession which includes:

(1) design and construct the BKE;

(2) supply and install tolling and other equipment at BKE and manage, operate and maintain the equipment;

(3) demand, collect and retain toll for its own benefit from the vehicles using the BKE during the concession period;

(4) subject to all prevailing relevant laws in respect thereof, design, construct, manage, operate and maintain the ancillary facilities during the concession period and to retain the ancillary income for its own benefit; and

(5) manage, operate and maintain the BKE.

Concession Period

The concession period commenced on 28 June 1994 and shall expire on 31 December 2038 under the terms of the KLBK Supplemental Concession Agreement.

Expiry of the Concession

In case of expiry of the concession period, the concession company shall hand over the concession area to the Government in a well-maintained and operational condition. The concession company shall make good any defects at its own costs and expenses incurred by the Government.

Toll Rates

The agreed toll which the concession company charges for different classes of vehicles for the concession period are set out in the KLBK Supplemental Concession Agreement and summarised below:

Agreed Toll Rates for Class 1 Vehicle for both Toll Plazas along the BKE (January 2011 to December 2038)

Years	Rate for Class 1 Vehicle (RM)	Years	Rate for Class 1 Vehicle (RM)
2011 to 2015	1.60	2028 to 2030	2.10
2016 to 2018	1.70	2031 to 2033	2.20
2019 to 2021	1.80	2034 to 2036	2.30
2022 to 2024	1.90	2037 to 2038	2.40
2025 to 2027	2.00		

The toll rates payable by other vehicles are as follows:

Class 2 vehicles	-	two (2) times toll rate of Class 1 vehicles
Class 3 vehicles	-	three (3) times toll rate of Class 1 vehicles
Class 4 vehicles	-	point five (0.5) time toll rate of Class 1 vehicles
Class 5 vehicles	-	one (1) time toll rate of Class 1 vehicles

Compensation

In the event that the Government imposes toll for any class of vehicle for or during any concession year which is lower than the agreed toll for the class of vehicle for that concession year the Government shall compensate the concession company for any reduction in toll collections by paying to the concession company the difference between the actual toll collected by the concession company for the relevant concession year and the agreed toll rates multiplied by the actual traffic volume for the relevant concession year.

Step-In Rights

In the event that the concession company fails to perform its obligations under the KLBK Concession Agreement or the KLBK Supplemental Concession Agreement, the Government shall have the right but not the obligation to assume the operational responsibility of the concession company in order to continue the activities under the KLBK Concession.

Termination

The KLBK Concession Agreement and the KLBK Supplemental Concession Agreement give the concession company the right to terminate the concession if the Government, without reasonable cause, breaches any of the terms of the KLBK Concession Agreement or the KLBK Supplemental Concession Agreement and if such breach adversely affects the concession company's right to collect tolls.

The Government similarly has a right to terminate the concession if the concession company fails to perform its obligations under the KLBK Concession

Agreement or the KLBK Supplemental Concession Agreement or as a result of the liquidation of the concession company. The Government has a further right to terminate the concession if the concession company, its personnel, servants or employees is convicted by a court of law for corruption, unlawful or illegal activities in relation to the KLBK Concession Agreement, the KLBK Supplemental Concession Agreement or any other agreement that the concession company may have with the Government.

(1) Termination by the Government

If the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure) and the Government continues and completes the construction works being carried out by the concession company as at the termination date:

(a) then the Government shall pay to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum of amount set out in the KLBK Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the KLBK Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full;

(b) the concession company shall pay to the Government:

(i) all amounts at the time which may be owing to the Government by the concession company under the KLBK Concession Agreement and KLBK Supplemental Concession Agreement; and

(ii) the amount (if any) by which the value of the works exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government.

(2) Termination by the Concession Company

If the concession is terminated by the concession company due to default of Government (other than due to force majeure), or the Government expropriates the concession company, the Government shall pay:

(a) to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount pursuant to the KLBK Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the KLBK Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full;

(b) to the concession company the amount by which the "value of the works" (as defined below) exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government pursuant to (a) above and all amounts at that time owing to the Government by the concession company under the KLBK Concession Agreement and the KLBK Supplemental Concession Agreement; and

(c) to the concession company an amount equal to the amount of interest which would have been accrued on the subscription monies paid to the concession company in respect of its paid up capital as if interest had accrued on such amounts from the relevant dates of payment to the date of payment by the Government on an annual basis an annual rate equal to the weighted average bank deposit rate of each relevant concession year (or at a rate of 12% per annum in the case of expropriation by the Government) ***less*** any net dividends received by the shareholders of the concession company.

The "value of the works" shall mean the amount jointly certified by the operation auditors to be the aggregate as at the termination date of:

(a) the certified value of the completed construction work;

(b) all design, management and consulting costs paid, incurred or reimbursed by the concession company in relation to the concession; and

(c) all interest and capitalised interests and other financing costs and expenses reasonably and properly paid, incurred or reimbursed by the concession company in connection with the financing and refinancing of the concession.

(d) ***LINKEDUA Concession***

The LINKEDUA Concession Agreement and the LINKEDUA Supplemental Concession Agreement set out the terms and conditions of the LINKEDUA Concession granted by the Government to the concession company. Under the LINKEDUA Concession Agreement and the LINKEDUA Supplemental Concession Agreement, the Government granted to the concession company the exclusive right and authority to undertake and to enjoy the LINKEDUA Concession which includes:

(1) design and construct the Second Link (other than the Malaysian side of the bridge) and the CIQ complex;

(2) subject to the terms and conditions of the Inter-Government Agreement ("**IGA**"), to design and construct the Malaysian side of the bridge;

(3) supply and install tolling and other equipment on the Second Link and manage, operate and maintain the equipment;

(4) manage and operate the Second Link and to demand, collect and retain the tolls for its own benefit from the vehicles using the Second Link during the concession period;

(5) subject to all prevailing relevant laws in respect thereof, design, construct, manage, operate and maintain the ancillary facilities during the

concession period and to retain the ancillary income for its own benefit; and

(6) maintain the Second Link.

Concession Period

The concession period commenced on 27 July 1993 and shall expire on 31 December 2038.

Expiry of the Concession

Upon the expiry of the concession period, all rights of the concession company in respect of the construction area and the LINKEDUA Concession shall (as the case may be) revert to, vest in or remain vested in the Government and the concession company shall hand over the concession area (and all its equipment, materials and fixtures thereon) to the Government in a well-maintained and operational condition (fair wear and tear excepted) and make good any defects at its own cost and expense within one (1) year after the expiry of the concession period.

Toll Rates

The toll rates which the concession company charges for different classes of vehicles for the concession period are set out in the LINKEDUA Supplemental Concession Agreement and summarised below:

Agreed Toll Rates for Class 1 Vehicle for the Second Link (January 2011 to December 2038)

	Rate for Class 1 (RM)					
Years	Toll Plaza A*	Tg Kupang			Lima Kedai (Expressway B)	Perling (Expressway C)
		Expressway	Bridge	Total		
2011 to 2015	10.60	2.20	5.30	7.50	3.90	2.30
2016 to 2018	11.20	2.30	5.60	7.90	4.10	2.40
2019 to 2021	11.80	2.40	5.90	8.30	4.30	2.50
2022 to 2024	12.40	2.50	6.20	8.70	4.50	2.60
2025 to 2027	13.00	2.60	6.50	9.10	4.70	2.70
2028 to 2030	13.60	2.70	6.80	9.50	4.90	2.80
2031 to 2033	14.20	2.80	7.10	9.90	5.10	2.90
2034 to 2036	15.00	2.90	7.50	10.40	5.40	3.00
2037 to 2038	15.80	3.00	7.90	10.90	5.70	3.20

* *Toll payable by any class of vehicles passing through Toll Plaza A within the CIQ Complex has taken into consideration that said vehicles are using the Bridge in both directions.*

Compensation

In the event that the Government imposes toll for all class of vehicle for the Second Link for a concession year which is lower than the agreed toll for that concession year, the Government shall compensate the concession company the difference between the actual toll collected by the concession company for the relevant concession year and the agreed toll rates multiplied by the actual traffic volume or the forecast traffic volume for the relevant concession year, whichever is lower.

