

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

1. BACKGROUND INFORMATION

(a) Issuer

(i) Name : Cerah Sama Sdn Bhd (“**Cerah Sama**” or the “**Issuer**”)

(ii) Address : **Registered Office**
Room 803, 8th Floor, Sun Kompleks
Jalan Bukit Bintang,
55100 Kuala Lumpur

Principal Place of Business

Wisma Grand Saga
KM 16, Lebuhraya Cheras-Kajang
43200 Cheras,
Selangor Darul Ehsan

(iii) Business registration no. : 315282-P

(iv) Date and place of incorporation : 12 September 1994; Malaysia

(v) Date of listing : Not applicable

(vi) Status : Resident controlled company

(vii) Principal activities : The principal activity of Cerah Sama is investment holding. Its subsidiaries’ principal activities are the designing, planning and construction, as well as the operations and maintenance of Cheras-Kajang Expressway.

(viii) Board of Directors as at 30 November 2012 :
1. Y. Bhg. Dato’ Lim Chee Meng
2. Ahmad Ishak bin Haron
3. Lim Yew Boon
4. Phang Kwai Sang
5. Kanoklada Rerkasem
6. Minhat bin Mion (Alternate to Ahmad Ishak bin Haron)

(ix) Structure of shareholdings and names of :

Shareholders	Direct Shareholdings
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shareholders or, in the case of a public company, names of all substantial shareholders as at 30 November 2012

	No. of Ordinary Shares	%
Taliworks Corporation Berhad	327,250	55.0
SEASAF Highway Sdn Bhd	208,250	35.0
Trinitywin Sdn Bhd	59,500	10.0

(x) Authorised and paid-up capital as at 30 November 2012

: Authorised capital:

RM2,000,000 comprising 1,500,000 Ordinary Shares of RM1.00 each and 50,000,000 Redeemable Non-Cumulative Preference Shares of RM0.01 each;

Paid-up capital:

RM595,000 divided into 595,000 ordinary shares of RM1.00 each

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2. Principal Terms and Conditions

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

- (i) **Principal Adviser** : Maybank Investment Bank Berhad (15938-H) (“**Maybank IB**”)
- (ii) **Lead Arranger** : Maybank IB
- (iii) **Co-arranger** : Not applicable
- (iv) **Solicitor** : Messrs. Adnan Sundra & Low
- (v) **Financial Adviser** : Not applicable
- (vi) **Technical Adviser** : Not applicable
- (vii) **Trustee** : Malaysian Trustees Berhad
- (viii) **Guarantor** : Not applicable
- (ix) **Valuer** : Not applicable
- (x) **Facility Agent** : Maybank IB
- (xi) **Primary subscriber (under a bought-deal arrangement) and amount subscribed** : The primary subscribers (applicable under a bought deal arrangement) for any issuance will be determined prior to the Sukuk Musharakah (as defined below) issuance
- (xii) **Underwriter and amount underwritten** : The Sukuk Musharakah (as defined below) will not be underwritten.
- (xiii) **Shariah Adviser** : Maybank Islamic Berhad (Company No.: 787435-M)
- (xiv) **Central Depository** : Bank Negara Malaysia (“**BNM**”)
- (xv) **Paying Agent** : BNM
- (xvi) **Reporting Accountant** : Messrs. KPMG
- (xvii) **Calculation Agent** : Not applicable.
- (xviii) **Others (please specify)** : Lead Manager
Maybank IB

Security Agent
Maybank IB

(b) Facility Description

: Islamic medium term notes based on the Islamic principle of Musharakah (“**Sukuk Musharakah**”) pursuant to a Sukuk programme of up to RM750.0 million in nominal value (“**Sukuk Programme**”).

The Issuer will identify its Shariah-compliant business (“**Business**”) which will be used as the underlying asset for the Musharakah Venture (as defined herein).

In respect of the issuance of the Sukuk Musharakah, the investor(s) of the Sukuk Musharakah (“**Sukukholders**”) shall from time to time via the Trustee, form a Musharakah partnership with the Issuer to invest directly into the Business (“**Musharakah Venture**”) by entering into a Musharakah agreement as partners (each a “**Partner**” and collectively the “**Musharakah Partners**”).

The contribution of the Sukukholders to the Musharakah Venture shall be the proceeds raised from the Sukuk Musharakah (“**Musharakah Capital**”) while the Issuer will contribute the Business into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of the interest in the Business for the benefit of the Sukukholders pursuant to the Musharakah Venture.

The Issuer shall issue the Sukuk Musharakah and the Sukukholders shall subscribe to the Sukuk Musharakah issued by the Issuer where the Sukuk Musharakah shall represent the Sukukholders’ undivided proportionate interest in the Musharakah Venture.

Income from the Musharakah Venture shall be distributed to each Partner based on a profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner’s respective capital contribution in the Musharakah Venture.

The Sukukholders shall appoint the Issuer as the manager to manage the Musharakah Venture (“**Manager**”). The Sukukholders agree that any excess income from the relevant Musharakah Venture over and above the Periodic

Distribution Amount (as defined below) shall be retained by the Manager as an incentive fee.

The Issuer shall issue a purchase undertaking ("**Purchase Undertaking**") to the Trustee (for and on behalf of the Sukukholders) wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture from the Trustee (for and on behalf of the Sukukholders) at the relevant Exercise Price (as defined below) upon:

- (i) the declaration of any Dissolution Event (as defined in paragraph 2(s) below); or
- (ii) any maturity date of the respective outstanding Sukuk Musharakah; or
- (iii) any Early Redemption of the Sukuk Musharakah.

The distributable income generated from the Musharakah Venture (after deducting the Issuer's entitlement to the distribution) shall be shared and distributed to the Sukukholders.

With respect to Sukuk Musharakah with periodic distribution, the periodically distributed income from the relevant Musharakah Venture of up to an amount equivalent to a certain percentage of the nominal value of the Sukuk Musharakah per annum ("**Periodic Distribution Amount**") shall be distributed to the Sukukholders on each Periodic Distribution Date. "**Periodic Distribution Date**" means the date Periodic Distribution Amount will be distributed in arrears, being the date falling six (6) months after the issue date and every six (6) months thereafter, or such period to be agreed between the Issuer and the Lead Manager prior to each issuance of the Sukuk Musharakah.

With respect to Sukuk Musharakah without periodic distribution, income from the Musharakah Venture of up to the Expected Return (as defined below) shall be distributed on a one-off basis to the Sukukholders of that particular series, upon the declaration of a Dissolution Event, the maturity date or the early redemption of the Sukuk Musharakah, whichever is applicable.

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

the date of declaration of a Dissolution Event.

Any shortfall between the Expected Return and the actual income generated from the Musharakah Venture for such relevant period shall be paid by the Issuer as advance part payments of the Exercise Price (“**Advance Part Payments**”) to make good the difference. The Advance Part Payments will be set-off against the Exercise Price (as defined below) pursuant to the Purchase Undertaking.

