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Serial No.:

STRICTLY PRIVATE & CONFIDENTIAL

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INFORMATION MEMORANDUM

ANIH BERHAD
(formerly known as ANIH Sdn Bhd)
(Company No. 939539-X)

**ISSUANCE OF SUKUK PURSUANT TO A SENIOR SUKUK
PROGRAMME OF UP TO RM2.5 BILLION IN NOMINAL VALUE
UNDER THE SHARIAH PRINCIPLE OF *MUSHARAKAH***

JOINT PRINCIPAL ADVISERS / JOINT LEAD ARRANGERS / JOINT LEAD MANAGERS



CIMB Investment Bank Berhad (18417-M)



Maybank Investment Bank Berhad (15938-H)

This Information Memorandum is dated 3 November 2011

IMPORTANT NOTICE

THE ISSUANCE OF SUKUK PURSUANT TO A SENIOR SUKUK PROGRAMME OF UP TO RM2.5 BILLION IN NOMINAL VALUE ("SUKUK") UNDER THE SHARIAH PRINCIPLE OF *MUSHARAKAH* ("SENIOR SUKUK *MUSHARAKAH* PROGRAMME") HAS BEEN APPROVED BY THE SECURITIES COMMISSION ("SC") ON 27 OCTOBER 2011 PURSUANT TO SECTION 212 (5) OF THE CAPITAL MARKETS & SERVICES ACT 2007 (ACT 671) ("CMSA"). PLEASE NOTE THAT THE SC'S APPROVAL OF THE SENIOR SUKUK *MUSHARAKAH* PROGRAMME SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF THE SUKUK.

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of ANIH Berhad (*formerly known as ANIH Sdn Bhd*) (Company No. 939539-X) ("**Issuer**") and they collectively and individually accept full responsibility for the accuracy of the information contained in this Information Memorandum. The Board of Directors of the Issuer ("**Board**"), after having made all reasonable enquiries and to the best of their knowledge, information and belief, confirms that all information contained in this Information Memorandum is true and correct in all material respects. The Board further confirms that there is no omission of a material fact, necessary to make the information contained in this Information Memorandum, in light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain that all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Board accepts full responsibility for such information contained in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENT OF DISCLAIMER

This Information Memorandum is in connection with the Senior Sukuk *Musharakah* Programme.

The Issuer has authorised CIMB Investment Bank Berhad (Company No. 18417-M) ("**CIMB**") and Maybank Investment Bank Berhad (Company No. 15938-H) ("**Maybank IB**") to distribute this Information Memorandum on a confidential basis to potential investors or places, falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the CMSA (as amended from time to time) for the sole purpose of assisting them to decide whether to subscribe for or purchase the Sukuk.

This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

None of the information or data contained in this Information Memorandum has been independently verified by CIMB and Maybank IB as the Joint Lead Managers of the Senior Sukuk *Musharakah* Programme. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the 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 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 and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

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 Joint Lead Managers or any other person.

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,

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This Information Memorandum has not been and will not be made to comply with the laws of any country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction), other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies of) of any Foreign Jurisdiction and it does not constitute an issue or offer of, or an invitation to subscribe for or purchase the Sukuk 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 and has not been registered or lodged under the laws of Malaysia or of any Foreign Jurisdiction as 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, to or from certain Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer and the Joint Lead Managers to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Joint Lead Managers accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in, to or from any such Foreign Jurisdiction.

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- (a) it will keep confidential all information and data contained in the Information Memorandum and will not use such confidential information or data;
- (b) it is lawful for the recipient to receive this Information Memorandum and to subscribe for or purchase the Sukuk 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 at all times;
- (d) the Issuer, the 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, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk is or shall become unlawful, unenforceable, voidable or void;
- (e) it is aware that the Sukuk 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, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk;
- (g) it is subscribing or accepting the Sukuk for its own account; and
- (h) it is a person falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the CMSA (as amended from time to time).

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This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk is not intended to provide the basis of any credit or other evaluation, and is not and should not be construed as, a recommendation by the Issuer, the Joint Lead Managers or any other party to the recipient to subscribe for or purchase the Sukuk. 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 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 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 is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the tenor of the Senior Sukuk *Musharakah* Programme or to advise any investor of the Sukuk of any information coming to the attention of the Joint Lead Managers.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are estimate or derived from sources mentioned in the Information Memorandum. 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. Certain statements are forward-looking in nature and are subject to risks and uncertainties, including, among others, discussions on the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the Board believes that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

ACKNOWLEDGEMENT

The Issuer hereby acknowledges that it has authorised the Joint Lead Managers to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the offer or invitation to subscribe for or issue of the Sukuk to prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the SC, which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the approval of the SC.

The SC vide its letters dated 27 October 2011 has approved the issuance of the Sukuk under the Senior Sukuk *Musharakah* Programme pursuant to Section 212(5) of the CMSA. Please note that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the issue of, offer for subscription or purchase of, or invitation to subscribe for or

purchase of the Sukuk. 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.

EACH ISSUE OF THE SUKUK WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE OF THE SUKUK ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENT. 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.

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To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient 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 Senior Sukuk *Musharakah* Programme 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 Joint Lead Managers.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at their discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer are entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

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DEFINITIONS AND ABBREVIATIONS

Except where the context otherwise requires, the following words and abbreviations shall apply throughout this Information Memorandum:

ACSB	: Alloy Consolidated Sdn Bhd (Company No. 009850-H)
Act	: Companies Act, 1965 as amended from time to time including any re-enactment thereof
ANIH or the Company or the Issuer	: ANIH Berhad (<i>formerly known as ANIH Sdn Bhd</i>) (Company No. 939539-X)
AME	: Alloy Maintenance Engineering Sdn Bhd (Company No. 413979-U)
ATM	: Alloy Toll Management Sdn Bhd (Company No. 410961-M)
BNM	: Bank Negara Malaysia
Board	: Board of Directors of ANIH
CIMB	: CIMB Investment Bank Berhad (Company No. 18417-M)
CIMB Trustee	: CIMB Trustee Berhad (Company No. 167913-M)
CMSA	: Capital Markets & Services Act, 2007 as amended from time to time including any re-enactment thereof
Concession Agreements	: Collectively, MTD Prime Concession Agreement and Metramac Concession Agreement
Designated Accounts	: Collectively, the Shariah compliant accounts, comprising the Revenue Account and the Finance Service Reserve Account (both as defined in the principal terms and conditions of the Senior Sukuk <i>Musharakah</i> Programme) opened and maintained by the Issuer with a bank to be determined by the Issuer which is acceptable to the JLMs
Expressways	: Collectively, the Kuala Lumpur-Karak Highway, East Coast Expressway Phase 1, the Kuala Lumpur-Seremban Expressway and the East-West Link Expressway. (Note: The right and authority to demand, collect and retain tolls from vehicles using the East-West Link Expressway was suspended with effect from 16 May 2011 and will be surrendered to the Government with effect from the Effective Date of the Novation Agreement dated 11 August 2011 which is the date the Government issues a written notice to Metramac and the Issuer after the Issuer has confirmed that the purchase consideration under the Metramac Sale and Purchase Agreement has been fully paid)
Government	: Government of Malaysia
Islamic Securities Guidelines (Sukuk Guidelines)	: Islamic Securities Guidelines (Sukuk Guidelines) issued by the SC and includes any amendments thereto
Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers or JPAs/JLAs/JLMs	: Collectively, CIMB and Maybank IB

Junior Bonds	: Junior bonds to be issued pursuant to the Junior Bonds Issuance
Junior Bonds Issuance	: The issuance of Junior Bonds of up to RM620.0 million in nominal value
MARC	: Malaysian Rating Corporation Berhad (Company No. 364803-V)
Maybank IB	: Maybank Investment Bank Berhad (Company No. 15938-H)
Metramac	: Metramac Corporation Sdn Bhd (Company No. 98827-U)
Metramac Assets	: All assets of Metramac as at the date of the completion of the Proposed Metramac Acquisition and includes, but is not limited to the cash balance, business records, contracts, plant and equipment, receivables and other tangible or intangible assets owned by Metramac
Metramac Concession Agreement	: The concession agreement dated 13 February 1992 entered into between the Dato Bandar Kuala Lumpur and Metramac, as supplemented by a supplemental agreement dated 18 July 1995 entered into between the Dato Bandar Kuala Lumpur and Metramac, the rights underwhich were novated by the Dato Bandar Kuala Lumpur to the Government by the first novation agreement dated 14 November 2002 whereby Metramac was granted the exclusive right and authority to undertake and enjoy the concession relating to the East-West Link Expressway and the Kuala Lumpur-Seremban Expressway, including but not limited to the designing and construction of concession areas, supply and installation of tolling and other equipment and management and operation and maintenance works in relation to expressways and the Metramac Sale and Purchase Agreement, the second novation agreement dated 11 August 2011 entered into between the Government, Metramac and the Issuer to transfer all the rights, liabilities, benefits, interest, duties and obligations of Metramac in respect of the concession agreement dated 13 February 1992 and the second supplemental agreement dated 11 August 2011 entered into between the Government and the Issuer to surrender to the Government the rights to collect tolls in respect of the East-West Link Expressway and such other supplemental and/or variations in relation thereto
Metramac Liabilities	: All liabilities of Metramac at the date of the completion of the Proposed Metramac Acquisition but excluding any liability of Metramac to the Issuer under the Metramac Sale and Purchase Agreement, any liability of Metramac in respect of a loan, bank overdraft, trade bill facility, other financial accommodation, guarantee or indemnity and any liability of Metramac in respect of litigation involving Metramac subsisting and existing as at the date of the Metramac Sale and Purchase Agreement including but not limited to judgment debts, fines, criminal or civil penalties, liabilities for damages or compensation or to account for profits or to make restitution
Metramac Sale and Purchase Agreement	: The conditional sale and purchase agreement dated 11 August 2011 made between Metramac and the Issuer in respect of the Proposed Metramac Acquisition, as supplemented by the supplemental sale and purchase agreement dated 1 November 2011
MTD Capital	: MTD Capital Bhd (Company No. 256187-T)
MTD Capital Group	: MTD Capital group of companies
MTD InfraPerdana	: MTD InfraPerdana Bhd (Company No. 303482-U)