Step-In Rights

In the event that the concession company fails to remedy any of its default within the period granted under the LINKEDUA Concession Agreement or the LINKEDUA Supplemental Concession Agreement, or goes into liquidation, the lenders have a right to appoint a qualified substitute to take over the LINKEDUA Concession.

If such qualified substitute has not been appointed by the lenders within the time period stipulated in the LINKEDUA Concession Agreement or the LINKEDUA Supplemental Concession Agreement, the Government shall have the right but not the obligation to assume the operational responsibility of the concession company in order to continue the activities under the LINKEDUA Concession.

Termination

The LINKEDUA Concession Agreement and the LINKEDUA Supplemental Concession Agreement give the concession company the right to terminate the concession if the Government, without reasonable cause, breaches any of the terms of the LINKEDUA Concession Agreement or the LINKEDUA Supplemental Concession Agreement and if such breach adversely affects the concession company’s right to collect tolls.

The Government similarly has a right to terminate the concession if the concession company fails to perform its obligations under LINKEDUA Concession Agreement or the LINKEDUA Supplemental Concession Agreement or as a result of the liquidation of the Concession Company. The Government has a further right to terminate the concession if the concession company, its personnel, servants or employees is convicted by a court of law for corruption, unlawful or illegal activities in relation to the LINKEDUA Concession Agreement, the LINKEDUA Supplemental Concession Agreement or any other agreement that the concession company may have with the Government.

(1) Termination by the Government

If the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure) and the Government continues and completes the construction works being carried out by the concession company as at the termination date:

(a) then the Government shall pay to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum of amount set out in the LINKEDUA Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of “concession lenders” under the LINKEDUA Concession agreement. Further, the level of indebtedness of the concession company had been reduced to zero pursuant to its debt restructuring in year 2002 as provided in the second supplemental concession agreement dated 30 May 2000 and hence, the Government’s payment to the concession lenders is no longer applicable;

(b) the concession company shall pay to the Government:

(i) all amounts at the time which may be owing to the Government by the concession company under the LINKEDUA Concession Agreement and the LINKEDUA Supplemental Concession Agreement; and

(ii) the amount (if any) by which the value of the works exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government.

(2) Termination by the Concession Company

If the concession is terminated by the concession company due to default of Government (other than due to force majeure), or the Government expropriates the concession company, the Government shall pay:

(a) to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount pursuant to the LINKEDUA Concession Agreement The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the LINKEDUA Concession agreement. Further, the level of indebtedness of the concession company had been reduced to zero pursuant to the debt restructuring in year 2002 as provided in the second supplemental concession agreement dated 30 May 2002 hence, the Government's payment to the concession lenders is no longer applicable;

(b) to the concession company the amount by which the "value of the works" (as defined below) exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government pursuant to (a) above and all amounts at that time owing to the Government by the concession company under the LINKEDUA Concession Agreement and the LINKEDUA Supplemental Concession Agreement; and

(c) to the concession company an amount equal to the amount of interest which would have been accrued on the subscription monies paid to the concession company in respect of its paid up capital as if interest had accrued on such amounts from the relevant dates of payment to the date of payment by the Government on an annual basis an annual rate equal to the weighted average bank deposit rate of each relevant concession year (or at a rate of 12% per annum in the case of expropriation by the Government) ***less*** any net dividends received by the shareholders of the concession company.

The "value of the works" shall mean the amount jointly certified by the operation auditors to be the aggregate as at the termination date of:

(a) the certified value of the completed construction work;

(b) all design and management costs and expenses reasonably and properly incurred by the concession company in relation to the concession;

(c) any additional costs and expenses reasonably and properly incurred by the concession company as a result of the termination of any agreements entered into by the concession company in relation to the concession and then subsisting; and

(d) all interest and capitalised interests and other financing costs and expenses reasonably and properly paid, incurred or reimbursed by the concession company in connection with the financing and refinancing of the concession.

(e) ***PBSB Concession***

Under the terms of the PBSB Concession Agreement and the PBSB Supplemental Concession Agreement, the concession company has the right and obligation to:

(1) supply, install, manage and maintain tolling equipment and toll plazas on the Penang Bridge and to manage, operate and maintain such equipment;

(2) manage and operate the Penang Bridge and to demand, collect and retain the toll from toll paying traffic using the Penang Bridge during the concession period;

(3) design, construct and maintain the ancillary facilities;

(4) maintain the concession area; and

(5) design and construct the improvement works.

Concession Period

The concession period shall expire on 31 December 2038.

Expiry of the Concession

Upon the expiry of the concession period, all rights of the concession company in respect of the concession area and the PBSB Concession shall revert to, vest in or remain vested in the Government and the concession company shall hand over the concession area (and all its equipment, materials and fixtures thereon) to the Government in a well-maintained and operational condition (fair wear and tear excepted) and make good any defects at its own cost and expense within one (1) year after the expiry of the concession period.

Toll Rates

The toll rates which the concession company charges for different classes of vehicles for the remaining concession period are set out below:

Category	Vehicles	Toll Payable (RM)
I	Motorcycles	1.40
II	(a) Motorcycles with sidecars (b) Commercial vehicles on three wheels (c) Cars including station wagons	7.00
III	Lorries, vans and buses having two axles and four wheels	12.00
IV	Lorries, vans and buses having two axles and five or six wheels	25.00
V	Vehicles having three axles	45.00

VI	Vehicles having four axles	60.00
VII	Vehicles having five axles	75.00

A 20% discount on the toll payable is offered to Touch 'n Go Card users for all classes of vehicle above.

Compensation

If the Government imposes a toll for any class of vehicle for or during any concession year which is lower than the agreed toll for that class of vehicle for that concession year, the Government shall compensate the concession company for any reduction in tolls received by the concession company for that concession year by paying to the concession company the lower of (1) the difference between the agreed toll rate (after deducting an agreed discount rate set out in the PBSB Concession Agreement) and the actual toll rate (after deducting an agreed discount rate set out in the PBSB Concession Agreement) multiplied by the actual traffic volume for the relevant concession year; and (2) the difference between the agreed toll rate (after deducting an agreed discount rate set out in the PBSB Concession Agreement) and the actual toll rate (after deducting an agreed discount rate set out in the PBSB Concession Agreement) multiplied by the forecast traffic volume for the relevant concession year.

Step-In Rights

In the event that the concession company fails to perform its obligations under the PBSB Concession Agreement or the PBSB Supplemental Concession Agreement, or goes into liquidation, the Government shall have the right but not the obligation to assume the operational responsibility of the concession company in order to continue the activities under the PBSB Concession.

Termination

The PBSB Concession Agreement and the PBSB Supplemental Concession Agreement give the Concession Company the right to terminate the concession if the Government, without reasonable cause, breaches any of the terms of the PBSB Concession Agreement or the PBSB Supplemental Concession Agreement and if such breach adversely affects the concession company's right to collect tolls.

The Government similarly has a right to terminate the concession if the concession company fails to perform its obligations under the PBSB Concession Agreement or the PBSB Supplemental Concession Agreement or as a result of the liquidation of the concession company. The Government has a further right to terminate the concession if the concession company, its personnel, servants or employees is convicted by a court of law for corruption, unlawful or illegal activities in relation to the PBSB Concession Agreement, the PBSB Supplemental Concession Agreement or any other agreement that the concession company may have with the Government.