A diagrammatical illustration of the Musharakah transaction is set out in **Annexure I**.

(c) **Issue/Programme Size** : The outstanding nominal value of the Sukuk Musharakah issued under the Sukuk Programme at any point in time shall not exceed RM750.0million.

Any amount of Sukuk Musharakah redeemed shall not be available for reissuance.

(d) **Tenure of Issue/ Sukuk Programme** : **Programme Tenure**

The Sukuk Programme shall have a tenure of twenty (20) years from the date of the first issuance of the Sukuk Musharakah under the Sukuk Programme which shall be made within two (2) years from the date of approval by the Securities Commission Malaysia (“**SC**”).

Issue Tenure

The tenure of the Sukuk Musharakah shall be more than one (1) year and up to twenty (20) years as may be determined by the Issuer and the Principal Adviser/Lead Arranger provided always that the maturity of the Sukuk Musharakah shall not exceed the tenure of the Sukuk Programme.

(e) **Availability Period of Sukuk Programme** : The period commencing from the date of completion of documentation and, unless waived by the Principal Adviser/Lead Arranger, compliance of all conditions precedent and all other applicable conditions to the satisfaction of the Principal Adviser/Lead Arranger provided that the Sukuk Musharakah shall mature prior to the expiry of the Sukuk Programme.

(f) **Profit/ Coupon/ Rental Rate** : The Sukuk Musharakah may be non-profit bearing or bear profit (“**Periodic Distribution**”) at a rate as may be agreed between the Issuer and the Principal Adviser/Lead

Arranger. The expected profit rate (if any) shall be determined at the point of issuance.

- (g) **Profit/ Coupon/ Rental Payment Frequency** : The Periodic Distribution Dates of the Periodic Distribution for the Sukuk Musharakah with Periodic Distribution shall be on a semi annual basis or such period to be agreed between the Issuer and the Lead Manager prior to each issuance of the Sukuk Musharakah with the last Periodic Distribution to be made on the relevant maturity dates.
- For Sukuk Musharakah without Periodic Distribution, this item is not applicable.
- (h) **Profit/ Coupon/ Rental Payment Basis** : Sukuk Musharakah with Periodic Distribution
Actual/365 days.
- Sukuk Musharakah without Periodic Distribution
Not applicable.
- (i) **Security/ Collateral (if any)** : Including but not limited to the following (“**Security Documents**”) :
- (1) Assignment of and charge over the Issuer’s title, benefits, and interest in and to the Designated Accounts (as defined below) and balances therein;
 - (2) Assignment of the Issuer’s revenues and income including but not limited to any dividends and distributions, whether income or capital in nature, from its group of companies;
 - (3) Assignment of and charge over the Issuer’s shares in Grand Saga Sdn Bhd, Trupadu Sdn Bhd (“**Trupadu**”), Peak Synergy Sdn Bhd (“**PSSB**”) and Europlex Consortium Sdn Bhd (“**ECSB**”). Collectively hereinafter, reference to Trupadu, PSSB and ECSB shall also be known as “**the Companies**”; and
 - (4) Such other security as advised by the Solicitor of the Principal Adviser/Lead Arranger or the Principal Adviser/Lead Arranger or as may be required by the Rating Agency to achieve the required rating
- (j) **Details on utilisation of proceeds by the Issuer. If proceeds are to be utilized for project or capital expenditure, description** : The proceeds from the first issue under the Sukuk Programme of up to RM430.0 million in nominal value shall be utilised for the following Shariah compliant purposes:

of the project or capital expenditure, where applicable

- (1) To refinance the Issuer's existing Islamic medium term notes ("**Existing IMTN**") under the Islamic medium term notes programme of up to RM600.0 million in nominal value ("**Existing IMTN Programme**") and payment of costs in relation to the refinancing; and
- (2) The balance shall be used to finance the Issuer's and/or its subsidiaries' working capital, and other general purposes, all of which shall be Shariah-compliant.

Subsequent issues under the Sukuk Programme shall be used for the following Shariah-compliant purposes:

- (3) To finance the Issuer's and/or its subsidiaries' acquisitions of or investments in concession-based projects in Malaysia and/or overseas; and
- (4) To finance working the Issuer's and/or its subsidiaries' working capital, and other general purposes, all of which shall be Shariah-compliant.

(k) Sinking fund and designated accounts (if any)

: **Sinking Fund**
Not applicable.

Designated Accounts

The Issuer is required to open and maintain the following Shariah-compliant Designated Accounts with a financial institution which is acceptable to the Principal Adviser/Lead Arranger:

1. Finance Service Reserve Account ("FSRA")

The Issuer shall open and maintain a FSRA with a financial institution which is acceptable to the Lead Manager. The FSRA shall be operated solely by the Security Agent.

The Issuer shall ensure that funds are deposited into and maintained in the FSRA from the first issue date of the Sukuk Musharakah until the balance held in the FSRA is at least equivalent to 100% of the aggregate value of profits and/or principal repayments of the Sukuk Musharakah which will become due and payable in the next six (6) months, six (6) months prior

to the relevant due date(s).

The balance in the FSRA shall hereinafter be referred to as the “**Minimum Required Balance**”. For the avoidance of doubt, any double-counting shall be disregarded.

The Minimum Required Balance shall be deposited into and maintained in the FSRA in the above described manner. In the event that the balance held in the FSRA exceeds the Minimum Required Balance, the excess may be released to the Issuer.

The Issuer may only withdraw sums from the FSRA for the payment of Periodic Distributions/Advance Part Payments and/or redemption of the Sukuk Musharakah and other payments due under the Sukuk Programme if at any time the payments are due, the Issuer has insufficient funds to make full payments from its internally generated funds. However, any shortfall arising from the withdrawals from the FSRA to pay the Periodic Distribution/Advance Part Payment and/ redemption of the Sukuk Musharakah and other payments due under the Sukuk Programme must be topped up by the Issuer until the balance is equivalent to the Minimum Required Balance within fourteen (14) days from the date of withdrawal.

Pending disbursements from the FSRA, all monies standing to the credit of the FSRA shall be managed by the Security Agent. At the instruction of the Issuer, the Security Agent may utilise such monies to make permitted investments as defined below (“**Permitted Investments**”), provided that such monies utilised for Permitted Investments shall be remitted to the FSRA in a timely manner to meet any payment obligations of the Issuer when due and payable as permitted under the preceding paragraph;

2. Revenue Account (“RA”)

The Issuer shall open and maintain the RA with a financial institution which is acceptable to the Principal Adviser/Lead Arranger. The RA shall be operated solely by the Issuer, unless a Dissolution Event has occurred, in which event the RA shall be solely operated by the Security Agent.