- MTD Prime : MTD Prime Sdn Bhd (Company No. 292569-M)
- MTD Prime Assets : All assets of MTD Prime as at the date of the completion of the Proposed MTD Prime Acquisition and includes, but is not limited to the cash balance, business records, contracts, plant and equipment, receivables and other tangible or intangible assets owned by MTD Prime
- MTD Prime Concession Agreement : The concession agreement dated 28 July 1994 entered into between the Government MTD Construction Sdn Bhd, the rights underwhich were novated by MTD Construction Sdn Bhd to MTD Prime by the first novation agreement dated 28 July 1994 and as supplemented by the first supplemental concession agreement dated 1 October 1998, the second supplemental concession agreement dated 12 December 2003 and the third supplemental concession agreement dated 29 June 2011 all of which entered into between the Government and MTD Prime whereby the Government has granted MTD Prime the right to undertake and enjoy the concession relating to the Kuala Lumpur-Karak Highway and the East Coast Expressway Phase 1, the second novation agreement dated 11 August 2011 entered into between the Government, MTD Prime and the Issuer to transfer all the rights, liabilities, benefits, interest, duties and obligations of MTD Prime in respect of the concession agreement dated 28 July 1994, and the fourth supplemental concession agreement dated 11 August 2011 entered into between the Government and the Issuer and such other supplemental and/or variations in relation thereto
- MTD Prime Liabilities : All liabilities of MTD Prime as at the date of the completion of the Proposed MTD Prime Acquisition but excluding any liability of MTD Prime to the Issuer under the MTD Prime Sale and Purchase Agreement and any liability of MTD Prime in respect of a loan, bank overdraft, trade bill facility, other financial accommodation, guarantee or indemnity and any liability of MTD Prime in respect of litigation involving MTD Prime subsisting and existing as at the date of the MTD Prime Sale and Purchase Agreement including but not limited to judgment debts, fines, criminal or civil penalties, liabilities for damages or compensation or to account for profits or to make restitution
- MTD Prime Sale and Purchase Agreement : The conditional sale and purchase agreement dated 11 August 2011 made between MTD Prime and the Issuer in respect of the Proposed MTD Prime Acquisition, as supplemented by the supplemental sale and purchase agreement dated 1 November 2011
- Project Agreements : The agreements and contracts in relation to the Expressways under the Proposed MTD Prime Acquisition (which include but not limited to the Amended and Restated Toll Operation Contract (2005) dated 14 December 2005 made between MTD Prime and ATM, the Amended and Restated Highway Operation and Maintenance Contract (2005) dated 14 December 2005 made between MTD Prime and AME, Amended and Restated Ancillary Facilities Management Contract dated 25 March 2004 made between MTD Prime and ACSB) and the Proposed Metramac Acquisition (which include but not limited to the Maintenance Agreement dated 10 June 1993 made between Metramac and PROPEL, as supplemented by the first, second, third, fourth, fifth, sixth, seventh and eighth supplemental agreements and the Toll Management & Traffic Surveillance Agreement dated 30 September 2009 made between Metramac and ATM), more particularly defined in the MTD Prime Sale and Purchase Agreement and the Metramac Sale and Purchase Agreement, collectively

PROPEL	: Projek Penyelenggaraan Lebuhraya Berhad (Company No. 171667-P)
Proposed Acquisitions	: The Proposed MTD Prime Acquisition and the Proposed Metramac Acquisition, collectively
Proposed Metramac Acquisition	: The proposed acquisition by the Issuer of the Metramac Assets and the transfer, assignment and novation of the Metramac Liabilities to the Issuer
Proposed MTD Prime Acquisition	: The proposed acquisition by the Issuer of the MTD Prime Assets and the transfer, assignment and novation of the MTD Prime Liabilities to the Issuer
SC	: The Securities Commission Malaysia
Senior Sukuk <i>Musharakah</i> Programme	: The Senior Sukuk programme of up to RM2.5 billion in nominal value under the Shariah principle of <i>Musharakah</i>
Sukuk	: Sukuk to be issued pursuant to the Senior Sukuk <i>Musharakah</i> Programme

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SECTION 1: EXECUTIVE SUMMARY

1.1 Brief background of the Issuer

The Issuer was incorporated in Malaysia under the Act on 7 April 2011 as a private company limited by shares under the name of ANIH Sdn Bhd. Subsequently, on 6 May 2011, it was converted to a public company limited by shares and assumed the name of ANIH Berhad.

The principal business of the Issuer is to carry on business as concessionaires, as an investment holding company and other business related to the Issuer's business or calculated directly or indirectly to enhance the value of the Issuer's property or rights. The principal business of the Issuer shall include, but is not limited to the upgrading, operation and maintenance of the Expressways during the concession period. The Issuer is expected to commence business upon completion of the Proposed Acquisitions.

The Issuer is a special purpose vehicle incorporated to facilitate the Proposed Acquisitions. The Proposed Metramac Acquisition shall include the transfer of the East-West Link Expressway from Metramac to the Issuer. However, at the request of the Government, the right and authority to demand, collect and retain tolls from vehicles using the East-West Link Expressway was suspended with effect from 16 May 2011 and will be surrendered to the Government with effect from the Effective Date of the Novation Agreement dated 11 August 2011 which is the date the Government issues a written notice to Metramac and the Issuer after the Issuer has confirmed that the purchase consideration under the Metramac Sale and Purchase Agreement has been fully paid.

The authorised, issued and paid-up share capital of the Issuer as at 10 October 2011 is as follows:

Type	Type of shares	No. of shares	Par value (RM)	Total (RM)
Authorised	Ordinary	5,000,000	1.00	5,000,000
Issued and fully paid-up	Ordinary	5,000,000	1.00	5,000,000

The shareholders of the Issuer as at 10 October 2011 are as follows:

Name	Shareholding	
	No. of ordinary shares	% of total no. of ordinary shares
Dato' Dr. Nik Hussain Bin Abdul Rahman	2,550,000	51
Dato' Azmil Khalili Bin Dato' Khalid	2,450,000	49

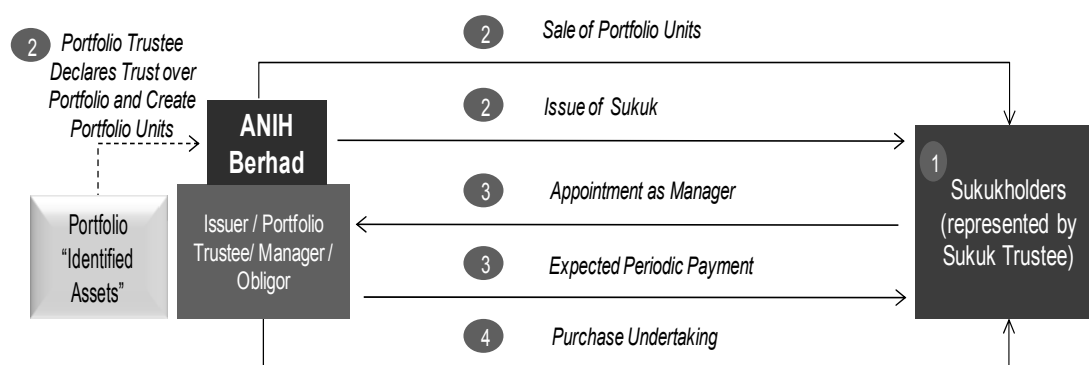
1.2 Brief description of the structure of the Senior Sukuk *Musharakah* Programme

The tenure of the Senior Sukuk *Musharakah* Programme shall be eighteen (18) years from the date of the first issue of the Sukuk under the Senior Sukuk *Musharakah* Programme. Each of the Sukuk shall have tenure of more than one (1) year but not exceeding eighteen (18) years from the issue date, provided that the maturity date of the Sukuk shall not extend beyond the tenure of the Senior Sukuk *Musharakah* Programme.

The aggregate nominal value of outstanding Sukuk issued under the Senior Sukuk *Musharakah* Programme at any point in time is subject to the corresponding reduction in the programme size of the Senior Sukuk *Musharakah* Programme and unless previously redeemed or purchased and cancelled. The Sukuk will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

The frequency of the expected periodic payment for each tranche of the Sukuk shall be on a semi-annual basis commencing from the issue date of the relevant tranche of Sukuk or such other period of frequency to be agreed between the Issuer and the JLMs prior to each issuance of the Sukuk. The expected profit rate and yield to maturity shall be determined prior to each issuance of the Sukuk.

The underlying transaction of the Musharakah structure is as follows:



The Senior Sukuk *Musharakah* Programme involves the issuance of Sukuk of up to RM2.5 billion in nominal value, to be established under the Islamic principle of *Musharakah*.

The investors of each tranche of the Sukuk ("**Musharakah Partners**") shall, from time to time, form a Musharakah amongst themselves and shall enter into a venture ("**Venture**") as part of the financing arrangement, via subscription of the relevant Sukuk. The Venture in this case refers to investments in certain portfolio units ("**Portfolio Units**") which represent individual shares of the undivided beneficial ownership in a portfolio ("**Portfolio**") comprising the Identified Assets (as defined in item (v)(v) of Section 5 herein). For the avoidance of doubt, each Venture shall have at least two Musharakah Partners.

ANIH (in its capacity as the owner ("**Owner**") of the Identified Assets) shall declare a trust over the Portfolio in favour of all the unitholders of the trust and acts as the portfolio trustee ("**Portfolio Trustee**"). The Portfolio Trustee shall create the Portfolio Units and, on the date of such creation of the Portfolio Units, ANIH shall be the first holder ("**Initial Unitholder**") of all the Portfolio Units.

From time to time, ANIH (as Initial Unitholder) will sell certain number of the Portfolio Units to the holders of the Sukuk issued under the Senior Sukuk *Musharakah* Programme ("**Sukukholders**"), who will purchase the relevant Portfolio Units via subscription of the Sukuk. The issue proceeds from each tranche of the Sukuk, constituting the capital contribution ("**Musharakah Capital**") of the respective Sukukholders, shall be invested by ANIH (on behalf of the Sukukholders) in the Venture related to its particular tranche of Sukuk. The Sukuk for a particular tranche will therefore represent the Sukukholders' undivided proportionate share of beneficial ownership in the relevant Venture. The Sukukholders

pertaining to a particular Sukuk tranche will be entitled to the income generated from the respective Venture up to the Expected Return (as defined in item (v)(x) of Section 5 herein), pursuant to the terms of the relevant Musharakah Agreement throughout the tenure of the Sukuk tranche and/or proceeds from the sale of the Portfolio Units of the relevant Sukuk tranche pursuant to the relevant Purchase Undertaking (as defined in item (v)(x) of Section 5 herein).

Pursuant to the sale of the Portfolio Units to the Sukukholders related to each tranche of the Sukuk, ANIH shall retain the remainder of the Portfolio Units, if any. By virtue of ANIH holding the remainder of the Portfolio Units, ANIH shall become partners together with the Sukukholders. The Sukukholders and ANIH shall share the profits generated from the Portfolio based on a fixed pre-agreed profit sharing ratio of 90%:10% respectively.

The Trustee, on behalf of the Sukukholders, shall appoint ANIH as the manager ("**Manager**") of the Ventures, for which the Manager shall be paid an incentive fee as described below.

The distributable profits generated from the Portfolio (after deducting ANIH's entitlement to the distribution as mentioned above) shall be shared and distributed to the Sukukholders, as the Musharakah Partners, on the Periodic Payment Date (as defined in item (g) of Section 5 herein) and the relevant Dissolution Date (as defined in item (v)(x) of Section 5 herein). Musharakah Partners in respect of a tranche of Sukuk shall share the profits generated from the Venture related to the particular tranche based on their respective capital contribution to the respective Musharakah Capital of the respective Venture, which is the pre-agreed profit sharing ratio among themselves. The losses from the Portfolio shall be borne amongst the Sukukholders and ANIH in proportion to their respective interest in the Portfolio and limited to each Sukukholders' and ANIH's respective Musharakah Capital to the Portfolio.

Whenever an Expected Periodic Payment (as defined below) in relation to each tranche of the Sukuk is to be paid on a particular scheduled Periodic Payment Date, such payment shall be made from:

- (i) distributable profits generated from the respective Venture during the tenor of each tranche of the Sukuk ("**Periodic Distributions**"); and/or
- (ii) Top-up Payments (as defined below) (if any) made during the tenor of each tranche of the Sukuk.