(1) Termination by Government

If the concession is terminated by the Government pursuant to default by the concession company (other than due to force majeure), then the Government shall pay to the concession lenders who have provided or make available finance or refinance to the concession company the aggregate amount owing to the concession lenders at the date of payment subject to a maximum amount pursuant to the PBSB Concession Agreement. The Sukukholders will not be entitled to such termination payment as they would not fall under the definition of "concession lenders" under the PBSB Concession agreement. As the level of indebtedness of the concession company will be reduced to zero upon completion of the Proposed Acquisition, the Government's payment to the concession lenders will no longer be applicable as all indebtedness of the concession company will be settled in full.

(2) Termination by the Concession Company

If the concession is terminated by the concession company due to default of Government (other than due to force majeure), then the Government shall pay to the concession company an amount equal to the aggregate of net cash inflow/(outflow), which is set out in the PBSB Concession Agreement, for each concession year or part thereof between the date of termination and the last day of the concession period discounted at 10% per annum.

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SECTION 6.0 THE EXPRESSWAYS

6.1 Description of the Expressways

(a) *PLUS Expressways*

PLUS Expressways is a tolled expressway network in Peninsular Malaysia comprising the NSE, NKVE, approximately 16 km section of Federal Highway Route 2 and SPDH.

The PLUS Expressways are the subject of the PLUS Concession Agreement whereby the Government has granted to PLUS the exclusive right and authority to undertake and enjoy the concession. The concession period commenced on 31 May 1988 and will end on 31 December 2038 (unless the period is extended, or the concession is terminated, in accordance with the terms of the PLUS Concession Agreement).

Before the construction of the NSE and NKVE, Peninsular Malaysia was served by a major road network consisting of primarily single two-lane carriageways. The major highways forming part of this road network are Federal Highway Route 1 and Federal Highway Route 2. Federal Highway Route 1 runs the entire length of the west coast of Peninsular Malaysia connecting Penang, Ipoh, Kuala Lumpur and Johor Bahru; and Federal Highway Route 2 runs in an east-west direction between Kuala Lumpur and Port Klang.

With the exception of part of Federal Highway Route 2, these highways were only single lane carriageways and over the years had not been able to cope adequately with the increasing traffic volume, resulting in traffic congestion, long travelling times and high accident rates. In order to improve the nation's road network, the Government had planned the construction of new dual two-lane carriageways, the NSE, which were to be constructed over a period of time with the first section to the south of Kuala Lumpur opened in 1977.

The construction of the entire length of the PLUS Expressways, save for the SPDH, was completed in 1994, which was approximately fifteen (15) months ahead of schedule and the PLUS Expressways became fully operational from that date. The construction of the NKVE and the upgrading of the 16 km section of the Federal Highway Route 2 between Subang and Klang were completed in December 1992 and November 1993 respectively.

The PLUS Expressways have been designed and constructed to meet international standards. To date, almost 70% of the PLUS Expressways are dual two-lane carriageways, with hard shoulders to allow vehicles to pull off the main carriageway in an emergency. However along certain sections, dual three-lane carriageways have been constructed in areas with projected higher traffic flows. For that reason, the whole of the NKVE (35 km) and 16-km section of the Federal Highway Route 2, as well as approximately 216 km of the NSE are dual three-lane carriageways. In addition, rest and service areas have been constructed approximately every 60 km and lay-bys approximately every 30 km along the NSE.

(b) *NSECL*

NSECL is a critical link for the NSE providing northbound and southbound travelers with an uninterrupted journey, bypassing the traffic congestion in Kuala

Lumpur. It allows smooth journey from north to south. It also serves as the main vehicular traffic access to the Kuala Lumpur International Airport and remains as a significant route to the Sepang F1 circuit.

The total length of the NSECL is 63km. The NSECL connects the NKVE (at Shah Alam) to the NSE (at Nilai North interchange) and is divided into three (3) sections with eight (8) interchanges and eight (8) toll plazas as follows:

Section 1	9.8km, extending from the Shah Alam (NKVE) interchange to the USJ (Hicom East) interchange. This section also include the ramps in (Ebor North) and out (Ebor South) connecting the NSECL to the Batu Tiga-Puchong Road.
Section 2	38km, extending from south of the USJ (Hicom East) interchange to the Nilai North interchange and includes part of the KLIA Expressway up to the bridge crossing Sungai Langat.
Section 3	Includes Putrajaya interchange (with 8km link road), the two interchanges at Putrajaya, Salak Tinggi (now to be replaced by Ampar Tenang) and the 2.8km continuation of the KLIA Expressway. The NSECL was opened to traffic in 3 phases. Section 1 was opened on 16 December 1996, Section 2 on 16 October 1997 and Putrajaya Interchange on 22 February 2000.

(c) *The Second Link*

The Second Link, a total length of 47 km, refers to the connecting-bridge between Malaysia and Singapore that extends from Tuas (in Singapore) to Tanjung Kupang (in Johor), and the expressway from Tanjung Kupang (passing through Bandar Nusajaya) to the Pulai interchange, before branching out to the Senai Airport interchange (in the north) and Bukit Indah interchange (to the east). It connects to the NSE at the North Senai interchange, and the Federal Highway Route 1 at the Saleng interchange. It has a total of seven (7) interchanges and three (3) toll plazas.

First opened to traffic on 2 January 1998, the Second Link serves as an alternative route to the Johor Causeway, escaping the traffic congestion at Johor Bahru.

The Second Link operates under an ‘open toll’ system whereby users are charged a fixed rate, based on vehicle classification (rather than distance travelled) each time they pass through a toll plaza along the Second Link.

(d) *The BKE*

The construction of the BKE started in December 1994 and was completed in September 1996. The BKE, first opened to traffic on 15 November 1996, is a dual two lane carriageway and has a total length of approximately 17 km extending from Kulim in Kedah to Seberang Perai in Penang. It links to PLUS’ NSE at the Seberang Jaya Interchange. The BKE also comprises five (5) interchanges, dedicated toll-free motorcycle lanes and an integrated rest and service area.

Besides catering to motorists travelling between the residential and industrial areas in Kulim and the Butterworth commercial district, it also serves commercial traffic as it links the Kulim Hi-Tech Park to the North Butterworth Container Terminal, Penang Port. The expressway also serves as a future gateway to the east coast of Peninsular Malaysia with the implementation of the second phase of the East West Highway from Grik to Kulim.

(e) *The Penang Bridge*

The Penang Bridge links Penang Island to the mainland of Peninsular Malaysia. The structure begins near Universiti Sains Malaysia on Penang Island and ends at Seberang Perai on the mainland north of Sungei Juru. The overall length is 13.5km, with 8.4km over water.

At the foreshore on Penang Island, there are grade separated interchanges consisting of both raised structures and embankment roadways. The interchanges are constructed on reclaimed land.

From the Penang Island Interchange, the channel crossing consists of elevated bridge structures. The approach spans are of pre-stressed concrete girders supported by concrete piers constructed initially with four (4) lanes and laybys.

Pursuant to the PBSB Concession Agreement, PBSB has undertaken the following works on the Penang Bridge comprising:

a) The widening of the low level approach viaducts from dual 2 to dual 3 carriageways and the construction of two (2) meters wide road for use of motorcycles on both sides of the carriageway of the Middle Bank Bridge and the Prai Shore Approach Viaduct by re-marking the existing lane from 3.75 meter to 3.5 meter and constructing an additional width of 1.05 meter;

b) The closure of U turn at the toll plaza and the construction of an entry ramp and an exit ramp located at the NSE from Prai Industrial area heading north and/or towards Butterworth;

c) The widening of the existing carriageways on the bridge (sub-bridge 8), the carriageway heading towards Bayan Lepas (sub-bridge 3) and the carriageway from Penang Island towards the bridge (sub-bridge 7); and

d) The extension of toll plaza from seventeen (17) to twenty five (25) lanes.