The Issuer shall ensure that all revenue and income (including but not limited to proceeds from the Sukuk Musharakah issued) received by the Issuer are deposited into the RA and shall firstly be applied to meet the following as set out in the following order of priority:

- (i) For payment of operation and maintenance of the assets under the Concession Agreement (as defined below), taxes and duties;
- (ii) To meet the FSRA Minimum Required Balance;
- (iii) For payment of Periodic Distribution on the Sukuk Musharakah, fees, commissions and such other amounts payable for each issuance under the Sukuk Programme;
- (iv) Subject to compliance with the Financial Covenants as set out herein and all requisite terms and conditions being met, for utilisation as set out in para 2(j) or payment of permitted distribution to shareholders; and

3. Such other accounts as may be required by the Rating Agency to achieve the required rating.

- (l) **Rating**
Credit rating(s) assigned : The Sukuk Musharakah have been accorded an indicative long term rating of AA-.
(Please specify if this is an indicative rating)
- **Name of rating agency** : Malaysian Rating Corporation Berhad (“**MARC**”)
- (m) **Mode of issue** : Via direct placement or book running on a best efforts basis or bought deal basis.

Issuance of the Sukuk Musharakah under the Sukuk Programme shall be in accordance with the (1) “Participation and Operation Rules for Payment Securities Services” issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) (“**MyClear Rules**”) and (2) “Operational Procedures for Securities Services issued MyClear (“**MyClear Procedures**”), as amended or substituted from time to time (collectively, “**MyClear Rules and Procedures**”), subject to such exemptions (if any) granted from time to time.

(n) **Selling restriction, including tradability (i.e. tradable or non-tradable)**

: **Selling restriction at issuance**

The Sukuk Musharakah may only be offered, sold, transferred, or otherwise disposed of directly or indirectly to persons falling within Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the Capital Market and Services Act 2007 (“**CMSA**”), as amended from time to time and to persons falling within the relevant category of the persons specified in Section 4(6) of the Companies Act, 1965 of Malaysia (“**CA**”)

Selling restriction thereafter

The Sukuk Musharakah may only be offered, sold, transferred, or otherwise disposed of directly or indirectly to persons falling within Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA, as amended from time to time and to persons falling within the relevant category of the persons specified in Section 4(6) of the CA.

(o) **Listing status and types of listing**

: The Sukuk Musharakah will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.

(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 would have to be in form and substance acceptable to the Principal Adviser/Lead Arranger and/or Facility Agent):

Conditions precedent for first issuance(s) of the Sukuk Musharakah:

A. Main Documentation

- (i) All Transaction Documents (as defined below) have been executed and, where applicable, stamped or duly endorsed as exempted under Stamp Duty Exemption (No 23) Order 2000, and presented for registration;

- (ii) All relevant notices and acknowledgements (where applicable) shall have been made or received as the case may be;

B. Issuer

- (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 authorizing, among others, the issuance of the Sukuk Musharakah, the execution of the Transaction Documents;
- (iv) A list of the Issuer's authorised signatories who will execute all Transaction Documents, notices, correspondence or otherwise in relation to the Sukuk Programme and their respective specimen signatures;
- (v) A report of the relevant company search of the Issuer;
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. Grand Saga

- (i) Certified true copies of the Certificates of Incorporation, and the Memorandum and Articles of Association of Grand Saga;
- (ii) Certified true copies of the respective latest Forms 24 and 49 of Grand Saga;
- (iii) Certified true copies of the board resolutions of Grand Saga authorizing, among others, the execution of the Transaction Documents (to which it is a party);
- (iv) A report of the relevant company searches of Grand Saga;
- (v) A report of the relevant winding up searches or

the relevant statutory declarations of Grand Saga.

D. Companies

- (i) A report of the relevant company searches of the Companies;
- (ii) A report of the relevant winding up searches or the relevant statutory declarations of the Companies.

E. General

- (i) The approval from the SC and, where applicable, all other regulatory authorities;
- (ii) Evidence that the Sukuk Musharakah have received their respective requisite rating of AA- from the Rating Agency;
- (iii) The Sukuk Programme has received the approval of the Shariah Adviser;
- (iv) Evidence that the Designated Accounts have been opened as stipulated;
- (v) The requisite notices to the Existing IMTN Programme's Trustee, the redemption statement, and the consent and/or indulgence from the Issuer's Existing IMTN holders and/or existing lenders (where applicable) for the issuance of the Sukuk Musharakah to redeem the Existing IMTN (the "**Existing MTN Documentation**");
- (vi) Receipt by the Principal Adviser/Lead Arranger of the letter of undertaking from the Existing IMTN's Trustee to release the security created pursuant to the Existing IMTN upon full redemption of the Existing IMTN (the "**Existing IMTN Trustee LOU**");
- (vii) Evidence that the Transaction Documents (as defined in paragraph 2(v)(iii) below) to or in connection to the Sukuk Musharakah have been executed, and all associated notices of assignments have been served on the relevant counterparties;

- (viii) The Principal Adviser/Lead Arranger has received from its Solicitor a satisfactory 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 Principal Adviser/Lead Arranger that all the conditions precedent have been fulfilled;
- (ix) Confirmation by the Principal Adviser/Lead Arranger's Solicitor that all appropriate actions, consents, undertakings and discharges obtained or to be obtained from the Existing IMTN holders, their agents or trustees, as the case may be, will be sufficient to perfect the security interests granted under the relevant Security Documents;
- (x) Receipt by the Principal Adviser/Lead Arranger of the letter of undertaking from the Trustee to release the security created pursuant to the Existing IMTN upon full redemption of the Existing IMTN;
- (xi) Such other conditions precedent as advised by the Solicitor of the Principal Adviser/Lead Arranger.

Conditions subsequent for first issuance(s) of the Sukuk Musharakah:

- (i) Confirmation by the Principal Adviser/Lead Arranger's Solicitor that the security interests granted under the relevant security documents which were not perfected by virtue of paragraph (q)(E)(ix) above, shall be perfected by or before the expiry of three(3) months commencing from the date of first issuance, or such other extended period of time as may be agreed in writing between the Principal Adviser/Lead Arranger, the Facility Agent and the Issuer.

Conditions precedent for subsequent issuance(s) of the Sukuk Musharakah:

- (i) Reaffirmation from the Rating Agency that there is no rating downgrade on the prevailing rating for such issuance(s);

- (ii) Issuer's certification that it is in compliance with all Representations and Warranties and Covenants under the Transaction Documents;
- (iii) No Dissolution Event has occurred or shall occur if the relevant issuance is made; and
- (iv) Such other conditions as may be deemed necessary by the Lead Manager and the Solicitor.

(r) Representations and warranties : Issuer

Including but not limited to the following:-

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets;
- (ii) the Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise (if any), the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit, or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law,

ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;

- (iv) the Sukuk Musharakah and each of the Transaction Documents, is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with their respective terms; and
- (v) any other representations and warranties as advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer.

The Companies

To include but not limited to the following to be provided by the Issuer:

- (i) each of the Companies is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the Memorandum and Articles of Association of each of the Companies incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise (if any), each of the Companies to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents (to which it is a party) nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained

in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit, or consent by which each of the Companies or any of its assets is bound or which is applicable to each of the Companies or any of its assets, (b) cause any limitation on each of the Companies or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Companies' assets;

- (iv) each of the Transaction Documents (to which it is a party) is or will when executed, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the enforceable in accordance with its terms; and
- (v) any other representations and warranties as advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Companies.