On any relevant scheduled Periodic Payment Date, the "Expected Periodic Payment" is calculated at the Periodic Payment Rate on the nominal value of the relevant tranche of the Sukuk based on an actual/365 basis (actual/365).

If the distributable profits generated from a Venture is more than the relevant Expected Periodic Payment to be made in respect of a particular Periodic Payment Date, the excess will be retained by the Manager as incentive fee ("**Incentive Fee**") for managing the Venture.

In the event that the distributable profits generated from a Venture is insufficient to make periodic distributions up to the relevant Expected Periodic Payment due on a particular scheduled Periodic Payment Date, ANIH in its capacity as the obligor ("**Obligor**") shall make top-up payments ("**Top-up Payments**") equal to such deficiency. Such Top-up Payments shall be set-off against the Exercise Price (as defined in item (v)(x) of Section 5 herein).

Pursuant to the Purchase Undertaking entered into upon issuance of the Sukuk, ANIH as the Obligor undertakes to acquire the Portfolio Units from the relevant Sukukholders by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price on the earlier of the Maturity Date (as defined below) of the relevant Sukuk tranche or the date of declaration of a Dissolution Event (as defined in item (s) of Section 5 herein) of the relevant Sukuk tranche.

The "Maturity Date" of the respective tranche of Sukuk shall be at the due date of the respective tranche of Sukuk.

The Senior Sukuk shall at all times rank in priority to the Junior Bonds.

1.3 Details of the utilisation of proceeds for the Senior Sukuk *Musharakah* Programme

The proceeds of the issuance of the Sukuk under the Senior Sukuk *Musharakah* Programme shall be utilised for the following purposes:

No.	Item	Amount (RM' million)
(i)	to part finance the purchase consideration for the Proposed Acquisitions as well as to pay fees, cost and expenses related to the Senior Sukuk <i>Musharakah</i> Programme; and	2,380
(ii)	any balance for general funding and working capital purposes.	120
TOTAL		2,500

In any case, all utilisation of funds under the Senior Sukuk *Musharakah* Programme shall be in compliance with Shariah principles.

1.4 Rating

The Senior Sukuk *Musharakah* Programme has been assigned a preliminary rating of AA_{IS} with stable outlook from MARC.

1.5 Brief description of the Junior Bonds Issuance

The Issuer intends to issue the Junior Bonds to Dato' Dr. Nik Hussain bin Abdul Rahman and Dato' Azmil Khalili bin Dato' Khalid (who are the shareholders of ANIH and part of the ultimate shareholders of MTD Prime and Metramac), to part finance the purchase consideration of the Proposed Acquisitions.

The coupon payments under the Junior Bonds may be paid on scheduled coupon dates provided always that the Finance Service Cover Ratio under the Senior Sukuk *Musharakah* Programme is at least 2.50 times after such coupon payments and any other distribution, whether income or capital in nature, to the shareholders ("**Requisite Condition**").

Any coupons not paid on the scheduled coupon dates due to the non-fulfillment of the Requisite Condition shall be cumulative and paid on the earlier of, maturity date of the relevant tranche of Junior Bonds or the date of declaration of an Event of Default under the Junior Bonds. For the avoidance of doubt, any non-payment of coupon for the Junior Bonds on the scheduled coupon dates due to the non-fulfillment of the Requisite Condition shall not constitute an Event of Default under the Junior Bonds, other than on the final coupon payment date where all cumulative unpaid coupon payments are due.

The Junior Bonds shall, at all times, be subordinated to and shall rank after the Sukuk issued under the Senior Sukuk *Musharakah* Programme in all respects.

The principal terms and conditions of the Junior Bonds are attached as Appendix I.

SECTION 2: BACKGROUND INFORMATION OF THE ISSUER

2.1 Corporate history and principal activities

The Issuer was incorporated in Malaysia under the Act on 7 April 2011 under the name of ANIH Sdn Bhd. Subsequently, on 6 May 2011, it was converted to a public company and assumed the name of ANIH Berhad.

The principal business of the Issuer is to carry on business as concessionaires, as an investment holding company and other business related to the Issuer's business or calculated directly or indirectly to enhance the value of the Issuer's property or rights. The principal business of the Issuer shall include, but is not limited to, the upgrade, operate and maintain the Kuala Lumpur-Karak Highway, East Coast Expressway Phase 1 and Kuala Lumpur-Seremban Expressway during the concession period. The Issuer is expected to commence business upon completion of the Acquisitions.

The Metramac Acquisition shall include transfer of East-West Link Expressway from Metramac to ANIH. However, at the request of the Government, the right and authority to demand, collect and retain tolls from vehicles using the East-West Link Expressway was suspended with effect from 16 May 2011 and will be surrendered to the Government with effect from the Effective Date of the novation agreement dated 11 August 2011 which is the date the Government issues a written notice to Metramac and the Issuer after the Issuer has confirmed that the purchase consideration under the Metramac Sale and Purchase Agreement has been fully paid.

2.2 Board

The directors of the Issuer and their respective profiles as at 10 October 2011 are as follows:

Dato' Dr. Nik Hussain bin Abdul Rahman ("Dato' Dr. Nik Hussain")
Director

Dato' Dr. Nik Hussain (NRIC No. 360627-03-5215), aged 75, was appointed to the Board on 7 April 2011.

Dato' Dr. Nik Hussain holds a Bachelor in Dental Surgery from the University of Singapore. Dato' Dr. Nik Hussain served in the Malaysian civil service as Deputy Minister of Works and Deputy Minister of Telecommunications and Posts from 1976 to 1984 before venturing into the corporate sector.

Dato' Dr. Nik Hussain is the Group Executive Chairman of MTD Capital, the Non-Independent Non-Executive Chairman of MTD ACPI Engineering Berhad, a public listed company in MTD Capital Group and the Chairman of MTD InfraPerdana and Metacorp Berhad, both are subsidiaries of MTD Capital. Dato' Dr. Nik Hussain is also a director of several other private limited companies.

Dato' Azmil Khalili bin Dato' Khalid ("Dato' Azmil Khalid")
Director

Dato' Azmil Khalid (NRIC No. 600624-08-5823), aged 51, was appointed to the Board on 7 April 2011.

Dato' Azmil Khalid graduated with a Bachelors Degree in Civil Engineering and subsequently with a Masters in Business Administration. He began his career with a United Kingdom company, Tarmac National Construction and upon his return to Malaysia worked for Trust International Insurance and Citibank NA.

Dato' Azmil Khalid joined MTD Capital Group in 1993 as General Manager, Corporate Planning. In 1996, Dato' Azmil Khalid assumed the helm as Group Managing Director of MTD Capital and was re-designated as President and Chief Executive Officer on 1 June 2009. In his capacity as President and Chief Executive Officer of MTD Capital, he concurrently holds the same position in MTD ACPI Engineering Berhad and is the Chairman of foreign subsidiaries of MTD Capital namely, MTD Walkers PLC, a company listed on the Colombo Stock Exchange in the Republic of Sri Lanka and South Luzon Tollway Corporation, Philippines.

Dato' Azmil Khalid holds directorships in other public companies namely, MTD InfraPerdana and Metacorp Berhad, both are subsidiaries of MTD Capital. Apart from MTD Capital Group, Dato' Azmil Khalid is the Chairman and Independent Non-Executive Director of Daya Materials Berhad. Dato' Azmil Khalid is a director of Environment Idaman Sdn Bhd, a solid waste concession company; and a Trustee of the Perdana Leadership Foundation. Dato' Azmil Khalid also sits on the board of several private limited companies.

Ir. Wan Razali bin Wan Muda ("Ir. Wan Razali")

Director

Ir. Wan Razali (NRIC No. 531006-11-5013), aged 58, was appointed to the Board on 22 June 2011. Ir. Wan Razali holds a degree in Mechanical Engineering from University of Technology Malaysia and is a registered Professional Engineer with the Board of Engineering, Malaysia (BEM). He is also a fellow member with Institution of Engineers, Malaysia (IEM).

Ir. Wan Razali joined MTD Capital Group as Manager of Operation for MTD Prime in February 1994 and was promoted to General Manager for Rocon Equipment Sdn Bhd (now known as MTD Project Management Services Sdn Bhd) in March 1996. He was then appointed as General Manager of Terratech Consultants (M) Sdn Bhd in 2002 and as Executive Vice President, Head, Tollways Division in October, 2008. Ir. Wan Razali is also a member of the Management Committee of MTD Capital and a Director of AMS (M) Sdn Bhd, a wholly-owned subsidiary of MTD Capital. Prior to joining MTD Capital Group, he was with the Royal Military Air Force and Senior Management Team in a few semi-government bodies.

Haji Nik Fauzi bin Dato' Nik Hussein ("Haji Nik Fauzi")

Director

Haji Nik Fauzi (NRIC No. 590624-71-5171), aged 52, was appointed to the Board on 22 June 2011. Haji Nik Fauzi is a graduate from the Institute of Marketing (UK), Institut Teknologi Mara.

Haji Nik Fauzi is a businessman by profession and is the Managing Director of Nikvest Sdn Bhd since 1994. He was appointed as Head of Concession Facilities and Services of MTD Prime on 1 December 2005 and as Senior Vice President, Head, Operations & Engineering, Tollways Division in April 2009. Haji Nik Fauzi is also a member of the Management Committee of MTD Capital. On 12 August 2011, he was appointed as Non-Independent Executive Director of MTD Capital. He holds directorships in other public company namely, MTD InfraPerdana, a subsidiary of MTD Capital and sits in several private limited companies.

Lee Leong Yow

Director

Lee Leong Yow (NRIC No. 560729-08-5447), aged 55, was appointed to the Board on 22 June 2011. He holds a Master in Business Administration (Finance) from University of Leicester, United Kingdom, and is a member of the Association of International Accountants, United Kingdom.

Lee Leong Yow joined MTD Capital Group as Finance Manager of MTD Prime in August 1994 and was promoted to Group Financial Controller of MTD Capital in August 1997. He was appointed as General Manager, Head of Operations of MTD Capital Group in October

2001 and as Executive Vice President, Head, Finance & Treasury Division in April 2009 until his retirement in end of July 2011. On 12 August 2011, he was appointed Director of MTD Capital. He is also a member of the Management Committee of MTD Capital and MTD ACPI Engineering Berhad. Prior to joining MTD Capital Group, he was with Citibank N.A., as Financial Controller, Bank Cards business and with Exxon Group of companies in Malaysia heading various accounting sections in Controllers Department.

Lee Leong Yow is the Non-Independent Non-Executive Director of MTD ACPI Engineering Berhad and held directorship in other public companies namely, MTD Walkers PLC, a company listed on the Colombo Stock Exchange in the Republic of Sri Lanka and Metacorp Berhad, a subsidiary of MTD Capital. He also sits on the board of several private limited companies.

2.3 Senior management

Ir. Wan Razali ***Head, Tollways Business***

Ir. Wan Razali was appointed on 22 June 2011 and his profile is as stated in Section 2.2 above.

Haji Nik Fauzi ***Head, Operations & Engineering***

Haji Nik Fauzi was appointed on 22 June 2011 and his profile is as stated in Section 2.2 above.