The section was successfully widened to three (3) lanes on both bounds and completed in August 2009. In consideration of the above, the Government has agreed to extend the concession period for a further period of three (3) years and seven (7) months ending 31 December 2021 and provided a support loan facility to PBSB amounting to RM183.1 million.

6.2 Toll Systems and Toll Collection

(a) *PLUS Expressways*

PLUS uses two (2) systems of toll collection for the PLUS Expressways, namely an “open” and a “closed” system:

(i) in an “open” system, a fixed toll, which varies according to the class of vehicle, is collected at toll plazas along the PLUS Expressways. On paying the toll, the vehicle is free to exit the PLUS Expressways at any junction or to continue to the next toll plaza. This type of system is suitable for urban or semi-urban roads with numerous intersections and access/exit points for traffic making short journeys. This system is currently being employed by PLUS on approximately 3% of the NSE, the SPDH and all of the Federal Highway Route 2; and

(ii) in a “closed” system, the vehicles pay a toll charge on exit based on the distance travelled and class of vehicle. After entering the PLUS Expressways, a vehicle cannot exit without paying the toll. This type of system is suitable for inter-urban highways. PLUS uses this system for most sections of the PLUS Expressways, namely the NKVE and 751 km or 97% of the NSE.

When the PLUS Expressways commenced operation, tolls were collected only in cash. Subsequently, to enhance users' convenience, increase vehicle throughput at toll plazas and improve operational efficiencies, PLUS has, in collaboration with Touch 'n Go Sdn Bhd, introduced two electronic payment systems (EPS) for toll collections, namely “Touch 'n Go” and “SmartTAG” systems. Electronic payment systems dominate the toll collection transaction with 55% penetration (YTD July 2011). In order to improve EPS’ penetration and reduce congestion at the high traffic toll plazas, PLUS has implemented full EPS at the Bangunan Sultan Iskandar toll plaza since 16 December 2008.

PLUS also operates a number of control procedures in order to minimize potential losses of toll revenue. The Internal Audit team conducts regular audits at toll plazas to ensure toll collection and internal control procedures are being complied. PLUS' external auditors also monitor compliance procedures.

In addition, PLUS Berhad also collects tolls on behalf of Metramac Corporation Sdn Bhd, the concessionaire for Toll Road D (as defined in the Toll Collection Agreement with Metramac dated 20 July 1995), from vehicles using the Toll Road D and entering or exiting at the Sungei Besi toll plaza. In return, PLUS Berhad may deduct a certain percentage from the amount of tolls collected.

The agreed toll rates for Class 1 vehicles in the Closed Toll System (January 2011 to December 2038) are set out in section 5.2 above.

(b) *NSECL*

Toll collection at NSECL operates under the “closed toll” systems. The vehicles pay a toll charge on exit based on the distance travelled and class of vehicle. This type of toll collection is suitable for inter-urban highways.

All toll fares are based on the pre-defined rates as stipulated in the ELITE Concession Agreement and also the distance travelled by the user. The payment system is based on cash collection and electronic payment or toll systems namely “Touch 'n Go” and “SmartTAG”. Electronic payment systems dominate the toll collection transaction with 59% penetration (YTD July 2011). This is an effort to facilitate speedier transactions, increase throughput at toll plazas, reduce manpower costs and for user convenience.

The agreed toll rates for Class 1 vehicles in the Closed Toll System (January 2011 to December 2038) are set out in section 5.2 above.

(c) *The Second Link*

The Second Link operates under an "open toll" system whereby users are charged a fixed rate, based on vehicle classification (rather than distance travelled) each time they pass through a toll plaza along the Second Link.

The Second Link toll collection operates in cash and electronic payment systems (EPS), namely "Touch 'n Go" and "SmartTAG" systems. Electronic payment systems dominate the toll collection transaction with 76% penetration (YTD July 2011). In order to improve EPS penetration and to reduce congestion at the high traffic toll plazas, the Second Link has implemented full EPS at Tanjung Kupang on 15 September 2009 and Lima Kedai toll plazas on 15 July 2010.

The full rate for the Second Link will be based on the current toll rate and shall increase by 5% in 2016 and 5% in every three (3) years thereafter until the end of the concession.

The agreed toll rates for Class 1 vehicles for the Second Link (January 2011 to December 2038) are set out in section 5.2 above.

(d) *The BKE*

The BKE operates with an "open toll" system with the two (2) toll plazas, Kubang Semang and Lunas toll plaza for both directions of travel.

The BKE toll collection operates in cash and electronic payment systems (EPS), namely "Touch 'n Go" and "SmartTAG" systems. Cash toll collections dominate with 52% penetration whilst electronic payment systems recorded 48% penetration (YTD July 2011).

The toll rate for BKE will be based on the existing toll rate until 2014 and will increase by 5% in 2016 and 5% every three (3) years thereafter until the end of the concession.

The agreed toll rates for both toll plazas along the BKE (January 2011 to December 2038) are set out in section 5.2 above.

(e) *The Penang Bridge*

Penang Bridge has only one (1) toll plaza with an "open" system and charges a fixed toll, which varies according to the class of vehicle and is collected at the entry to Penang Island. There is no toll plaza on the other bound to Seberang Perai. There are seven classes of vehicles representing motorcycles (Class 1) to heavy vehicles with five (5) axle or more ie. truck/tanker/trailer (Class 7).

All toll fares are based on the pre-defined rates as stipulated in the PBSB Concession Agreement. The payment system is based on cash collection and Electronic Toll Collection products, namely the "SmartTAG" and "Touch 'n Go" to increase its efficiency in collecting tolls and controlling leakage.

The TRACS System is used for toll collection at Penang Bridge and the system is currently maintained by Teras Teknologi Sdn Bhd.

Penang Bridge offers a 20% toll discount to the Touch 'n Go card holders since the bridge operation was taken over by PBSB from the Malaysian Highway Authority in 1994.

The agreed toll rates for both the Penang Bridge are set out in section 5.2 above and such rates will be maintained until the end of the PBSB Supplemental Concession Agreement in 2038.

6.3 Operations and Capital Expenditure

The expenditure incurred by the Issuer in operating the Expressways consists of the aggregate of the management expenditure and the cost of routine maintenance of the Expressways.

Management expenditure comprises the following:

(1) salaries and employment costs, consultancy and advisory fees, advertising and marketing and general administrative costs;

(2) office costs including rental and local taxes;

(3) toll collection expenses, including toll equipment consumables, running and maintenance costs of transport, maintenance of buildings and toll plazas, utilities charges and miscellaneous office expenses; and

(4) operations-related insurance premium.

Routine maintenance expenditures comprises the expenditure on the following activities which are carried out on a regular basis:

(1) grass-cutting, maintenance of road furniture (e.g. guardrails, signboard, roadstuds and delineator strips), cleaning of carriageways, minor pavement repairs, desilting of culverts and drains, landscape and building maintenance and the replacement of items required as a result of accidents, vandalism, wear and tear; and

(2) maintenance of mechanical, electrical and electronics works, including street lighting, toll equipment, emergency telephone systems, integrated transport systems, telecommunication, sewerage treatment plant and tunnel equipment.

Capital expenditure incurred by the Issuer in operating the Expressways comprises expenditure on acquiring and replacing fixed assets, upgrading of, amongst others, the Expressways and heavy repair works.