Grand Saga

To include but not limited to the following:

- (i) Grand Saga is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the memorandum and articles of association of Grand Saga incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, Grand Saga to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their

terms;

- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the transaction documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which Grand Saga or any of its assets is bound or which is applicable to Grand Saga or any of its assets, (b) cause any limitation Grand Saga or the powers of its directors, whether imposed by or contained in its memorandums and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on Grand Saga's assets;
 - (iv) each of the Transaction Documents (to which it is a party) is or will when executed be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of Grand Saga enforceable in accordance with its terms; and
 - (v) any other representations and warranties as advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and Grand Saga.
- (s) Dissolution Events (or enforcement event, where applicable)** : Dissolution Events to include but not limited to the following:
- (i) the Issuer fails to pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
 - (ii) the Issuer fails to maintain the required Minimum Required Balance and the Issuer does not remedy the failure within a period of fourteen (14) days after the relevant deposit dates as stipulated under the FSRA provisions;

- (iii) any representation or warranty made or given by the Issuer and/or Grand Saga 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, and in the case of a failure which in the reasonable opinion of the Trustee is capable of being remedied, the Issuer and/or Grand Saga do not remedy the failure within a period of thirty (30) days after the Issuer and/or the Companies and/or Grand Saga became aware or having been notified by the Trustee of the failure;
- (iv) the Issuer and/or any of the Companies and/or Grand Saga:-
 - (1) fails to observe or perform their obligations (where applicable) under any of the Transaction Documents or the Sukuk Musharakah (as the case may be) or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraphs 2(s)(i) and (ii) above, where such event has or would have a Material Adverse Effect; or
 - (2) breaches any obligation under any of the Issuer's and/or the Companies' and/or Grand Saga's existing contractual obligations (where applicable) which has or may have a Material Adverse Effect;
- (v) and, if in the reasonable opinion of the Trustee such failure(s) and/or breach(es) is/are capable of being remedied, the Issuer and/or the Companies and/or Grand Saga do not remedy such failure(s) and/or breach(es) within a period of thirty (30) days after the Issuer and/or the Companies and/or Grand Saga became aware of such failure(s) and/or breach(es) or having been notified by the Trustee in writing of such failure(s) and/or breach(es);

- (vi) any indebtedness for borrowed monies/financing of the Issuer and/or any of the Companies and/or Grand Saga becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer and/or any of the Companies and/or Grand Saga is not discharged at maturity or when called and such declaration of indebtedness being due or payable or any guarantee or similar obligations is not discharged or disputed in good faith by the Issuer and/or the Companies and/or Grand Saga, as the case may be, in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or the Issuer and/or any of the Companies and/or Grand Saga goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, other obligations, or any security created to secure such indebtedness becomes enforceable, in each case where such event has or may have a Material Adverse Effect;
- (vii) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or other similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer and/or any of the Companies and/or Grand Saga, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer and/or any of the Companies and/or Grand Saga, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this paragraph 2(s)(vii), references to “substantial” shall mean such value equivalent to or more than 5% of the Issuer’s and/or the Companies’ and/or Grand Saga’s respective net assets (“NA”) (whichever is applicable) as reflected in their respective latest annual audited financial statements.

- (viii) the Issuer and/or any of the Companies and/or Grand Saga fail to satisfy any judgement passed against it for sums in excess of RM1.0 million by any court of competent jurisdiction and no appeal against such judgement or an 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) save for paragraph 2(t)(iv)(a)(ii) below, any step is taken for the winding up, dissolution, or liquidation of the Issuer and/or any of the Companies and/or Grand Saga or a resolution is passed for the winding up of the Issuer and/or any of the Companies and/or Grand Saga or a petition for winding up is presented against the Issuer and/or any of the Companies and/or Grand Saga (provided that it is not frivolous, vexation or scandalous) and the Issuer, and/or the Companies and/or Grand Saga as the case may be, have not taken any steps 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 and/or any of the Companies and/or Grand Saga, as the case may be;
- (x) the Issuer and/or any of the Companies and/or Grand Saga 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 (for sums in excess of RM1.0 million) 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 and/or the Companies and/or Grand Saga, as the case may be, become or are declared to be insolvent) or where a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted against the Issuer and/or any of the Companies and/or Grand Saga, as the case may be;
- (xi) where there is an expiry , cessation, withdrawal, invalidation, termination, revocation, withholding or

modification of any license, permit, authorisation, approval, or consent (whichever is applicable) which in the reasonable opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer and/or any of the Companies and/or Grand Saga to perform its obligations in compliance with the terms and conditions of the Sukuk Musharakah or the Transaction Documents, as the case may be;

- (xii) the Issuer and/or any of the Companies and/or Grand Saga are deemed unable to pay any of their debts within the meaning of section 218(2) of the Companies Act 1965, as amended from time to time, or becomes unable to pay any of their debts as and when they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts and the Issuer and/or any of the Companies and/or Grand Saga has not taken any action in good faith to set aside such claims of debt payment within (30) days from the date of service of such claims for debt payment;
- (xiii) the Issuer and/or any of the Companies and/or Grand Saga change or threaten to change the nature or scope of a substantial part of their businesses, or suspend, or threaten to suspend or cease, or threaten to cease the operation of a substantial part of their businesses which they now conduct directly or indirectly, and such change or suspension or cessation in the reasonable opinion of the Trustee has a Material Adverse Effect;
- (xiv) at any time any material provision of the Transaction Documents, the Concession Agreement between Grand Saga and the Government of Malaysia ("**GOM**") dated 19 September 1995 ("**Concession Agreement**"), the Supplemental Concession Agreement between Grand Saga and GOM dated 3 December 1999 ("**Supplemental Concession Agreement I**"), the Supplemental Concession Agreement between Grand Saga and GOM dated 13 December 2002 ("**Supplemental Concession Agreement II**"), the Supplemental Concession Agreement between Grand Saga and GOM dated 21 July 2011 ("**Supplemental Concession Agreement III**"), the Supplemental Concession Agreement between

Grand Saga and GOM dated 29 February 2012 (“**Supplemental Concession Agreement IV**”), the Government Support Loan Agreement between Grand Saga and GOM dated 25 March 1996 (“**GSL Agreement**”), the Supplemental Government Support Loan Agreement between Grand Saga and GOM dated 3 March 2003 (“**Supplemental GSL Agreement**”), (collectively referred to as “**the Agreements**”) and/or the Toll Proceeds Charge is or becomes illegal, void, voidable or unenforceable;

- (xv) the Issuer repudiates any of the Transaction Documents (to which it is a party) and/or any of the Companies and/or Grand Saga repudiate any of the Transaction Documents, the Agreements, and the Toll Proceeds Charge to which they are parties, or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents (to which it is a party) and/or any of the Companies and/or Grand Saga do or cause to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents, the Agreements, and/or the Toll Proceeds Charge to which they are parties;
- (xvi) any of the assets, business, rights, or revenue of the Issuer and/or any of the Companies and/or Grand Saga is seized, nationalised, expropriated, or compulsorily acquired by or under the authority of any governmental body which in the reasonable opinion of the Trustee has or may have a Material Adverse Effect;
- (xvii) any event or events has or have occurred or a situation exists which in the reasonable opinion of the Trustee would have a Material Adverse Effect, and in the case of the occurrence of such event or situation which in the reasonable opinion of the Trustee is capable of being remedied, the Issuer and/or any of the Companies and/or Grand Saga does not remedy it within a period of thirty (30) days after the Issuer and/or the Companies and/or Grand Saga became aware of having been notified in writing by the Trustee of the event or situation; and

- (xviii) such other event as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer and/or the Companies and/or Grand Saga.