Lee Leong Yow ***Head, Finance***

Lee Leong Yow was appointed on 22 June 2011 and his profile is as stated in Section 2.2 above.

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SECTION 3: THE PROPOSED ACQUISITIONS AND THE CONCESSIONS

3.1 Information on the Proposed Acquisitions of the Expressways

3.1.1 Details of the Proposed Acquisitions of the Expressways

MTD Prime and Metramac hold interests in four toll concessions in Malaysia, namely Kuala Lumpur-Karak Highway, East Coast Expressway Phase 1, East-West Link Expressway and Kuala Lumpur-Seremban Highway.

ANIH proposes to acquire the entire business and undertaking of MTD Prime and Metramac for a total cash consideration of RM3.525 billion.

3.1.2 Assets to be acquired by ANIH

The assets to be acquired by ANIH are as detailed below:

MTD Prime's Assets:

The assets of MTD Prime as at the Completion Date (as defined in the MTD Prime Sale and Purchase Agreement) includes, but is not limited to:

- (i) MTD Prime's cash, including, but not limited to, funds held with any bank or financial institution to the credit of MTD Prime, cash equivalents (including placements in commercial papers) and cash in hand, as at the Completion Date ("**MTD Prime's Cash Balance**");
- (ii) the business carried on by MTD Prime ("**MTD Prime's Business**"):
 - (a) records of MTD Prime's Cash Balance;
 - (b) records of the agreements to which MTD Prime is a party and which are, in whole or in part, executor or in respect of which obligations remain to be performed by any party as at the Completion Date listed in Attachment 10 of the MTD Prime Sale and Purchase Agreement ("**MTD Prime's Contracts**");
 - (c) records of the trade debts acquired in the ordinary course of ordinary business of MTD Prime's Business owed to MTD Prime at the Completion Date and which will be specified in the Completion Statement (as defined in the MTD Prime Sale and Purchase Agreement) ("**MTD Prime's Receivables**");
 - (d) records of all liabilities of MTD Prime but excluding the Excluded Liabilities (as defined in the MTD Prime Sale and Purchase Agreement) as at the Completion Date and includes, but is not limited to:
 - (A) a liability of MTD Prime to MTD Prime's directors or employees (including any accrued benefits, loyalty and/or severance payments due and payable to such directors and employees) or a trade creditor of MTD Prime's Business;

- (B) a liability of MTD Prime to a related corporation of MTD Prime;
- (C) tax, duty and guarantee liabilities of MTD Prime;
- (D) a fee, charge or expense for legal, accounting or other professional services for which MTD Prime is liable; and
- (E) any liability under any law or regulation which cannot be transferred to ANIH,

irrespective of whether the liability is actual, prospective, contingent or otherwise; is at any time ascertained or unascertained; is owing or incurred by or on account of MTD Prime alone or severally or jointly with any other person ("**MTD Prime's Liabilities**") (collectively, "**MTD Prime's Business Records**").

- (e) records of the all the employees of MTD Prime listed in Attachment 11 of the MTD Prime Sale and Purchase Agreement and includes any other employees of MTD Prime which MTD Prime engages with the prior written consent of ANIH ("**MTD Prime's Employees**"), who accepts ANIH's offer of employment in accordance with the MTD Prime Sale and Purchase Agreement ("**MTD Prime's Transferring Employees**");
 - (f) computer programs, data bases, software and negatives;
 - (g) original or copies of ledgers, journals and books of account;
 - (h) results of research carried out and other know-how; and
 - (i) all other documents and records in respect of MTD Prime's Business which belong to MTD Prime at the Completion Date;
- (iii) MTD Prime's Contracts;
 - (iv) the plant, equipment, machinery, tools, furniture, fittings and motor vehicles, spare parts and accessories owned by MTD Prime listed in Attachment 12 of the MTD Prime Sale and Purchase Agreement ("**MTD Prime's Plant and Equipment**");
 - (v) MTD Prime's Receivables; and
 - (vi) all other tangible or intangible assets owned by MTD Prime in MTD Prime's Business.

Metramac's Assets:

The assets of Metramac as at the Completion Date (as defined in the Metramac Sale and Purchase Agreement) includes, but is not limited to:

- (i) Metramac's cash, including, but not limited to, funds held with any bank or financial institution to the credit of Metramac, cash equivalents (including placements in commercial papers) and cash in hand, as at the Completion Date ("**Metramac's Cash Balance**");
- (ii) in relation to the business carried on by Metramac ("**Metramac's Business**"):
 - (a) records of Metramac's Cash Balance;

- (b) records of the agreements to which Metramac is a party and which are, in whole or in part, executor or in respect of which obligations remain to be performed by any party as at the Completion Date listed in Attachment 13 of the Metramac Sale and Purchase Agreement ("**Metramac's Contracts**");
- (c) records of the trade debts acquired in the ordinary course of ordinary business of Metramac's Business owed to Metramac at the Completion Date and which will be specified in the Completion Statement (as defined in the Metramac Sale and Purchase Agreement) ("**Metramac's Receivables**");
- (d) records of all liabilities of Metramac but excluding the Excluded Liabilities (as defined in the Metramac Sale and Purchase Agreement) as at the Completion Date and includes, but is not limited to:
 - (A) a liability of Metramac to Metramac's directors or employees (including any accrued benefits, loyalty and/or severance payments due and payable to such directors and employees) or a trade creditor of Metramac's Business;
 - (B) a liability of Metramac to a related corporation of Metramac;
 - (C) tax, duty and guarantee liabilities of Metramac;
 - (D) a fee, charge or expense for legal, accounting or other professional services for which Metramac is liable; and
 - (E) any liability under any law or regulation which cannot be transferred to ANIH;irrespective of whether the liability is actual, prospective, contingent or otherwise; is at any time ascertained or unascertained; is owing or incurred by or on account of Metramac alone or severally or jointly with any other person ("**Metramac's Liabilities**") (collectively, "**Metramac's Business Records**").
- (e) records of all the employees of Metramac listed in Attachment 14 of the Metramac Sale and Purchase Agreement and includes any other employees of Metramac which Metramac engages with the prior written consent of ANIH ("**Metramac's Employees**"), who accepts ANIH's offer of employment in accordance with the Metramac Sale and Purchase Agreement ("**Metramac's Transferring Employees**");
- (f) computer programs, data bases, software and negatives;
- (g) original or copies of ledgers, journals and books of account;
- (h) results of research carried out and other know-how; and
- (i) all other documents and records in respect of Metramac's Business which belong to Metramac at the Completion Date;
- (iii) Metramac's Contracts;
- (iv) the plant, equipment, machinery, tools, furniture, fittings and motor vehicles, spare parts and accessories owned by Metramac listed in Attachment 15 of

the Metramac Sale and Purchase Agreement ("**Metramac's Plant and Equipment**");

- (v) Metramac's Receivables; and
- (vi) all other tangible or intangible assets owned by Metramac in Metramac's Business.

3.1.3 Liabilities to be assumed by ANIH

Save for the liabilities stated in Section 3.1.2, there are no other liabilities to be assumed by ANIH in respect of the Proposed Acquisitions.

3.1.4 Consideration

The Issuer shall pay to MTD Prime and Metramac the purchase consideration of RM3.525 billion in cash at the Completion Date (as defined in the MTD Prime Sale and Purchase Agreement) for the Proposed Acquisitions.

3.1.5 Conditions Precedent

MTD Prime Sale and Purchase Agreement:

Completion is conditional upon the satisfaction or waiver in accordance with clause 2.13 of the MTD Prime Sale and Purchase Agreement, as the case may be, of all the following Conditions:

- (i) The approval by the members of MTD Capital which has been obtained on 11 August 2011 and the approval of the members of MTD Prime which has been obtained on 11 August 2011 of the proposed disposal by MTD Prime of MTD Prime's Assets and the acceptance of the transfer, assignment or novation of MTD Prime's Liabilities by ANIH and other relevant third parties ("**Proposed MTD Prime Disposal**"); and approval of the members of ANIH which has been obtained on 28 October 2011 of the Proposed MTD Prime Acquisition;
- (ii) the novation and revision of all the agreements made between the Government and MTD Prime in respect of the tolled roads in Malaysia. The Government, MTD Prime and the Issuer had on 11 August 2011 entered into a second novation agreement and the Government and the Issuer had on 11 August 2011 entered into a fourth supplemental concession agreement;
- (iii) receipt by MTD Prime and ANIH of confirmation from the Government through the Ministry of Finance which was obtained vide its letter dated 13 May 2011 confirming that:
 - (a) the capital gains to MTD Prime from the Proposed MTD Prime Disposal is non-taxable capital gain;
 - (b) the Purchase Consideration (as defined in the MTD Prime Sale and Purchase Agreement) can be amortized as deductible expenses; and
 - (c) the MTD Prime Sale and Purchase Agreement, all documents arising from the MTD Prime Sale and Purchase Agreement are exempted from any stamp, transaction or registration fees, duty or similar charge imposed by any Government agency and includes, but is not

limited to, any interest, fine, penalty, charge or other amount imposed in respect of the above;

- (iv) ANIH has received all approval (if any is required) of any government agency or any other party under any agreement including any concession agreement entered into by MTD Prime required to enable ANIH to conduct MTD Prime's Business and to own and operate MTD Prime's Asset;
- (v) receipt by MTD Prime of the consents or approvals required of any of its financiers or the financiers of MTD Capital Group, including bonds and other securities holders in relation to the Proposed Disposal, including any consents required under financing agreements entered into by MTD Capital and its subsidiaries;
- (vi) issuance of notice by ANIH stating that all arrangements necessary for the provision of funding to ANIH for the Proposed MTD Prime Acquisition have been finalised; and
- (vii) MTD Prime and ANIH agreeing in writing that no other approvals, exemptions, non-objections or waivers from any other Government agency or any other person are necessary for the implementation and completion of the MTD Prime Sale and Purchase Agreement, the Proposed MTD Prime Acquisition or the Proposed MTD Prime Disposal.