(1) Expenditure on Property, Plant and Equipment

This comprises expenditure on office telecommunication systems, helicopters and motor vehicles, office furniture, computers, tools and equipment and building.

(2) Expenditure on Upgrading

This comprises expenditure on the construction of the corporate headquarters, upgrading of toll equipment and related systems, the upgrading of the service areas to cater for user needs, the construction of additional interchanges and the expansion of toll plazas and mainline widening of sections as specified in the Concession Agreements to cater for telecommunication network, the upgrading of facilities and amenities at rest and service areas and increases in traffic volumes.

(3) *Heavy Repairs*

Heavy repairs involve the making good of defects found on the expressways in order to maintain its serviceability. Heavy repairs mainly comprise the following:

(i) pavement repairs and resurfacing as well as bituminous structural overlays; and

(ii) repairs for any defects identified on the earthworks (such as embankment and cut slope failures), drainage, bridges and tunnels.

(a) *PLUS Expressways*

Under the PLUS Concession Agreement, PLUS Expressways must carry out routine maintenance and heavy repair in accordance with the maintenance manual. PLUS has provided the Government with a maintenance bond as security for its fulfilment of this obligation.

Master Maintenance Agreement ("MMA")

The MMA was entered into between PLUS and UEM on 20 October 1988 which requires UEM to carry out maintenance obligations during the concession period.

The MMA requires UEM to carry out maintenance in respect of the PLUS Expressways, the ancillary facilities (including the rest and service areas, lay-bys, advertising hoarding and other amenities constructed or operated on the PLUS Expressways), the tolling and other equipment on the PLUS Expressways and the regional and section offices on the PLUS Expressways.

The MMA allows UEM from time to time to enter into sub-contracts for maintenance with third parties approved by PLUS and allows UEM to nominate contractors to perform specified maintenance obligations for PLUS, in which case, such nominated contractors shall enter into maintenance contracts directly with PLUS.

Under the MMA, if the PLUS Concession is terminated as a result of PLUS' failure to observe its obligations under the PLUS Concession Agreement, or if another entity is appointed under the PLUS Concession Agreement to take over the Concession, the maintenance obligations shall thereupon forthwith terminate. PLUS has the right to terminate the MMA if UEM fails or neglects to perform its maintenance obligations or goes into liquidation. Likewise, UEM has the right to terminate the MMA if PLUS fails to make payments to UEM, fails to perform any other obligations under the MMA or goes into liquidation. UEM also has an overriding right to terminate the MMA at any time by giving not less than six (6) months' notice to PLUS.

If the MMA is terminated in circumstances entitling PLUS to compensation including loss of future profit in accordance with the PLUS Concession Agreement, PLUS is obliged to pay UEM an additional amount equal to the loss of future profit suffered by UEM as a direct result of such termination.

UEM has nominated PROPEL for routine maintenance (civil) and comprehensive routine maintenance for mechanical, electrical and electronics and has further nominated UEM Construction Sdn Bhd ("**UEMC**") with effect from 1 July 2011 for heavy repairs and pavement rehabilitation works. In addition, UEM has also nominated UEM Environment Sdn Bhd for the maintenance of sewerage treatment plant, Teras Control Systems Sdn Bhd for the maintenance of toll equipment systems and PROPEL Berhad for the maintenance of telecommunication equipment

The contract sums and rates applicable for routine maintenance and comprehensive routine maintenance for mechanical, electrical and electronics under the MMA will be subjected to a review approximately every three (3) years by PLUS and PROPEL while the contract sum for heavy repairs and pavement rehabilitation works is payable as per any contract awarded by PLUS to UEMC/ PROPEL.

Both arrangements are carried out with PLUS's consent.

(b) *NSECL*

Under the ELITE Concession Agreement, ELITE shall carry out routine maintenance and heavy repair in accordance with the maintenance manual and structural overlay programme. ELITE has provided the Government with a maintenance bond as security for its fulfillment of this obligation.

ELITE has entered into a Master Works Contract ("**MWC**") with PROPEL on 8 June 1999 which shall subsist throughout the duration of the Concession Agreement. The MWC requires PROPEL to carry out routine maintenance works, minor repair works and heavy repair maintenance works as required under the ELITE Concession Agreement. The MWC does not allow PROPEL to assign and/or sub-let the contract or any part thereof or any benefit or interest therein without the written consent from ELITE. The consent for assignment, sub-contracting and/or sub-letting, when given, shall not relieve PROPEL from any liability or obligation and PROPEL is also fully responsible for the acts of default and neglects of sub-contractors, suppliers, agents or servants engaged by PROPEL.

Under the MWC, if the ELITE Concession is terminated as a result of ELITE's failure to observe its obligation under the ELITE Concession Agreement, the maintenance obligations thereupon shall forthwith terminate. ELITE has a right to terminate the agreement if PROPEL goes into liquidation and fails to perform its maintenance obligation. Unless otherwise provided in the agreement, PROPEL has the right to terminate the MWC if ELITE fails to make payment to PROPEL, fails to perform its obligations under the MWC or if ELITE goes into liquidation. Either party may terminate the MWC at any time by giving six (6) months' notice.

(c) *The Second Link*

Under the LINKEDUA Concession, LINKEDUA is responsible for the management, operation and maintenance of the Malaysian side of the bridge and expressways while the Federal Government will be responsible for the management, operation and maintenance of the CIQ Complex from the date it is handed over to them. The routine maintenance and heavy repairs maintenance are to be carried out in accordance with the manual prepared by LINKEDUA and approved by MHA.

LINKEDUA is also providing the Government with a maintenance bond as security for the due performance of its maintenance and structural overlay obligations. The routine general inspection and maintenance cover the following activities:

- visual examination, inspection and monitoring of the condition of the carriageways, road markings, signages, drainage system, expressways structures and embankment of the Malaysian side of the Second Link bridge and the expressways.
- grass-cutting, repairs to fencing, cleaning of the carriageway, normal carriageway and structural repairs, de-silting of culverts and drains, landscape and building maintenance and the replacement of items as required as a result of accidents, wear and tear and weathering.
- maintenance of electrical works, including street lighting, toll equipment and emergency telephone system.

Principal inspections of the condition of the Malaysian side of the bridge should also be carried out at interval of six (6) years and include close examination and surveys of the surface of the entire bridge superstructure and substructure, bridge bearings, expansion joints, drainage system, lighting, parapets and safety fences, surfacing, navigations aids and underwater inspection of the bridge foundations and pier protection islands.

LINKEDUA has entered into the Maintenance Works Contract Agreement dated 4 August 1999, the Supplemental Maintenance Works Contract dated 18 November 2002 and the 2^{nd} Supplemental Agreement (civil) dated 12 February 2007 with PROPEL. In 27 September 2010, LINKEDUA signed the Schedule of Fees Agreement for Routine Maintenance (civil) for the period of 2008 to 2012 with PROPEL.

LINKEDUA also has awarded PROPEL for the maintenance of its electrical and electronic system through The Maintenance of Electrical, Electronics and Energised Systems pursuant to the Malaysia-Singapore Second Crossing Agreement dated 12 May 2000 and later the Supplemental Agreement and the 2^{nd} Supplemental Agreement dated 18 November 2002 and 12 February 2007, respectively.

(d) *The BKE*

Under the KLBK Concession Agreement, KLBK shall maintain the expressway and ancillary facilities after it is completed in good repairs and condition and in accordance with the Concession Agreement and sound engineering practices including the provision of routine maintenance. KLBK is also required to provide a maintenance bond which is issued to the Government as security for the performance of KLBK's maintenance and structural overlays obligations.

KLBK has appointed PROPEL to undertake the routine maintenance works which cover the maintenance works for road and furniture cleaning, building and toll booth maintenance, landscaping, drainage system, turfed area and pest control.