“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 Grand Saga or any of the Companies (whichever is relevant); (ii) the ability of the Issuer or Grand Saga or any of the Companies (whichever is relevant) to perform any of its obligations under any of the Transaction Documents; or (iii) the validity or enforceability of the Transaction Documents or the right of remedies of the Trustee, Security Agent, or the Sukukholders thereunder.

“Toll Proceeds Charge” means the Toll Proceeds Charge between Grand Saga and GOM dated 25 March 1996 and the Supplemental Agreement to the Toll Proceeds Charge between Grand Saga and GOM dated 24 June 1996 as a security for the GOM.

In the circumstances where any of the events above occurs, the Trustee may and shall, if instructed by the Sukukholders, declare a Dissolution Event has occurred whereupon (i) the Trustee shall enforce its rights under the Transaction Documents, including requiring the Issuer as stipulated under the Purchase Undertaking to purchase the Sukukholders’ undivided proportionate interest in the Musharakah Venture immediately by entering into a sale agreement with the Trustee (on behalf of the Sukukholders) and the Musharakah Venture shall be dissolved; (ii) the Exercise Price payable under the Purchase Undertaking shall become immediately due and payable; and (iii) upon payment of the Exercise Price, the Sukuk Musharakah held by the Sukukholders shall be cancelled.

(t) Covenants

(i) Financial

To include, inter alia, the following:

Covenants

- (a) Debt to Equity Ratio (“**D:E Ratio**”) not exceeding 4.5 times throughout the tenure of the Sukuk Programme.
- (b) Finance Service Cover Ratio (“**FSCR**”) not less than 1.75 times throughout the tenure of the Sukuk Programme.

The FSCR on any date is the ratio of Available Cash Flow (as defined below) for the preceding 12 month period ending on that date, to the aggregate of:

- (i) all payments made by the Issuer under the Sukuk Musharakah during the previous 12 months;
- (ii) all principal obligations paid by the Issuer under any other borrowings/financing during the previous 12 months;
- (iii) all profit/interest payments paid under any other borrowings/financing during the previous 12 months.

For the avoidance of doubt, (i), (ii) and (iii) shall exclude the payments to refinance the Existing IMTN for the relevant annual period.

Available Cashflows

In any annual period, the sum of:

- (1) all income received by the Issuer and any other receipts of a capital or revenue nature under any agreement or contract during such annual period;
- (2) return on Permitted Investments received by the Issuer during such annual period;
- (3) all accounts credit balances at the beginning of the relevant 12-month period, including the FSRA and the Revenue Account and excluding any proceeds raised from the Sukuk Programme;
- (4) the amount utilised from the FSRA for Permitted Investments at the beginning of the relevant 12-month period; and
- (5) all proceeds of insurance claim and amounts received

by the Issuer during such annual period;

Less:

- (1) the total amount paid on insurances/takaful, operations, maintenance, administration, management and overheads and fees for that period;
- (2) taxes paid or such other contributions paid by the Issuer for that period;
- (3) capital expenditure incurred and paid by the Issuer; and
- (4) dividends paid or any distribution paid whether income or capital in nature to its shareholders.

The FSCR shall be calculated for each financial year during the tenure of the Sukuk Programme based on the latest audited financial statements of the Issuer and as and when required under item (vi) of the Negative Covenants of the Issuer clause (stated below) and duly confirmed by the Issuer's external auditors.

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

(ii) Information Covenants

: To include, inter alia, the following:

- (a) the Issuer shall provide 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 Programme and that there does not exist or had not existed, from the date the Sukuk Musharakah were first issued or the date of the previous certificate as the case may be, any Dissolution Event, and if such is not the case, to specify the same;
- (b) the Issuer shall deliver to the Trustee the following:
 - (i) 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 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;

- (ii) 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 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;
 - (iii) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request; and
 - (iv) 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 respective creditors generally at the same time as these documents are dispatched to these shareholders or creditors.
- (c) the Issuer shall promptly notify the Trustee of any change in its board of directors or shareholders;
 - (d) the Issuer shall promptly notify the Trustee of any change in its condition (financial or otherwise) and 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 materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents;
 - (e) the Issuer shall promptly give notice to the Trustee of the occurrence of any 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 a Dissolution Event (“**Potential Dissolution Event**”) 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 Dissolution Event or the Potential Dissolution Event; and

- (f) any other covenants as advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer.

(iii) Positive Covenants

(a) **Issuer**

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 become necessary to enable the Issuer 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 at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its businesses 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 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 it 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 provisions of the CMSA and/or the notes, circulars, conditions, or guidelines issued by SC from time to time;
- (vii) such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer.

(b) **The Companies**

To include but not limited to the following to be provided and ensured by the Issuer:

- (i) The Companies not to restrict or prevent the distribution of dividends or any other form of income, capital, distribution to the Issuer unless such distribution will result in a breach of the Agreements and the Toll Proceeds Charge;
- (ii) PSSB and ECSB not to restrict or prevent the distribution of dividends or any other form of

income, capital, distribution from Grand Saga to PSSB and ECSB respectively, unless such distribution will result in a breach of the Agreements or the Toll Proceeds Charge;

- (iii) The Companies shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iv) The Companies shall exercise reasonable diligence in carrying out their businesses and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (v) The Companies shall promptly perform and carry out all their obligations under all the Transaction Documents (to which it is a party) and ensure that they shall immediately notify the Trustee in the event that they are unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (vi) Save and except in the case of (a) PSSB, upon commencement of the voluntary winding up proceedings in respect of itself pursuant to the provisions of paragraph 2(t)(iv)(a)(ii) below; and/or (b) ECSB, upon commencement of the voluntary winding up proceedings in respect of itself pursuant to the provisions of paragraph 2(t)(iv)(a)(ii) below, the Companies shall prepare their 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 Companies for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Companies;
- (vii) The Companies shall promptly comply with all applicable provisions of the CMSA and/or the notes, circulars, conditions, or guidelines

issued by SC from time to time; and

- (viii) Such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and/or the Companies.