Metramac Sale and Purchase Agreement:

Completion is conditional upon the satisfaction or waiver in accordance with clause 2.13 of the Metramac Sale and Purchase Agreement, as the case may be, of all the following Conditions:

- (i) The approval of the members of MTD Capital which has been obtained on 11 August 2011 and the approval of the members of Metramac which has been obtained on 11 August 2011 of the proposed disposal by Metramac of Metramac's Assets and the acceptance of the transfer, assignment or novation of Metramac's Liabilities by ANIH and other relevant third parties ("**Proposed Metramac Disposal**"); and the approval of the members of ANIH which has been obtained on 28 October 2011 of the Proposed Metramac Acquisition;
- (ii) the novation and revision of all the agreements made between the Government and Metramac in respect of the tolled roads in Malaysia. The Government, Metramac and the Issuer had on 11 August 2011 entered into a second novation agreement and the Government and the Issuer had on 11 August 2011 entered into a second supplemental agreement dated 11 August 2011 entered into between the Government and the Issuer;
- (iii) receipt by Metramac and ANIH of confirmation from the Government through the Ministry of Finance which was obtained vide its letter dated 13 May 2011 confirming that:
 - (a) the capital gains to Metramac from the Proposed Metramac Disposal is non-taxable capital gain;
 - (b) the Purchase Consideration (as defined in the Metramac Sale and Purchase Agreement) can be amortized as deductible expenses; and
 - (c) the Metramac Sale and Purchase Agreement, all documents arising from the Metramac Sale and Purchase Agreement are exempted from any stamp, transaction or registration fees, duty or similar charge imposed by any Government agency and includes, but is not

limited to, any interest, fine, penalty, charge or other amount imposed in respect of the above;

- (iv) ANIH has received all approval (if any is required) of any government agency or any other party under any agreement including any concession agreement entered into by Metramac required to enable ANIH to conduct Metramac's Business and to own and operate Metramac's Asset;
- (v) receipt by Metramac of the consents or approvals required of any of its financiers or the financiers of MTD Capital Group, including bonds and other securities holders in relation to the Proposed Metramac Disposal, including any consents required under financing agreements entered into by MTD Capital and its subsidiaries;
- (vi) issuance of notice by ANIH stating that all arrangements necessary for the provision of funding to ANIH for the Proposed Metramac Acquisition have been finalised; and
- (vii) Metramac and ANIH agreeing in writing that no other approvals, exemptions, non-objections or waivers from any other Government agency or any other person are necessary for the implementation and completion of the Metramac Sale and Purchase Agreement, the Proposed Metramac Acquisition or the Proposed Metramac Disposal.

3.1.6 Sellers' Guarantee

Release of MTD Prime Guarantees:

- (i) ANIH must cause and procure the unconditional and irrevocable release of MTD Prime or any related corporation of MTD Prime from any guarantee, indemnity or surety provided in relation to all the business carried on by MTD Prime effective from the Completion and provide replacement guarantees, indemnities or sureties if necessary.
- (ii) On Completion, MTD Prime must assign or novate all rights, benefits and entitlements in and to any guarantee from any person provided in relation to all the business carried on by MTD Prime to ANIH.

Release of Metramac Guarantees:

- (i) ANIH must cause and procure the unconditional and irrevocable release of Metramac or any related corporation of Metramac from any guarantee, indemnity or surety provided in relation to all the business carried on by Metramac effective from the Completion and provide replacement guarantees, indemnities or sureties if necessary.
- (ii) On Completion, Metramac must assign or novate all rights, benefits and entitlements in and to any guarantee from any person provided in relation to all the business carried on by Metramac to ANIH.

3.1.7 Termination of the MTD Prime Sale and Purchase Agreement

Right of ANIH to terminate the MTD Prime Sale and Purchase Agreement:

- (i) If at any time up to Completion:

- (a) MTD Prime breaches any material term of the MTD Prime Sale and Purchase Agreement; or
- (b) any Seller's Warranties (as defined in the MTD Prime Sale and Purchase Agreement) is or becoming false, misleading or incorrect in a material respect when made or regarded as made under the MTD Prime Sale and Purchase Agreement,

then ANIH may give notice in writing to MTD Prime within fourteen (14) business days of discovery of MTD Prime's breach, specifying the default or breach and requiring MTD Prime to remedy the default or breach within 30 days of the receipt of such notice.

- (ii) If MTD Prime fails to remedy the relevant default or breach within the period of thirty (30) days, ANIH may within fourteen (14) days after the period of thirty (30) days, give written notice to MTD Prime electing either to:
 - (a) complete the MTD Prime Sale and Purchase Agreement, at the purchase consideration and waive, discharge and release all its rights and entitlements under the relevant default or breach; or
 - (b) terminate its obligation to complete the Proposed MTD Prime Acquisition and/or to perform its other obligations under the MTD Prime Sale and Purchase Agreement by giving a notice of termination.
- (iii) If ANIH fails to give written notice within the period of fourteen (14) days to specify its election, ANIH is deemed to have elected to complete the MTD Prime Sale and Purchase Agreement at the purchase consideration and to waive, discharge and release all its rights and entitlements under the relevant default or breach.
- (iv) ANIH undertakes and covenants to MTD Prime that, if ANIH elects to complete the MTD Prime Sale and Purchase Agreement, ANIH shall have no rights or entitlements whatsoever in respect of the breach or default of the MTD Prime Sale and Purchase Agreement by MTD Prime and ANIH undertakes and covenants to MTD Prime that ANIH will not make any claims whatsoever against MTD Prime or withhold or purport to set off any payments due to MTD Prime under the MTD Prime Sale and Purchase Agreement.
- (v) If a notice of termination is issued then the MTD Prime Sale and Purchase Agreement shall cease to have any effect and shall become null and void and neither of the parties shall have any further claims against the other save and except under clauses 10 and 11 of the MTD Prime Sale and Purchase Agreement.

Right of MTD Prime to terminate the MTD Prime Sale and Purchase Agreement:

- (i) If ANIH breaches a term of the MTD Prime Sale and Purchase Agreement in a material respect, then MTD Prime may notify ANIH to remedy the breach within thirty (30) days after receipt of the written notice.
- (ii) If ANIH fails to remedy the breach within the thirty (30) days after receipt of the written notice, then MTD Prime may within fourteen (14) days after the period of thirty (30) days, give a written notice to ANIH electing either to:

- (a) waive, discharge and release all its rights and entitlements under the relevant breach and complete the MTD Prime Sale and Purchase Agreement at the purchase consideration; or
 - (b) terminate its obligation to complete the proposed disposal of MTD Prime Assets and transfer of MTD Prime Liabilities and/or to perform its other obligations under the MTD Prime Sale and Purchase Agreement by giving a notice of termination.
- (iii) MTD Prime undertakes and covenants to ANIH that, if MTD Prime elects to complete the MTD Prime Sale and Purchase Agreement, MTD Prime shall have no rights or entitlements whatsoever in respect of the breach or default of the MTD Prime Sale and Purchase Agreement by ANIH and MTD Prime undertakes and covenants to ANIH that MTD Prime will not make any claims whatsoever against ANIH or withhold or purport to set off any payments due to ANIH under the MTD Prime Sale and Purchase Agreement.
- (iv) If MTD Prime issues a notice of termination then the MTD Prime Sale and Purchase Agreement shall cease to have any effect and shall become null and void and neither of the parties shall have any further claims against the other save and except under clauses 10 and 11 of the MTD Prime Sale and Purchase Agreement.

3.1.8 Termination of the Metramac Sale and Purchase Agreement

Right of ANIH to terminate the Metramac Sale and Purchase Agreement:

- (i) If at any time up to Completion:
 - (a) Metramac breaches any material term of the Metramac Sale and Purchase Agreement; or
 - (b) any Seller's Warranties (as defined in the Metramac Sale and Purchase Agreement) is or becoming false, misleading or incorrect in a material respect when made or regarded as made under the Metramac Sale and Purchase Agreement,then ANIH may give notice in writing to Metramac within fourteen (14) business days of discovery of Metramac breach, specifying the default or breach and requiring Metramac to remedy the default or breach within thirty (30) days of the receipt of such notice.
- (ii) If Metramac fails to remedy the relevant default or breach within the period of thirty (30) days, ANIH may within fourteen (14) days after the period of thirty (30) days, give written notice to Metramac electing either to:
 - (a) complete the Metramac Sale and Purchase Agreement, at the purchase consideration and waive, discharge and release all its rights and entitlements under the relevant default or breach; or
 - (b) terminate its obligation to complete the Proposed Metramac Acquisition and/or to perform its other obligations under the Metramac Sale and Purchase Agreement by giving a notice of termination.
- (iii) If ANIH fails to give written notice within the period of fourteen (14) days to specify its election, ANIH is deemed to have elected to complete the Metramac Sale and Purchase Agreement at the purchase consideration and

to waive, discharge and release all its rights and entitlements under the relevant default or breach.

- (iv) ANIH undertakes and covenants to Metramac that, if ANIH elects to complete the Metramac Sale and Purchase Agreement, ANIH shall have no rights or entitlements whatsoever in respect of the breach or default of the Metramac Sale and Purchase Agreement by Metramac and ANIH undertakes and covenants to Metramac that ANIH will not make any claims whatsoever against Metramac or withhold or purport to set off any payments due to Metramac under the Metramac Sale and Purchase Agreement.
- (v) If a notice of termination is issued then the Metramac Sale and Purchase Agreement shall cease to have any effect and shall become null and void and neither of the parties shall have any further claims against the other save and except under clauses 10 and 11 of the Metramac Sale and Purchase Agreement.

Right of Metramac to terminate the Metramac Sale and Purchase Agreement:

- (i) If ANIH breaches a term of the Metramac Sale and Purchase Agreement in a material respect, then Metramac may notify ANIH to remedy the breach within thirty (30) days after receipt of the written notice.
- (ii) If ANIH fails to remedy the breach within the thirty (30) days after receipt of the written notice, then Metramac may within fourteen (14) days after the period of thirty (30) days, give a written notice to ANIH electing either to:
 - (a) waive, discharge and release all its rights and entitlements under the relevant breach and complete the Metramac Sale and Purchase Agreement at the purchase consideration; or
 - (b) terminate its obligation to complete the proposed disposal of Metramac Assets and transfer of Metramac Liabilities and/or to perform its other obligations under the Metramac Sale and Purchase Agreement by giving a notice of termination.
- (iii) Metramac undertakes and covenants to ANIH that, if Metramac elects to complete the Metramac Sale and Purchase Agreement, Metramac shall have no rights or entitlements whatsoever in respect of the breach or default of the Metramac Sale and Purchase Agreement by ANIH and Metramac undertakes and covenants to ANIH that Metramac will not make any claims whatsoever against ANIH or withhold or purport to set off any payments due to ANIH under the Metramac Sale and Purchase Agreement.
- (iv) If Metramac issues a notice of termination then the Metramac Sale and Purchase Agreement shall cease to have any effect and shall become null and void and neither of the parties shall have any further claims against the other save and except under clauses 10 and 11 of the Metramac Sale and Purchase Agreement.

3.2 Salient terms of the Concession Agreements

3.2.1 MTD Prime Concession Agreement

- (i) Concession:

An exclusive right and authority was granted by the Government to MTD Prime (with effect from the Effective Date of the second novation agreement

dated 11 August 2011 entered into between the Government, MTD Prime and the Issuer, the rights, liabilities, benefits, interest, duties and obligations of MTD Prime will be assumed by the Issuer) to:

- (a) undertake the design, construction, improvement and upgrading works to the existing Kuala Lumpur-Karak Highway commencing from km 15.5 to km 79.2 ("**Existing Highway**"), part of the existing KL-Genting Road ("**Genting Slip Road**") (collectively, "**Highway I**");
- (b) take over from the Government or Lembaga Lebuhraya Malaysia ("**LLM**") the management, operation and maintenance of the Existing Highway and the East Coast Expressway Phase I ("**Highway II**") and the ancillary facilities;
- (c) supply and install tolling and other equipment at the toll plaza of the Highway I and to manage, operate and maintain the same;
- (d) demand, collect and retain toll from toll-paying vehicles using the Highway I and II during the Concession Period (as hereinafter defined);
- (e) design, construct, manage, operate and maintain the facilities set out in Appendix E of the MTD Prime Concession Agreement ("**Ancillary Facilities**") during the Concession Period and to retain all income derived from managing, operating and maintaining the facilities for Highway I;
- (f) manage, operate and maintain the Highway I;
- (g) to design, construct, manage, operate and maintain the Administrative Office, more particularly described in the MTD Prime Concession Agreement; and
- (h) subject to the approval of LLM and other relevant authorities, to design, construct, manage, operate and maintain advertising hoardings within the right of way of the Highway I and Highway II during the Concession Period and to retain the income thereof.