(e) *The Penang Bridge*

Under the routine maintenance contract ("**RMC**") dated 26 April 2011 entered into between PBSB and PROPEL, PBSB appointed PROPEL as the maintenance contractor for Penang Bridge until 31 December 2012.

Under the RMC, if the PBSB Concession is terminated or is determined pursuant to the PBSB Concession Agreement, the maintenance obligations thereupon shall forthwith terminate. PBSB has the right to terminate the agreement if PROPEL goes into liquidation and fails to perform its maintenance obligation. Either party may terminate the RMC at any time by giving three (3) months' notice.

PROPEL is obligated to carry out the routine maintenance activities and heavy repairs works for civil & structure, mechanical, electrical and electronic, traffic safety and bridge specialized work.

All the abovementioned operation and maintenance contracts will be transferred or novated from each of the Concession Companies to the Issuer upon completion of the Proposed Acquisition.

6.4 Traffic Management and Safety

(a) *Traffic Monitoring Centre ("TMC")*

The TMC plays a vital role as the traffic nerve centre for more than 60% of all tolled highway in the country. By consolidating all operational functions at the TMC, the TMC has effectively enhanced the service levels and operational efficiencies and is in a position to respond in a faster manner and communicate more effectively with customers along the Expressways. Operating 24 hours daily, the TMC drives all of the operational functions; it utilizes advanced ITS technology and other high-tech systems and equipment to facilitate better communication and information dissemination.

The TMC is responsible for traffic management and monitoring along the Expressways namely the NSE, the NKVE, the NSECL, the Federal Highway Route II, the SPDH, the Second Link and the BKE. TMC is also responsible for the PLUSLine (1-800-88-000) call response and the PLUSRonda coordination activities, information gathering and dissemination, management reporting, and a host of other essential activities. The streamlining of TMC's operations has essentially improved the way it works, reduced work duplication and is enabling the operation team to respond quickly to incidents along the Expressways. The presence of an executive-level supervisor to oversee the operational staff is helping facilitate decision-making and ensuring more effective use of resources.

The TMC receives approximately 1,000 calls daily. To ensure all calls are properly attended to, the TMC developed the Call Management System ("CMS"). The CMS is a tool for the TMC to communicate efficiently with Expressways users. The CMS focuses on archiving and responding to thirty (30) incoming calls at any point of time. The maximum of twenty four (24) calls will be directly attended by the TMC operators whilst six (6) more incoming calls will be catered by Interactive Voice Response (IVR). Besides attending to users' calls, the TMC also record all customer feedback. These feedback are recorded into customer's feedback system, Customer Care Online Management System ("CCOMS"), analyzed and used for enhancement of service level. Approximately twelve (12) daily feedbacks are recorded in CCOMS by the TMC operators.

The TMC is also responsible towards disseminating traffic information to Expressways users. The dissemination of information is made through the Intelligent Transport System (ITS) facilities such as Variable Message Sign (VMS), Twitter @plustrafik and radio networks.

(b) *PLUSRonda*

24-hour emergency services are provided by PLUSRonda with twenty (20) minutes response time. The common cases attended to by PLUSRonda are accidents and vehicle breakdowns along the Expressways and this service is free of charge to the users of the Expressways. This service is available throughout the year, and there are approximately 129 PLUSRonda teams patrolling the Expressways in a day.

The purpose of PLUSRonda is, amongst others, to prevent secondary accidents, traffic management, warn other drivers of breakdowns or accidents and provide free towing services to the nearest toll plaza, rest and service area or lay-by. PLUSRonda's personnel have been granted auxiliary police authority by the Royal Malaysian Police ("PDRM") and work closely with the relevant authorities i.e. PDRM, Fire and Rescue Department Malaysia ("BOMBA"), Road Transport Department ("JPJ") etc. PLUSRonda also works closely with PDRM via the PDRM Expressway Mobile Patrolling Team (EMPV) for traffic enforcement activities.

The PLUSRonda Mobile Reporting System ("PROMPTS") enhances the efficiency of real-time reporting between PLUSRonda, the TMC and other relevant departments. This fully online computerized system has simplified and automated the PLUSRonda process flow and reporting activities. Aside from drastically reducing the information gathering process to an almost immediate response, PROMPTS also eliminates work duplication, generates more useful reports and helps save paper costs.

(c) *Safety*

A number of initiatives have been undertaken to increase road safety for the Expressways' users and improve traffic management. Part of the road safety program includes the upgrading of the Expressways' infrastructure by identifying potential problematic area, perform traffic capacity analysis, pavement condition assessment and slope condition assessment. These are done to optimize cost, determine preventive and corrective measure to enhance safety along the expressways. Besides road safety program, sponsorships are given for safety campaigns to educate drivers about proper driving etiquette.

The accident rate on the Expressways has declined since the introduction of various road safety campaigns from year 2000. The road safety initiatives campaign such as Malaysians Unite for Road Safety or MUFORS, "Respect Your Limits", Safety Talks to various fleet operations and also joint-operations with local authorities which include the PDRM, BOMBA, JPJ, Department of Environment and hospitals had also been carried out to create awareness amongst the Expressways users towards road safety and proper driving etiquette.

In order to safeguard Expressways assets and operation personnel, a security services company is engaged to provide guard services. Approximately 1,893 closed circuit television systems ("CCTVs") are installed at all toll plazas, selected rest and service areas and strategic locations along the Expressways to provide additional surveillance.

Besides the TMC, PLUSRonda and CCTVs at selected areas along the expressways, regular and periodical aerial inspections are carried out using two (2) units of helicopters to assess the assets conditions. Concurrently, the helicopters are also used to monitor the surrounding developments adjacent to the Expressways as well as for traffic surveillance especially during the festive seasons.

6.5 Past traffic performance

The past traffic performance and year-on-year growth from years 2008 to June 2011 are as follows:

(a) *PLUS Expressways*

Year	Traffic volume (million PCU-km)	Growth (%) (year on year)
2008	14,078	5.2%
2009	15,071	7.1%
2010	16,228	7.7%
YTD June 2011	8,313	5.0%

(b) *NSECL*

Year	Traffic volume (million PCU-km)	Growth (%) (year on year)
2008	1,319	4.0%
2009	1,442	9.3%
2010	1,605	11.4%
YTD June 2011	847	9.5%

(c) *The Second Link*

Year	Traffic volume (million PCU)	Growth (%) (year on year)
2008	16.5	19.6%
2009	18.4	11.4%
2010	22.3	21.5%
YTD June 2011	12.6	20.5%

(d) *The BKE*

Year	Traffic volume (million PCU)	Growth (%) (year on year)
2008	21.4	-1.9%
2009	22.4	4.4%
2010	24.4	9.2%
YTD June 2011	12.6	7.1%

(e) *The Penang Bridge*

Year	Traffic (million PCU)	Growth (%) (year on year)
2008	21.9	-0.01
2009	22.5	2.7
2010	24.8	10.2
YTD June 2011	12.8	2.8

6.6 Insurance

The insurance programme for each of the Concession Companies insures against operational and construction risks, including risks arising from operating the Expressways and the ancillary facilities, to the extent it considers commercially reasonable and prudent, taking into account Concession Companies' obligations under the respective Concession Agreements and its financing arrangements. The total aggregate insurance premium expense for the year 2011 is estimated at RM5.5 million. Insurance has been taken to cover risk of material damage to assets and loss of anticipated toll revenue as a result of loss or damage from specific perils. Each of the Concession Companies also have insurance policies to cover risks on public liability, fidelity guarantee, employer's liability, director's and officer's liability.