(c) **Grand Saga**

To include but not limited to the following:

- (i) Grand Saga not to restrict or prevent the distribution of dividends or any other form of income, capital, distribution to the Issuer unless such distribution will result in a breach of the Agreements and the Toll Proceeds Charge;
- (ii) Grand Saga shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals, and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals, and permits (governmental and otherwise) which is or may become necessary to enable Grand Saga to own its assets, to carry on its businesses or for Grand Saga to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of Grand Saga or the priority or rights of the Sukukholders under the Transaction Documents and Grand Saga shall comply with the same;
- (iii) Grand Saga shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iv) Grand Saga shall exercise reasonable diligence in carrying out its businesses and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;

- (v) Grand Saga shall promptly perform and carry out all its obligations under all the Transaction Documents (to which it is a party) and ensure that it shall immediately notify the Trustee in the event that it is unable to fulfill or comply with any of the provisions of the Transaction Documents;
- (vi) Grand Saga 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 Grand Saga for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of Grand Saga;
- (vii) Grand Saga shall promptly comply with all applicable provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time; and
- (viii) such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and/or Grand Saga.

(iv) Negative Covenants

(a) Issuer

To include but not limited to the following:

- (i) the Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding (i) liens arising in the ordinary course of business (a) by operation of law and not by way of contract; (b) on an arms-length basis

and as permitted under the provisions of its Memorandum and Articles of Association (ii) future toll road assets to be acquired by the Issuer;

- (ii) the Issuer shall not reduce its shareholdings in any of the Companies below 100% each save and except where either PSSB and/or ECSB may be voluntarily wound up PROVIDED THAT (a) there is a prior disposal or transfer of PSSB's and/or ECSB's the entire shareholding in Grand Saga to the Issuer; or (b) such winding up results in an accompanying disposal or transfer of the PSSB's and/or ECSB's entire shareholding in Grand Saga to the Issuer;
- (iii) subject to paragraph 2(t)(iv)(a)(ii) above, the Issuer shall not dispose any assets in excess of 5% of its shareholders' funds ("**SHF**") or RM10,000,000.00, whichever is higher, in any financial year to third parties;
- (iv) 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;
- (v) the Issuer shall not reduce or in any way whatsoever alter except increase, its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares;
- (vi) the Issuer shall not declare or pay any dividends or make any distribution whether income or capital in nature including principal and interest of any shareholders' loans and advances to its shareholders if:
 - (1) a Dissolution Event has occurred, is continuing and has not been waived, or if following such payment or distribution a Dissolution Event would occur; or

- (2) the FSCR is less than 1.75 times before and after such payment of dividends and/or payment or repayment of any shareholders' loans and advances (whether in relation to the principal sum or interest or profit); or
 - (3) the D:E Ratio is greater than 4.5 times; or
 - (4) the balance standing to the credit of the FSRA is less than the Minimum Required Balance.
- (vii) the Issuer shall not obtain or permit to exist any loans or advances from its subsidiaries or associated companies (if applicable) unless these loans and advances are subordinated to the Sukuk Musharakah;
- (viii) subject to paragraph 2(t)(iv)(a)(vii) above, the Issuer shall not enter into any agreement with its shareholders, subsidiaries or associated companies (if applicable) unless such agreement is entered into:
- (1) in the ordinary course of their businesses;
 - (2) on an arms-length basis and as permitted under the provisions of its Memorandum and Articles of Association; and
 - (3) will not have a Material Adverse Effect;
- (ix) the Issuer shall not use the proceeds of the Sukuk Musharakah except for the purposes set out in the Transaction Documents;
- (x) the Issuer shall not permit any change to the shareholding in Grand Saga which will result in the Issuer holding less than 100% of the shareholding in Grand Saga (direct and/or indirect);
- (xi) the Issuer shall not carry on any business save and except as the holding company of or for investing in companies involved in brown field toll road businesses or as an operating and maintenance operator of roads which are

owned by Cerah Sama and/or its subsidiaries;

- (xii) the Issuer shall not lend any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment; and
- (xiii) such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer.

(b) **The Companies**

To include but not limited to the following to be provided and ensured by the Issuer:

- (i) The Companies shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract;
- (ii) The Companies shall not dispose any assets in excess of 5% of their respective NA in any financial year to third parties;
- (iii) The Companies shall not add, delete, amend or substitute their Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (iv) The Companies shall not reduce or in any way whatsoever alter except increase, their authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of their share capital into stock, or by consolidating, dividing or sub-dividing all or any of their shares;

- (v) The Companies shall not obtain or permit to exist any loans or advances from their respective subsidiaries or associated companies (if applicable) if any Sukuk Musharakah are or remain outstanding;
- (vi) subject to paragraph 2(t)(iv)(b)(v) above, the Companies shall not enter into any agreement with their respective subsidiaries or associated companies (if applicable) unless such agreement is entered into:
 - (1) in the ordinary course of their businesses;
 - (2) on an arms-length basis and as permitted under the provisions of its Memorandum and Articles of Association; and
 - (3) will not have a Material Adverse Effect;
- (vii) The Companies shall not lend any money to any party other than to the Companies' directors, officers or employees as part of their terms of employment;
- (viii) The Companies shall not incur any further indebtedness;
- (ix) such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer and/or the Companies;

(c) **Grand Saga**

To include but not limited to the following:

- (i) save and except for the purpose of creating security interest(s) over funds deposited or to be deposited to effect the performance bond described in paragraph 2(t)(iv)(c)(viii) below, Grand Saga shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing

security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract and the existing security provided to the GOM pursuant to the GSL Agreement and the Supplemental GSL Agreement;

- (ii) Grand Saga shall not dispose any assets in excess of 5% of its NA in any financial year to third parties;
- (iii) Grand Saga shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (iv) Grand Saga shall not reduce or in any way whatsoever alter except increase, its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares;
- (v) Grand Saga shall not obtain or permit to exist any loans or advances from its subsidiaries or associated companies (if applicable) if any Sukuk Musharakah are or remain outstanding;
- (vi) subject to paragraph 2(t)(iv)(c)(v) above, Grand Saga shall not enter into any agreement with its subsidiaries or associated companies (if applicable) unless such agreement is entered into:
 - (1) in the ordinary course of its businesses;
 - (2) on an arms-length basis in accordance with the terms and conditions of its Memorandum and Articles of Association; and
 - (3) will not have a Material Adverse Effect;

- (vii) Grand Saga shall not lend any money to any party other than to its directors, officers or employees as part of their terms of employment;
- (viii) Grand Saga shall not incur any further indebtedness save and except for the RM1.0 million performance bond issued pursuant to its obligations in respect of maintenance bond requirements under the Concession Agreement and any unsecured borrowings/ financings/ bank guarantee facilities not exceeding the aggregate of RM10.0 million at any time;
- (ix) Grand Saga shall not alter any of the provisions of the Agreements and the Toll Proceeds Charge if such alteration will result in a Material Adverse Effect on Grand Saga and the Companies; and
- (x) such other undertakings as may be advised by the Solicitor of the Principal Adviser/Lead Arranger and mutually agreed between the Principal Adviser/Lead Arranger and the Issuer and/or Grand Saga.