(ii) Concession Period:

- (a) The concession period for Highway I shall be for a period of 38 years (or such other extended period in accordance with the terms and conditions of the MTD Prime Concession Agreement) commencing on 28 July 1994 and ending on 27 July 2032.
- (b) The concession period for the Highway II shall be for a period of 28 years commencing on 1 January 2005 and ending on 31 December 2032.

(iii) Termination by the Government:

- (a) A default occurs if:
 - (A) MTD Prime persistently or flagrantly in breach of any of its material obligations under the MTD Prime Concession Agreement,
 - (B) an order is made or a resolution is passed for the winding up of MTD Prime (except for the purposes of reconstruction or

amalgamation not involving the realisation of assets in which the interest of creditors are protected);

- (C) MTD Prime goes into liquidation or a receiver is appointed of the assets of MTD Prime or MTD Prime makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debts; or
 - (D) execution is levied against a substantial portion of the MTD Prime's assets, unless it has instituted proceedings in good faith to set aside such execution.
- (b) The Government may terminate the Concession at any time by giving notice to that effect to MTD Prime if MTD Prime fails to remedy the relevant default in Section 3.2.1(iii)(a) within 6 months (or such other period as may be agreed by the parties).
- (c) If the Concession for Highway I is terminated by the Government due to the failure of MTD Prime to remedy the relevant default in Section 3.2.1(iii)(a) within a specific time period,
- (A) the Concession for Highway II shall automatically be terminated;
 - (B) the Government shall subject to clause 21.4 of the MTD Prime Concession Agreement pay to the Lenders (as defined hereinafter) within 6 months after the termination date an amount equal to the aggregate amount owing to the Lenders at the date of payment (after deducting therefrom the value of any security including any tolls at that time held by the lenders) or shall otherwise assume the liabilities and obligations of MTD Prime to the Lenders within such period as aforesaid.

"Lenders" means all persons (other than the Government) providing finance to MTD Prime in relation to the carrying out of the design and construction works, the supply and installation of tolling, tunnel and other equipment, the management, operation and maintenance works and all things incidental thereto, carried out or to be carried out by MTD Prime pursuant to the MTD Prime Concession Agreement.

(Note: Sukukholders may not fall within the definition of "Lenders" as set out in Section 3.2.1)

- (d) If the Concession for Highway II is terminated by the Government due to failure of MTD Prime to remedy the relevant default within a specific time period, then the Government shall pay to MTD Prime the remaining projected toll revenue not collected as referred to in Appendix MM3 of the MTD Prime Concession Agreement from the termination date less cost and expenses incurred by the Government in completing the maintenance works which would have been incurred by MTD Prime for Highway II in the concession year when termination date occurred.

(iv) Termination by MTD Prime:

- (a) An event of default occurs if:
 - (A) the Government without reasonable cause fails to perform or fulfil any of its obligation which adversely affect the right and authority of MTD Prime to collect and retain tolls; or
 - (B) the Government is in breach of any of its obligation to make any of the payments under the MTD Prime Concession Agreement to MTD Prime.
- (b) MTD Prime may terminate the Concession at any time by giving notice to that effect to the Government if the Government fails to remedy the relevant event of default in Section 3.2.1(iv)(a) within 6 months (or such other period as may be agreed by the parties).
- (c) If the Concession for Highway I is terminated by MTD Prime due to the failure of the Government to remedy the relevant event of default in Section 3.2.1(iv)(a) within a specific time period:
 - (A) the Concession for Highway II shall automatically be terminated;
 - (B) the Government shall subject to clause 21.4 of the MTD Prime Concession Agreement pay to the Lenders within six (6) months after the termination date an amount equal to the aggregate amount owing to the Lenders at the date of payment (after deducting therefrom the value of any security, including any tolls, at that time held by the Lenders) or shall otherwise assume the liabilities and obligations of the Concession Company to the Lenders within such period as aforesaid; and
 - (C) the Government shall pay to the Concession Company within six (6) months from the termination date:
 - (1) 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 and all amounts as at the termination date owing to the Government by the Concession Company under the MTD Prime Concession Agreement;
 - (2) an amount equal to:
 - (aa) the amount of interest which would have accrued on the subscription moneys paid to the Concession Company in respect of its paid up share capital 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 at an annual rate equal to the weighted average Bank Deposit Rate for each relevant Concession Year (as defined in 3.2.1(x) herein); less

- (bb) any net dividends received by the shareholders of the Concession Company; and
- (D) the Government shall pay to MTD Prime the remaining compensation not collected by MTD Prime as more particularly described in Appendix MM2 of the MTD Prime Concession Agreement.
- (d) If the Concession for Highway II is terminated by MTD Prime due to the failure of the Government to remedy the relevant event of default within a specific time period, then the Government shall pay to MTD Prime the remaining projected toll revenue not collected as referred to in Appendix MM3 of the MTD Prime Concession Agreement from the termination date.
- (e) If MTD Prime does not terminate the Concession then either the Concession Period shall be extended for such period (if any) as shall be necessary to compensate MTD Prime for the consequences of such matter or event giving rise to the right to terminate the Concession or the Government shall reimburse MTD Prime for any losses, claims, costs or expenses reasonably and properly paid, incurred or reimbursed by MTD Prime arising directly out of or resulting directly from the relevant default or event or shall compensate MTD Prime in such other manner as may be agreed by the parties thereto.

“Value of the Works” means the amount jointly certified by the Government auditor and MTD Prime auditor to be the aggregate as at the termination date of:

- (1) the certified value of the completed Construction Works (as defined in the MTD Prime Concession Agreement) as at the termination date as certified by the consulting engineering firm;
 - (2) all design, consultancy and management costs and expenses incurred by MTD Prime in relation to the concession; and
 - (3) all interest and other financing costs and expenses reasonably and properly incurred by MTD Prime in connection with the financing of the concession.
- (v) Step-in Rights of the Government:

Notwithstanding any provisions in the MTD Prime Concession Agreement, upon the occurrence and during the continuance of an event of default by MTD Prime, the Government shall have the right but under no circumstances the obligation to assume the operational responsibility of MTD Prime in order to continue the activities under the Concession.

- (vi) Expiry or Earlier Termination of the MTD Prime Concession Agreement:

On the termination date all rights of MTD Prime in respect of the Concession and the concession area shall revert to the Government.

The expiry or early termination of the Concession shall not affect the liability of either party for any of its acts or omissions during the Concession Period and that each party shall thereafter continue to be so liable and shall keep the other party indemnified and held harmless in respect of any claims arising therefrom.

(vii) Force Majeure:

Neither the Government nor MTD Prime shall be in breach of its obligations under the MTD Prime Concession Agreement if it is unable to perform its obligations under the MTD Prime Concession Agreement (or any part of them) as a result of the occurrence of an event of force majeure.

If an event of force majeure occurs by reason of which one party is unable to perform its obligations under the MTD Prime Concession Agreement (or any part of them), that party shall inform the other party as soon as reasonably practicable of the occurrence of that event of force majeure and use all reasonable measures to mitigate any delay or interruption to the works.

(viii) Maintenance Requirements:

MTD Prime shall maintain the Highway I and Highway II and the ancillary facilities after it is completed in good repair and condition and in accordance with the MTD Prime Concession Agreement and sound engineering practices including the provision of routine maintenance.

If, in the opinion of LLM, MTD Prime fails to perform its maintenance obligations in accordance with the MTD Prime Concession Agreement, LLM may give notice to MTD Prime of the failure setting out in detail the obligations which LLM considers has not been performed, and MTD Prime shall respond within four (4) weeks and shall either agree to perform the maintenance obligations or give a justification for not carrying out the maintenance obligations to LLM. If MTD Prime agrees to perform the maintenance obligations or if its justification for not carrying out the maintenance obligations is rejected by the LLM and in either case MTD Prime fails to proceed within a further four (4) weeks, LLM shall give notice to MTD Prime that it will carry out the maintenance obligations. The costs of carrying out that maintenance obligations shall be borne by MTD Prime and, without prejudice to the foregoing, the Government may obtain payment out of the maintenance bond provided to it pursuant to clause 16 of the MTD Prime Concession Agreement.

(ix) Maintenance Bond:

The maintenance bond for the Highway I has been issued on 1 September 1999 for the due performance of MTD Prime's maintenance obligations during the Concession Period and for a further period of twelve (12) months thereafter having an aggregate value of RM5,000,000.00.

The maintenance bond for the Highway II has been issued on 28 September 2010 for the due performance of MTD Prime's maintenance obligations during the Concession Period and for a further period of twelve (12) months thereafter having an aggregate value of RM10,000,000.00.

(x) Variation in Agreed Toll:

In the event that the Government imposes Toll for any class of vehicles for or during any Concession Year which is lower than the Agreed Toll for that class of vehicle for that Concession Year or any delay by the Government of its obligations in implementing the revised Agreed Toll, the Government shall compensate MTD Prime for any reduction in Toll collections by MTD Prime in respect of the Concession Year by paying to MTD Prime an amount jointly certified by the Operation Auditors to be calculated based on a compensation formulae (which takes into consideration, amongst others, the differential in

toll rates, the traffic growth and the traffic volumes for all classes of vehicles) in the MTD Prime Concession Agreement.

For the purpose of this clause:

“Agreed Toll” means in relation to any Concession Year, the unit toll for Highway I and Highway II payable by a particular class of vehicle using the Highway I and Highway II for that Concession Year determined in accordance with Appendix MM and Appendix MM1 of the MTD Prime Concession Agreement as supplemented by Appendix MM and Appendix MM1 in the fourth supplemental concession agreement dated 11 August 2011, respectively.

“Concession Year” means the period commencing from the Effective Date (i.e. the date of the execution of MTD Prime Concession Agreement) and ending on 31 December 1994 and thereafter each period of one year ending on 31 December but so that the final Concession Year shall end on the Termination Date (i.e. the date of expiry or termination of the Concession).

“Operation Auditor” means the Government Auditor (i.e. at any time, the person or persons for the time being appointed by the Government pursuant to clause 5.1 of the MTD Prime Concession Agreement) and the Concession Company Auditor (i.e. at any time the firm or firms appointed by the Concession Company pursuant to clause 5.1.1 of the MTD Prime Concession Agreement).

“Toll” means the Agreed Toll or such other toll (as the case may be) payable by a particular class of vehicle in relation to any Concession Year in accordance with the MTD Prime Concession Agreement.

3.2.2 Metramac Concession Agreement

(i) Concession:

An exclusive right and authority was granted by the Government to Metramac (with effect from the Effective Date of the Novation Agreement dated 11 August 2011, the rights, liabilities, benefits, interest, duties and obligations of Metramac under the Metramac Concession Agreement will be assumed by the Issuer) to:

- (a) design and construct those parts of the concession area;
- (b) supply and install tolling and other equipment at the toll plazas and manage, operate and maintain the same;
- (c) demand, collect and retain toll amounts from vehicles using the Kuala Lumpur – Seremban Expressway from Sungai Besi Toll Plaza to Jalan Lapangan Terbang Interchange and the Salak Expressway from Jalan Salak Interchange to Jalan Klang Lama Interchange (**“Toll Road”**) during the concession period;
- (d) design, construct, manage, operate and maintain any advertising hoardings, lay-bys, rest and services areas, telecommunication facilities or other amenities in relation to any toll road; and
- (e) maintain the Toll Road.