The sum insured for the Expressways' structure including expressway furniture, fixtures & fittings is based on a single-limit and first-loss basis for each occurrence. While the insured sum is less than the actual asset value, it is still deemed sufficient as it is unlikely the entire stretch of an Expressway will be damaged at once. The insurance programme also includes coverage in relation to the Employees Benefit insurance such as Group Personal Accident and Group Term Life insurance policies.

Such insurance will be novated/assigned from the Concession Companies to the Issuer.

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SECTION 7.0 ECONOMY AND INDUSTRY OVERVIEW

7.1 ECONOMY OVERVIEW OF MALAYSIA

In the third quarter of 2011, the global economy continued to face a challenging environment. Continuing uncertainties in financial markets, unfavourable fiscal conditions and weaknesses in labour markets in the advance economies continued to pose risks to growth in emerging economies, such as Malaysia. Despite the challenging environment, the Malaysian economy registered a higher growth of 5.8% (2Q11: 4.3%) due to stronger domestic demand. The robust domestic demand was driven by an expansion on both household and business spending as well as higher public sector expenditure. On the supply side, most economic sectors recorded improvements in growth during the quarter, with the manufacturing sector recording a significantly better performance supported by firm regional demand for resource-based products, coupled with the normalisation in supply chain disruptions arising from the Japan natural disaster.

Domestic demand expanded by 9.0% (2Q11: 5.6%), driven by the expansion in private sector spending and higher public sector expenditure. Private consumption increased by 7.3% (2Q11: 6.4%), in line with favourable income growth while public consumption expanded by 21.7% (2Q11: 6.6%) following higher expenditure on emoluments and supplies and services, as well as bonus payment during the quarter. Gross fixed capital formation increased by 6.1% in the third quarter (2Q11: 3.2%) supported by higher public sector capital spending, particularly the non-financial public enterprises, and continued expansion in private sector investment. Federal Government development expenditure during the quarter was mostly channeled into the public utilities, education, transportation, and trade and industry sectors. The private sector investment was underpinned by capital spending in the oil and gas industry; telecommunication sector and new growth areas such as renewable energy and medical equipment.

On the supply side, growth in most economic sectors strengthened in the third quarter. In the services sector, growth was supported mainly by domestic-driven activity. Higher growth in the manufacturing sector reflected the improvement in the supply chain and the robust performance of domestic-oriented industries. The construction sector registered a higher growth, led by the civil engineering sub-sector. The agriculture sector expanded on account of strong production of both crude palm oil and natural rubber. However, the mining sector continued to contract, albeit at a smaller pace, as output of crude oil was affected by shutdowns of production facilities.

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), rose to 3.4% on an annual basis in the third quarter (2Q11: 3.3%). The increase in consumer prices was largely the result of higher prices in the food and non-alcoholic beverages category, which rose by 4.8% (2Q11: 4.7%). Prices in the transport category registered a slower increase of 4.3% (2Q11: 5.7%), in the absence of further adjustments to the prices of RON95 petrol and diesel in 2011.

In the external sector, the current account recorded a larger surplus of RM26.6 billion, equivalent to 12.5% of GNK due to a higher good surplus and lower income deficits. The goods surplus widened to RM38.2 billion in the 3Q 2011 as export expansion outpaced import growth. Gross exports recorded a stronger growth of 11.4% (2Q11: 8.8%), reflecting further expansion in exports of non-E&E manufactured products and commodities. Import growth was sustained at 7.4% (2Q11: 7.4%).

The financial account turned around from a net inflow position to record a new outflow of RM23.3 billion (2Q11: +RM44.5 billion), due to large net outflows of portfolio investments and lower net inflow of foreign direct investments. During the quarter, direct investments abroad by Malaysian companies increased further, while other investments reverted to record a net inflow, mainly by the private sector. Overall balance of payments remained strong, recording a surplus of RM10.9 billion in the third quarter (2Q11: RM61.7 billion), as the higher surplus in the current account more than offset the net outflow position in the financial account.

The international reserves of Bank Negara Malaysia amounted to RM417.2 billion (equivalent to USD 131 billion) as at 30 September 2011. The reserves level has taken into account the quarterly adjustment for foreign exchange revaluation. As at 31 October 2011, the reserves position had increased to RM429.1 billion, equivalent to USD 134.8 billion, sufficient to finance 9.9 months of retained imports and is 4.1 times the short-term external debt.

The Overnight Policy Rate (OPR) was left unchanged at 3.00% in the third quarter of 2011, following a 25 basis points increase in May. At the prevailing level, the OPR remains supportive of economic activity. The stance of monetary policy is consistent with the assessment of heightened uncertainties arising from global developments that have created greater downside risks to growth.

Reflecting the unchanged OPR, the average overnight interbank rate and interbank rates of other maturities were stable. In terms of retail interest rates, the average quoted fixed deposit (FD) rates, average base lending rate (BLR) and weighted average lending rate (ALR) on loans outstanding of commercial banks were relatively unchanged. With retail lending rates still below pre-crisis levels, the cost of financing to the economy continues to remain supportive of the economy.

Financing activity in the third quarter remained resilient. Total gross financing raised by the private sector through the banking system and the capital market was sustained at RM223.9 billion in the third quarter (2Q11: RM224.9 billion). On a net basis, banking system loans and PDS outstanding rose by an annual rate of 13.4% as at end-September (end-June 11: 12.8%). The major loan indicators remained healthy during the third quarter.

Net funds raised in the capital market amounted to RM12.7 billion during the quarter (2Q 11: RM20.8 billion), of which, 88%, or RM11.1 billion were raised by the private sector, especially through private debt securities. The net funds raised by the public sector amounted to RM1.6 billion in the third quarter. The monetary aggregates continued to grow at a sustained pace during the third quarter. M3, or broad money registered an annual growth rate of 12.5% as at end-September 2011 (end-June 11: 12.4%).

The ringgit depreciated against the US dollar in the third quarter, in line with other regional currencies. The depreciation, mostly in September 2011, reflected mounting concerns over the European sovereign debt crisis and the sustainability of global economic recovery, which led to higher risk aversion and prompted some investors to unwind holdings of emerging market assets. Overall, the ringgit depreciated by 5.3% against the US dollar. Against other major currencies, the ringgit appreciated against the euro (1.5%), but depreciated against the pound sterling (-2.2%) and the Japanese yen (-9.9%). Against regional currencies, the ringgit strengthened against the Korean won (4.5%) and Singapore dollar (0.2%), but depreciated against other currencies in the range of 2.9% and 6.3%. During the period between 1 October and 16 November 2011, the ringgit appreciated against the US dollar (0.8%), Japanese yen (1.4%) and euro (1.3%) but depreciated against the pound sterling (-0.4%). Against regional currencies, the ringgit strengthened against the Indonesian rupiah (3.3%), Singapore dollar (0.4%) and Chinese renminbi (0.1%) but depreciated against the Philippine peso (-0.1%), Thai baht (-0.3%) and Korean won (-3.0%).

Financial stability remained intact throughout the third quarter, underpinned by sound financial institutions and orderly financial markets which continued to provide support for efficient financial intermediation in the domestic economy. Overall risks to financial stability remained low even under a more challenging external environment.

The banking sector remained highly resilient, with strong capital buffers, sustained profitability and ample liquidity. The core capital ratio and risk-weighted capital ratio of the banking system were sustained at a prudent level of 12.5% and 14.6% respectively. Similarly, the insurance and takaful sector exhibited the same resilience with a strong capital adequacy ratio of 221.1%.

Global economic recovery continued in the third quarter, albeit at a more modest and uneven pace. Global growth outlook has become significantly more uncertain following heightened downside risks. In particular, the possible escalation of the ongoing fiscal concerns in the advanced economies could add further strains to the international financial system and undermine the prospects for continued global growth.