(u) Provisions on Buy-Back : Buy-Back and Early Redemption of Sukuk

The Issuer and/or its subsidiaries may at any time purchase the Sukuk Musharakah at any price by private treaty, but any Sukuk Musharakah held by the Issuer, its subsidiaries directly or via agents of the Issuer and its subsidiaries must be cancelled. Sukuk Musharakah held by related persons other than the Issuer's subsidiaries need not be cancelled but shall not entitle them to vote at any of the sukukholders' meeting.

Early Redemption

The Issuer may redeem all of the Sukuk Musharakah in a specific series before their respective maturity subject to the following conditions:

- (a) a notice period of not less than twenty one (21) days and not more than sixty (60) days to the Trustee;

- (b) any Early Redemption shall not be less than RM10,000,000.00, and if larger sums, in multiples of RM1,000,000.00; and
- (c) any Early Redemption shall be in the inverse order of maturity.

For avoidance of doubt, a series of Sukuk Musharakah is defined as Sukuk Musharakah with the same issue date and maturity date. Each series of Sukuk Musharakah shall be redeemed (in whole but not in part) at the Early Redemption Sum (“**ERS**”), if any.

For each series of the Sukuk Musharakah to be redeemed, the ERS shall be calculated by the Facility Agent based on the following formula and the calculation of the Facility Agent shall be final and binding:

$$ERS = \frac{(NV \times ERP)}{100}$$

where:

NV = Aggregate Nominal Value of the Sukuk Musharakah to be redeemed

ERP = Early redemption price per RM100 (5 decimal places) subject to a minimum of RM100, calculated as follows:

- (a) For Sukuk Musharakah with Periodic Distribution:

$$ERP = \left[\frac{100}{[1 + (YTM / 2)]^{(N-1+T/E)}} \right] + \left[\sum_{i=1}^N \frac{[100 \times (coupon / 2)]}{[1 + (YTM / 2)]^{(i-1+T/E)}} \right]$$

- (b) For Sukuk Musharakah without Periodic Distribution:

$$ERP = \left[\frac{100}{[1 + (YTM / 2)]^{(N-1+T/E)}} \right]$$

To calculate ERP, the following variables shall be used:

Profit = original profit rate of the series

YTM = lower of:

- (a) the original yield to maturity of the series; or
- (b) Reference Malaysian Government Securities (“**MGS**”) + 0.80%

Reference MGS shall be the MGS rates for the tenure which is equal to the remaining tenure of the series and shall be determined from:

- (1) the latest consolidated Government Securities Rates (Conventional) published by BNM weekly, two (2) business days prior to the call notice date; or
- (2) if (1) above is unavailable, the arithmetic average of the mid-rates quoted by any five (5) principal dealers, two (2) business days prior to call notice date and/or in the case where the rate for a particular tenure is not available directly, then such a rate shall be extrapolated on a linear basis using available arithmetic average mid-rates, provided that if the tenure of the series is not an integer, the Reference MGS shall be the arithmetic mean of the rates of the two nearest tenures derived from (1) or (2) above.

N = Number of profit payment dates between the date of Early Redemption and the scheduled maturity date

T = Number of days from the date of Early Redemption to the date of the immediate next profit payment date

E = Number of days between the immediate preceding profit payment date from the date of Early Redemption. to the date of the immediate next profit payment date following the date of Early Redemption

(v) Other principal terms and conditions for the issue

- (i) Exercise Price** : In relation to the Purchase Undertaking, the Exercise Price is the cash sum payable by the Issuer to the Sukukholders calculated as follows:
- (a) Upon any Dissolution Event and maturity date
 - (i) in the case of Sukuk Musharakah with Periodic Distribution:
Musharakah Capital plus Expected Return less total Periodic Distribution;
 - (ii) in the case of Sukuk Musharakah without Periodic Distribution:
Musharakah Capital plus Expected Return less One-Off Distribution
 - (b) Upon any Early Redemption

The Exercise Price payable shall be equal to the Early Redemption Sum and shall be calculated based on the formula stated in paragraph 2(u) above.

On any payment of the Exercise Price, Cerah Sama will be entitled to set-off the Exercise Price with Advance Part Payments made by Cerah Sama.
- (ii) Compensation for Late and/or Default Payments (“Ta’widh”)** : In the event of any overdue payments of any amounts due under the sale agreements pursuant to the Purchase Undertaking, the Issuer shall pay to the Sukukholders compensation (“**Ta’widh**”) on such overdue amounts at an amount and manner prescribed by the SC’s Shariah Advisory Council from time to time in accordance with the Shariah principles.
- (iii) Transaction Documents** : Include but not be limited to the following (collectively referred to as “**Transaction Documents**”):
- (i) Trust Deed;
 - (ii) Programme Agreement;
 - (iii) Musharakah Agreement;
 - (iv) Purchase Undertaking;
 - (v) Security Documents; and
 - (vi) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in

connection with the Sukuk Musharakah.

- (iv) **Permitted Investments** : Funds held in the FSRA shall be permitted to be invested in Permitted Investments, provided that:
- (1) such funds utilised for Permitted Investments shall, be remitted back to the FSRA to meet any payment obligations of the Issuer at least five (5) days before such payment obligations under the FSRA becomes due and payable;
 - (2) such Permitted Investments are to be held and not traded; and
 - (3) shall be denominated in Ringgit.
- Permitted Investments are as follows:
- (i) Shariah-compliant money market instruments by licensed financial institutions with a short-term rating of P1 and a minimum long-term rating of AA-, or their equivalent;
 - (ii) Shariah-compliant deposits with licensed financial institutions in Malaysia;
 - (iii) Shariah-compliant treasury bills, money market instruments, and other debt instruments issued by BNM or GOM;
 - (iv) Sukuk issued by quasi-government or government related entities with a short-term rating of P1 and a minimum long-term rating of AA-, or their equivalent, or debt securities guaranteed by GOM;
 - (v) Sukuk issued by corporations with a short-term rating of P1 and a minimum long-term rating of AA-, or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short-term rating of P1 and a minimum long-term rating of AA-, or their equivalent; or
 - (vi) Any Shariah-compliant fund approved by the SC which invests in any of the instruments above.
- (v) **Trustee's Reimbursement Account** : The Trustee shall open and maintain a Shariah-compliant Trustee's Reimbursement Account for Sukukholders' Actions ("**Account**") in the name of the Trustee with a

bank to be appointed by the Issuer which is acceptable to the Trustee with a sum of thirty thousand ringgit (RM30,000) to be set up from the moneys received by the Issuer when the Sukuk Musharakah are issued.