(ii) Concession Period:

The concession period for the Toll Road shall commence on the Effective Date and end on 31 May 2018.

“Effective Date” means the date of receipt by the Government of the written consent from the lenders referred to in clause 1.4 of the Metramac Concession Agreement.

(iii) Termination by the Government:

(a) A default occurs if:

- (A) Metramac without reasonable cause fails to comply with any of its obligations set out in clauses 3, 4, 6, 7, 9, 10 and 13.9 of the Metramac Concession Agreement;
- (B) Metramac is not executing the Concession in accordance with its terms or has otherwise in the opinion of the Government abandoned the Concession; or
- (C) Metramac is persistently or flagrantly in breach of any material obligation under the Metramac Concession Agreement.

(b) The Government shall give to the Lenders (as defined hereinafter) the right to appoint a substituted entity to take over the Concession by giving a notice in writing to the Lenders if:

- (A) Metramac fails to remedy the relevant default within 3 months (or such longer period as may be granted by the Government); or
- (B) Metramac goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation of assets), or suffers its goods to be taken in execution, or becomes insolvent, or compounds with or makes similar arrangements with its creditors, or does any act frustrating its ability to fulfil its obligations under the Metramac Concession Agreement.

“Lenders” means all persons providing finance or refinance to Metramac in relation to the performance of the design and construction works, the supply and installation of tolling and other equipment, the management, operation and maintenance works.

(Note: Sukukholders may not fall within the definition of “Lenders” as set out in Section 3.2.2)

- (c) The Government reserves the right to take over and operate the Concession until a substituted entity, if any, is appointed.
- (d) If the Lenders do not exercise their right to appoint a substituted entity within sixty (60) days after the date of giving such notice the Government may terminate the Concession at any time thereafter.

- (e) If the Concession is terminated by the Government the Government shall pay to the Lenders within six (6) months after the termination date an amount equal to the aggregate amount owing to the Lenders at the date of payment (having taken into account the value of any security, including toll amounts, at that time held by the Lenders) or shall otherwise assume the liabilities and obligations of Metramac to the Lenders within such period as aforesaid.
- (iv) Termination by Metramac:
 - (a) If the Government without reasonable cause breaches any of the terms of the Metramac Concession Agreement which adversely affects the exclusive right and authority of Metramac to demand, collect and retain toll amounts then Metramac may:
 - (A) terminate the Concession by giving three (3) months' notice (or such other period as may be granted by Metramac) to that effect to the Government;
 - (B) elect not to terminate the Concession then either:
 - (1) the Concession shall be extended; or
 - (2) an amount of compensation to be paid by the Government to Metramac for the loss suffered by Metramac as a result of the relevant default.
 - (b) If the Concession is terminated by Metramac, then the Government shall pay:
 - (A) to the Lenders within six (6) months after the termination date an amount equal to the aggregate amount owing to the Lenders as at the date of payment (having taken into account the value of any security, including toll amounts, at that time held by the Lenders) or shall otherwise assume the liabilities and obligations of Metramac to the Lenders within such period as aforesaid;
 - (B) to Metramac within such period as aforesaid the amount (if any) by which the Value of Works exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government and all amounts at that time owing to the Government by Metramac under the Metramac Concession Agreement;
 - (C) to Metramac within such period as aforesaid an amount equal to the amount of interest which would have accrued on the amount of the shareholders' total investment in the Concession including any further subscriptions moneys for equity shares in Metramac invested in the Concession if interest had accrued on such total investment from the relevant dates of investment to the date of payment on an annual basis at an annual rate of 5% above the weighted average bank deposit rate for each relevant concession year less any net dividends received by the shareholders of Metramac, such amount determined as aforesaid to be agreed between the parties, in the absence of such agreement, referred to arbitration.

“Value of the Works” means the amount jointly certified by the Government’s auditor and Metramac’s auditor to be the aggregate as at the termination date of:

- (1) the certified value of the completed Construction Works (as defined in the Metramac Concession Agreement);
- (2) all design and management costs incurred by Metramac in relation to the Concession; and
- (3) all interest and capitalised interest and other financing costs and expenses incurred by Metramac in connection with the financing or refinancing of the Concession.

(v) Expiry or Early Termination of the Metramac Concession Agreement:

Upon the expiry or the earlier termination of the Concession, all rights and entitlements of Metramac in respect of the Concession and the concession area shall revert to, vest in or remain vested in the Government.

The expiry or earlier termination of the Concession shall not affect the liability of either party for any acts or omissions during the Concession and that party shall thereafter continue to be so liable and shall keep the other party indemnified and held harmless in respect of any claims arising therefrom.

(vi) Force Majeure:

Neither the Government nor Metramac shall in breach of its obligations under the Metramac Concession Agreement if it is unable to perform any of its obligations hereunder as a result of the occurrence of an event of force majeure.

If an event of force majeure occurs by reason of which either party (the Government or Metramac) is unable to perform any of its obligations under the Metramac Concession Agreement, that party shall inform the other party as soon as practicable of the occurrence of that event of force majeure and take all reasonable measures to mitigate any delay or interruption to the works.

If any event of force majeure occurs, the Kuala Lumpur-Seremban Expressway concession period may be extended for such period (if any) as the parties hereto may agree, or in the absence of such agreement, as shall be determined by the Minister of Works.

If an event of force majeure occurs and the parties hereto agree not to terminate the Metramac Concession Agreement, then in any case where the Toll Roads (or any part of them) have been destroyed or substantial damage has been caused to the Toll Roads (or any part of them) Metramac shall restore the Toll Roads (or any part of them) at its own expense to the condition they were immediately before the occurrence of that event of force majeure and Metramac shall ensure that wherever practicable, insurance is effected (whether by itself or by its construction contractors) to cover the occurrence of events of force majeure.

(vii) Maintenance Requirements:

Metramac shall maintain the Toll Roads in good repair and condition and in accordance with sound engineering practices including the provision of routine maintenance and heavy repair maintenance to be carried out in

accordance with a manual to be prepared by Metramac based on the current practices of the Government.

If, in the opinion of the Government, Metramac fails to perform its maintenance requirements, the Government may give notice to Metramac of the failure setting out in detail the obligations the Government considers has not been performed, and Metramac shall respond within 72 hours (or such longer period as the parties hereto may agree) thereafter and either agree to perform the maintenance requirements or give a justification for not carrying out the maintenance requirements. If Metramac agrees to perform the maintenance requirements or if its justification for not carrying out the maintenance requirements is rejected by the Government and in either case Metramac fails to proceed within a reasonable period after such agreement or rejection (as the case may be) the Government shall give notice to Metramac that it will carry out the maintenance requirements and the costs of carrying out that maintenance requirements shall be borne by Metramac and the Government may reimburse itself or otherwise obtain payment out of any maintenance bond provided to it.

(viii) Maintenance Bond:

Metramac shall procure that a maintenance bond for RM2,000,000 is issued to the Government by a bank established in Malaysia as security for the due performance by Metramac of its maintenance obligations under the Metramac Concession Agreement.

Metramac shall further procure that thereafter during the concession and for a period of six months thereafter maintenance bonds and/or such other security for the due performance of Metramac's maintenance obligations under the Metramac Concession Agreement as may be agreed from time to time between the parties hereto having an aggregate value of RM2,000,000 are issued to and held by the Government as security for the due performance of Metramac's maintenance obligations.

(ix) Variation in Agreed Toll:

The Government may impose a Toll for any class of vehicle for the Kuala Lumpur-Seremban Expressway for or during any Concession Year lower than the Agreed Toll for that class of vehicle for that Concession Year and in such event the Government shall compensate Metramac for any reduction in Toll Amounts received by Metramac in respect of the Kuala Lumpur-Seremban Expressway for that Concession Year by paying to Metramac an amount jointly certified by the Operation Auditors based on a compensation formulae (which takes into consideration, amongst others, the differential in toll rates and the actual traffic volumes for all classes of vehicles) in the Metramac Concession Agreement.

For the purpose of this clause:

"Agreed Toll" means in relation to the Kuala Lumpur-Seremban Expressway and to any Concession Year, the Unit Toll payable by a particular class of vehicle in accordance with Tables V.1 and V.2 of Appendix V, referred to in clause 13.4 of the Metramac Concession Agreement.

"Concession Year" means the period commencing on the effective date of the Metramac Concession Agreement and ending on 31 December 1992 and thereafter each period of one year ending on 31 December but so that the final Concession Year shall end on the Termination Date (i.e. the date of expiry or, if earlier, the date of termination of the Concession).

“**Operation Auditor**” means the Dato Bandar Kuala Lumpur (“**Dato Bandar**”) Auditor (i.e. the person or persons for the time being appointed by the Dato Bandar pursuant to clause 11.1 of the Metramac Concession Agreement) and the Concession Company Auditor (i.e. the firm of Malaysian certified public accountants for the time being appointed pursuant to clause 11.2 of the Metramac Concession Agreement).

“**Toll**” means the Unit Toll payable at any given time by a particular class of vehicle for using the Kuala Lumpur-Seremban Expressway.

3.3 Salient terms of the operation & maintenance agreements

3.3.1 Operations and maintenance agreements with AME

- (i) By way of an Amended and Restated Highway Operation and Maintenance Contract (2005) dated 14 December 2005 (“**Amended and Restated Highway Operation and Maintenance Contract**”) made between MTD Prime and AME, AME has been appointed to carry out the highway operation and maintenance obligations of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 throughout the respective concession periods.
- (ii) Non-performance by AME:
 - (a) If in respect of any element of the highway operation and maintenance obligations, MTD Prime shall be of the opinion that any obligation shall not have been properly carried out in accordance with the Amended and Restated Highway Operation and Maintenance Contract or any instruction issued by MTD Prime, and AME shall have been in such breach of a period of seven (7) days after service of written notice by MTD Prime, MTD Prime may either withhold any payment due, if any, for the particular obligations until such obligations have been properly and satisfactorily completed by AME or may instruct other contractors to carry out such obligations and deduct all costs and expenses incurred from any payment due, if any, to AME or such amount shall be recoverable from AME by MTD Prime as a debt.
 - (b) MTD Prime may, at any time, implement the Demerit System, being the performance monitoring system on AME for non-compliance and non-performance as set out or amended by MTD Prime and any person or company with whom AME enters into a contract to carry out any part of the highway operation and maintenance obligations (“**Sub-Contractor**”) and AME shall, upon receipt of a notice from MTD Prime of such implementation, comply and secure compliance by the Sub-Contractor or its personnel of the Demerit System. If AME or its Sub-Contractor accumulates demerit point below the minimum point set by MTD Prime, MTD Prime shall have the rights to deduct the fees payable by MTD Prime to AME (“**Fee**”) provided MTD Prime shall duly inform AME of the amount of Fee deducted before such deductions are made.
- (iii) Indemnity:

AME shall indemnify and hold harmless MTD Prime in respect of all costs and expenses incurred by MTD Prime as a result of AME’s failure to duly carry out the highway operation and maintenance obligations or otherwise perform its obligations under the Amended and Restated Highway Operation and Maintenance Contract. AME shall indemnify and hold harmless MTD Prime against any payment made or to be made by MTD Prime to the

Government under the MTD Prime Concession Agreement in respect of any liability, damage, loss, claim or proceedings arising out of any failure, negligence, omission or default of AME under the Amended and Restated Highway Operation and Maintenance Contract or of any Sub-Contractor (if any).