In the Malaysian economy, the higher growth in the third quarter was underpinned by the stronger domestic demand and an improvement in the external sector arising from firm regional demand. Going forward, the more challenging international environment could present greater downside risks to Malaysia's growth prospects. Nevertheless, growth in domestic demand is expected to continue to be the anchor of growth, supported by expansion in private consumption and private investment. Public spending and investment activity are also expected to lend support to growth.

(Source: Bank Negara Malaysia Quarterly Bulletin, Third Quarter 2011).

7.2 OVERVIEW OF EXPRESSWAYS AND TOLL ROADS INDUSTRY IN MALAYSIA

The land transport segment continued to record positive growth. The number of vehicles on tolled highways increased from 9.8% to 881.3 million (January – July 2010: 8.4%; 802.6 million) and this can be attributed to higher usage during the school holidays and festive seasons as well as provision of discounted toll rates.

(Source: Economic Report 2011/2012, Ministry of Finance Malaysia)

Outlook

In line with the objective to improve trade efficiency and enhance logistics systems, a multimodal transportation network will be further developed. About RM2.7 billion will be invested to build roads and rail leading to key ports and airports while logistic management will be improved to enhance efficiency of transportation of cargo through rail, ports and airports. The East-Coast Highway from Kuantan to Kuala Terengganu will be completed in 2012, which coupled with the expansion of Kuantan Port, and will provide basic infrastructure for trade activities and cargo movement along the east coast corridor of Peninsular Malaysia. The completion of the Penang Second Bridge, which links the mainland of island of Pulau Pinang will provide better connectivity and accessibility of Penang International Airport, boosting economic growth in Pulau Pinang. Similarly, the South Klang Valley Expressway, which is expected to be completed in 2012 will provide a second access to Westport of Port Klang.

(*Source: Tenth Malaysia Plan, 2011-2015).*

SECTION 8.0 OTHER MATERIAL INFORMATION

8.1 MATERIAL CONTRACTS

As at 15 November 2011, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by the Issuer since its incorporation.

8.2 MATERIAL LITIGATION

As at 15 November 2011, the Issuer is not engaged in any material litigation or arbitration, either as plaintiff or defendant which has a material adverse effect on the financial position of the Issuer and the Directors of the Issuer do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the position or business of the Issuer.

8.3 CONTINGENT LIABILITIES

The Issuer has no material contingent liabilities.

8.4 MATERIAL INFORMATION

The Issuer has no other material information that could have any material effect on the Issuer's financial position and the Directors of the Issuer do not know of any other material information apart from those already disclosed herein.

8.5 POTENTIAL CONFLICT-OF-INTEREST AND APPROPRIATE MITIGATING MEASURES

CIMB

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB confirms that, to the best of its knowledge, there is no existing or potential conflict-of-interest in its capacity as Principal Adviser and Lead Arranger for the Sukuk Programme.

Messrs Zaid Ibrahim & Co.

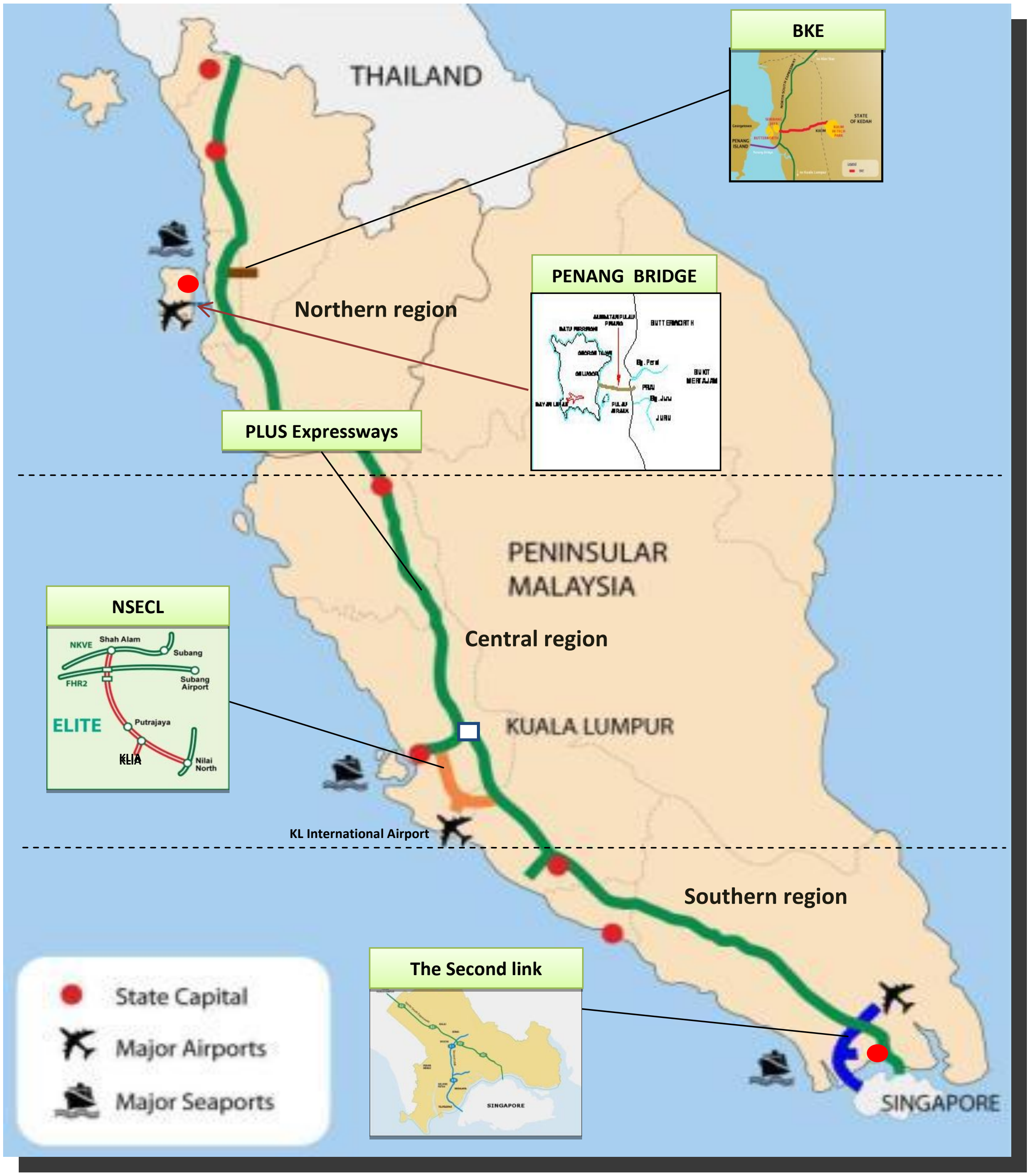
As at the date hereof and after making enquiries as were reasonable in the circumstances, Messrs Zaid Ibrahim & Co confirms that, to the best of its knowledge, there is no existing or potential conflict-of-interest in its capacity as the solicitors for the Principal Adviser and Lead Arranger for the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

Mayban Trustees Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, Mayban Trustees Berhad confirms that, to the best of its knowledge, there is no existing or potential conflict-of-interest in its capacity as Trustee for the Sukuk Programme.

APPENDIX I

Map of the Expressways


BKE
THAILAND
PENANG BRIDGE
Northern region
PLUS Expressways
PENINSULAR
MALAYSIA
Central region
NSECL
NKVE
Shah Alam
Subang
FHR2
Subang Airport
ELITE
Putrajaya
KLIA
Nilai North
KUALA LUMPUR
KL International Airport
Southern region
The Second link
SINGAPORE
State Capital
Major Airports
Major Seaports

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