The Account shall be operated by the Trustee and the money shall only be used strictly by the Trustee in carrying out its duties in relation to the declaration of a Dissolution Event in the manner as provided in the Trust Deed. This sum of money in the Account shall be maintained at all time throughout the tenure of the Sukuk Programme.

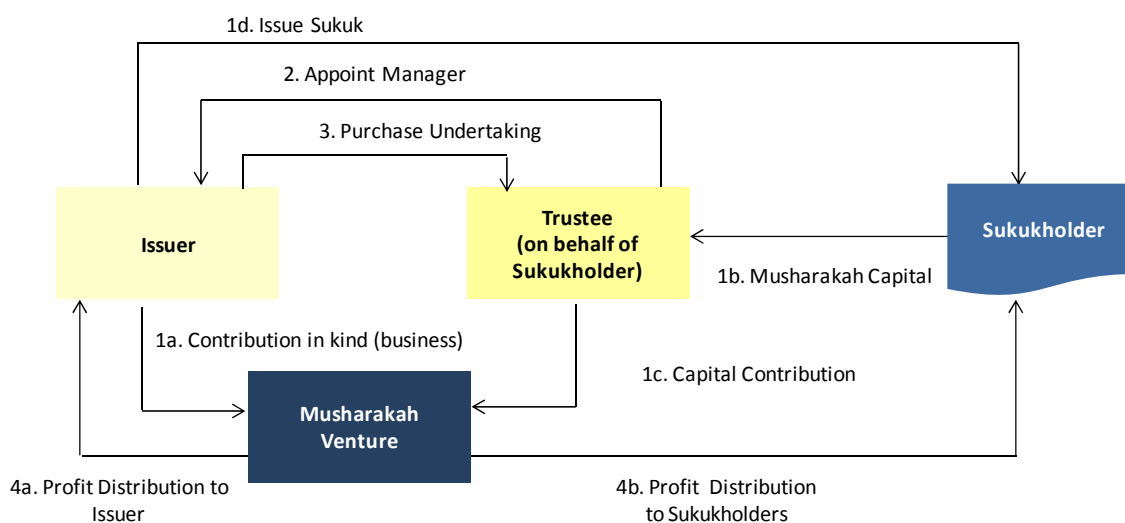
The moneys in the Account may be invested in Shariah-compliant bank deposit or Shariah compliant instruments or securities in the manner as provided in the Trust Deed, with profit from the investment to be accrued to the Issuer. The moneys in the Account shall be returned to the Issuer upon full redemption of the Sukuk Musharakah in the event there is no declaration of a Dissolution Event.

- (vi) Redemption at maturity** : Unless previously repurchased and cancelled, the Sukuk Musharakah shall be redeemed by the Issuer at 100% its nominal value on their respective maturity dates.
- For the avoidance of doubt, any amount redeemed on its respective maturity date shall not be available for reissuance.
- (vii) Repurchase and cancellation** : The Issuer any of its subsidiaries or by agent(s) of the Issuer who is acting for the purchase, may at any time purchase the Sukuk Musharakah at any price in the open market or by private treaty, but these repurchased Sukuk Musharakah shall be cancelled and cannot be resold.
- (viii) Status and Ranking** : 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, subject to those preferred by law and the Transaction Documents.
- (ix) 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, unless such withholding or deduction

is required by law, in which event the payer shall not be required to gross up such amounts for which the withholding or deductions have been made.

- (x) **Other Conditions** : The Sukuk Musharakah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and BNM.
- (xi) **Governing Laws & Jurisdiction** : Laws of Malaysia and the non-exclusive jurisdictions of the courts of Malaysia

Annexure I



Step	Description
1(a),(b),(c),(d)	<p>The investor(s) of the Sukuk Musharakah (“Sukukholder(s)”) shall from time to time via the Trustee, form a Musharakah partnership with the Issuer to invest directly into the Business (“Musharakah Venture”) by entering into a Musharakah agreement as partners (each a “Partner” and collectively the “Musharakah Partners”).</p> <p>The contribution of the Sukukholders to the Musharakah Venture shall be the proceeds raised from the Sukuk Musharakah (“Musharakah Capital”) while the Issuer will contribute the Business into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of the interest in the Business for the benefit of the Sukukholders pursuant to the Musharakah Venture.</p> <p>The Issuer shall issue the Sukuk Musharakah and the Sukukholders shall subscribe to the Sukuk Musharakah issued by the Issuer where the Sukuk Musharakah shall represent the Sukukholders’ undivided proportionate interest in the Musharakah Venture.</p> <p>Income from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to the issuance of the Sukuk Musharakah. Any losses incurred in the Musharakah Venture shall be borne by each Partner in proportion to each Partner’s respective capital contribution in the Musharakah Venture.</p>
2	The Sukukholders shall appoint the Issuer as the manager to manage

Step	Description
	the Musharakah Venture. The Sukukholders agrees that any excess income from the relevant Musharakah Venture over and above the Periodic Distribution Amount shall be retained by the Manager as an incentive fee.
3	<p>The Issuer shall issue a purchase undertaking ("Purchase Undertaking") to the Trustee (for and on behalf of the Sukukholders) wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture from the Trustee (for and on behalf of the Sukukholders) at the relevant Exercise Price upon:</p> <ul style="list-style-type: none"> (i) the declaration of any Dissolution Event; or (ii) any maturity date of the respective outstanding Sukuk Musharakah; or (iii) any Early Redemption of the Sukuk Musharakah.
4(a), (b)	<p>The distributable income generated from the Musharakah Venture (after deducting the Issuer's entitlement to the distribution) shall be shared and distributed to the Sukukholders.</p> <p>With respect to Sukuk Musharakah with periodic distribution, the periodically distributed income from the relevant Musharakah Venture of up to an amount equivalent to a certain percentage of the nominal value of the Sukuk Musharakah per annum ("Periodic Distribution Amount") shall be distributed to the Sukukholders on each Periodic Distribution Date. "Periodic Distribution Date" means the date Periodic Distribution Amount will be distributed in arrears, being the date falling six (6) months after the issue date and every six (6) months thereafter, or such period to be agreed between the Issuer and the Lead Manager prior to each issuance of the Sukuk Musharakah.</p> <p>With respect to Sukuk Musharakah without periodic distribution, income from the Musharakah Venture of up to the Expected Return (as defined below) shall be distributed on a one-off basis to the Sukukholders of that particular series, upon the declaration of a Dissolution Event, the maturity date or the early redemption of the Sukuk Musharakah, whichever is applicable.</p> <p>The return expected by the Sukukholders from the Musharakah Venture ("Expected Return") shall be the yield for the Sukuk Musharakah up to the maturity date or the date of declaration of a Dissolution Event.</p> <p>Any shortfall between the Expected Return and the actual income generated from the Musharakah Venture for such relevant period shall</p>

Step	Description
	be paid by the Issuer as advance part payments of the Exercise Price (" Advance Part Payments ") to make good the difference. The Advance Part Payments will be set-off against the Exercise Price pursuant to the Purchase Undertaking.