(iv) Termination:

Save as otherwise provided in the Amended and Restated Highway Operation and Maintenance Contract:

- (a) if the MTD Prime Concession Agreement is terminated for any reason not due to the default of AME, the highway operation and maintenance obligations shall thereupon forthwith terminate but without prejudice to the rights or remedies of AME under the Amended and Restated Highway Operation and Maintenance Contract;
- (b) MTD Prime may at any time terminate the Amended and Restated Highway Operation and Maintenance Contract by giving not less than thirty (30) day's written notice of such termination to AME:
 - (A) if AME wholly suspends the carrying out of any part of the highway operation and maintenance obligations and, in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days from the date of a written notice from MTD Prime specifying the said failure and requiring AME to remedy the same; or
 - (B) if AME goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Highway Operation and Maintenance Contract.
- (c) AME may at any time terminate the Amended and Restated Highway Operation and Maintenance Contract by giving not less than thirty (30) day's written notice of such termination to MTD Prime:
 - (A) if MTD Prime fails to make payment of any amount payable to AME under the Amended and Restated Highway Operation and Maintenance Contract at the times specified; or
 - (B) if MTD Prime fails to perform any of its obligations under the Amended and Restated Highway Operation and Maintenance Contract; or
 - (C) if MTD Prime goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Highway Operation and Maintenance Contract.

- (v) Consequences of termination:
- (a) Any termination of the highway operation and maintenance obligations pursuant to clause 3.3.1(iv) shall be without prejudice to the Amended and Restated Highway Operation and Maintenance Contract as at the date of termination, including any Fee and other payments payable to AME.
 - (b) If the highway operation and maintenance obligations are terminated pursuant to clause 3.3.1(iv), AME shall procure that all Sub-Contractors shall, promptly withdraw from the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 and neither AME nor any Sub-Contractor shall have any further highway operation and maintenance obligations.
 - (c) If due to the default of AME in any of its highway operation and maintenance obligations, the concession is terminated by the Government, AME shall be liable to compensate and indemnify MTD Prime for all costs incurred by MTD Prime in making good all defects and in fulfilling the highway operation and maintenance obligations under the Amended and Restated Highway Operation and Maintenance Contract including the appointment of another contractor to carry out the same.
 - (d) If due to the default of MTD Prime in any of its obligations under the MTD Prime Concession Agreement, the concession is terminated by the Government, MTD Prime shall pay to AME:
 - (A) the sum equivalent to all Fees received by AME in the last five (5) years preceding from the date of termination of the Amended and Restated Highway Operation and Maintenance Contract as compensation; and
 - (B) the value of all major maintenance work completed until the date of termination including the compensation for all costs and damages incurred by AME and its Sub-Contractors as a result of the termination of the Amended and Restated Highway Operation and Maintenance Contract.
 - (e) If due to the occurrence of any event of force majeure, neither MTD Prime nor AME is able to perform its obligations under the Amended and Restated Highway Operation and Maintenance Contract, MTD Prime shall compensate AME for all costs and damages incurred by AME and its Sub-Contractors as a result of the termination of the Amended and Restated Highway Operation and Maintenance Contract.

3.3.2 Maintenance agreements with PROPEL

- (i) By way of a Maintenance Agreement dated 10 June 1993 made between Metramac and PROPEL, as supplemented by the first, second, third, fourth, fifth, sixth, seventh and eighth supplemental agreements ("**Maintenance Agreement**"), PROPEL has been appointed by Metramac to carry out the routine maintenance of the Kuala Lumpur-Seremban Expressway during the concession period.
- (ii) Non-performance by PROPEL:

If in respect of any element of the routine maintenance, Metramac shall be of the opinion that any obligation shall not have been properly carried out in accordance with the Maintenance Agreement or any instruction issued by Metramac, and PROPEL shall have been in such breach of a period of seven (7) days after service of written notice by Metramac, Metramac may either withhold any payment due, if any, for the particular obligations until such obligations have been properly and satisfactorily completed by PROPEL or may instruct other contractors to carry out such obligations and deduct all costs and expenses incurred from any payment due, if any, to PROPEL or such amount shall be recoverable from PROPEL by Metramac as a debt.

(iii) Indemnity:

PROPEL shall indemnify and hold harmless Metramac in respect of all costs and expenses incurred by Metramac as a result of PROPEL's failure to duly carry out the routine maintenance or otherwise perform its obligations under the Maintenance Agreement. PROPEL shall indemnify and hold harmless Metramac against any payment made or to be made by Metramac to the Government under the Metramac Concession Agreement in respect of any liability, damage, loss, claim or proceedings arising out of any failure, negligence, omission or default of PROPEL under the Maintenance Agreement or of any Sub-Contractor (if any). The aggregate maximum liability of PROPEL in the indemnity clause shall not exceed the aggregate maintenance fee paid and payments made to PROPEL, as stipulated in Clause 5 and Clause 6 of the Conditions of Contract for Routine Maintenance annexed to the Maintenance Agreement.

(iv) Termination:

Save as otherwise provided in the Maintenance Agreement:

- (a) if the Metramac Concession Agreement is terminated or if a substituted entity is appointed pursuant to the Metramac Concession Agreement, the Maintenance Agreement shall thereupon forthwith terminate but without prejudice to the rights or remedies of PROPEL under the Maintenance Agreement;
- (b) Metramac may at any time terminate the Maintenance Agreement by giving not less than thirty (30) day's written notice of such termination to PROPEL:
 - (A) if PROPEL wholly suspends the carrying out of any part of the routine maintenance and, in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days from the date of a written notice from Metramac specifying the said failure and requiring PROPEL to remedy the same; or
 - (B) if PROPEL goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Maintenance Agreement.
- (c) PROPEL may at any time terminate the Maintenance Agreement by giving not less than sixty (60) day's written notice of such termination to Metramac:

- (A) if Metramac fails to make payment of any amount payable to PROPEL under the Maintenance Agreement at the times specified; or
 - (B) if Metramac fails to perform any of its obligations under the Maintenance Agreement; or
 - (C) if Metramac goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation of assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Maintenance Agreement.
- (v) Consequences of termination:
- Either PROPEL or Metramac may, in any event, terminate the Maintenance Agreement by giving to the other party not less than ninety (90) days' written notice of such termination. Any termination of the Maintenance Agreement shall be without prejudice to the accrued rights and liabilities of the parties under the Maintenance Agreement as at the date of termination, including any maintenance fees payable to PROPEL.

3.3.3 Toll operation services with ATM

- (i) By way of an Amended and Restated Toll Operation Contract (2005) dated 14 December 2005 ("**Amended and Restated Toll Operation Contract**") made between MTD Prime and ATM, ATM has been appointed to carry out the toll operation obligations of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 throughout the respective concession periods.
- (ii) Non-performance by AME:

If in respect of any element of the toll operation obligations, MTD Prime shall be of the opinion that any obligation shall not have been properly carried out in accordance with the Amended and Restated Toll Operation Contract or any instruction issued by MTD Prime, and ATM shall have been in such breach of a period of seven (7) days after service of written notice by MTD Prime, MTD Prime may either withhold any payment due, if any, for the particular obligations until such obligations have been properly and satisfactorily completed by ATM or may instruct other contractors to carry out such obligations and deduct all costs and expenses incurred from any payment due, if any, to ATM or such amount shall be recoverable from ATM by MTD Prime as a debt.
- (iii) Indemnity:

ATM shall indemnify and hold harmless MTD Prime in respect of all costs and expenses incurred by MTD Prime as a result of ATM's failure to duly carry out the toll operation obligations or otherwise perform its obligations under the Amended and Restated Toll Operation Contract. ATM shall indemnify and hold harmless MTD Prime against any payment made or to be made by MTD Prime to the Government under the MTD Prime Concession Agreement in respect of any liability, damage, loss, claim or proceedings arising out of any failure, negligence, omission or default of ATM under the Amended and Restated Toll Operation Contract or of any Sub-Contractor (if any).

(iv) Termination:

Save as otherwise provided in the Amended and Restated Toll Operation Contract:

- (a) if the MTD Prime Concession Agreement is terminated for any reason not due to the default of ATM, the toll operation obligations shall thereupon forthwith terminate but without prejudice to the rights or remedies of ATM under the Amended and Restated Toll Operation Contract;
- (b) MTD Prime may at any time terminate the Amended and Restated Toll Operation Contract by giving not less than thirty (30) day's written notice of such termination to ATM:
 - (A) if ATM wholly suspends the carrying out of any part of the toll operation obligations and, in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days from the date of a written notice from MTD Prime specifying the said failure and requiring ATM to remedy the same; or
 - (B) if ATM goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Toll Operation Contract.
- (c) ATM may at any time terminate the Amended and Restated Toll Operation Contract by giving not less than thirty (30) day's written notice of such termination to MTD Prime:
 - (A) if MTD Prime fails to make payment of any amount payable to ATM under the Amended and Restated Toll Operation Contract at the times specified; or
 - (B) if MTD Prime fails to perform any of its obligations under the Amended and Restated Toll Operation Contract; or
 - (C) if MTD Prime goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Toll Operation Contract.

(v) Consequences of termination:

- (a) Any termination of the toll operation obligations pursuant to clause 3.3.3(iv) shall be without prejudice to the Amended and Restated Toll Operation Contract as at the date of termination, including any Fee and other payments payable to ATM.
- (b) If the toll operation obligations are terminated pursuant to clause 3.3.3(iv), ATM shall procure that all Sub-Contractors shall, promptly withdraw from the Kuala Lumpur-Karak Highway and East Coast

Expressway Phase 1 and neither ATM nor any Sub-Contractor shall have any further toll operation obligations.

- (c) If due to the default of ATM in any of its toll operation obligations, the concession is terminated by the Government, ATM shall be liable to compensate and indemnify MTD Prime for all costs incurred by MTD Prime in making good all defects and in fulfilling the toll operation obligations under the Amended and Restated Toll Operation Contract including the appointment of another contractor to carry out the same.
- (d) If due to the default of MTD Prime in any of its obligations under the MTD Prime Concession Agreement, the concession is terminated by the Government, MTD Prime shall pay to ATM:
 - (A) the sum equivalent to all Fees received by ATM in the last five (5) years preceding from the date of termination of the Amended and Restated Toll Operation Contract as compensation; and
 - (B) the value of all major maintenance work completed until the date of termination including the compensation for all costs and damages incurred by ATM and its Sub-Contractors as a result of the termination of the Amended and Restated Toll Operation Contract.
- (e) If due to the occurrence of any event of force majeure, neither MTD Prime nor ATM is able to perform its obligations under the Amended and Restated Toll Operation Contract, MTD Prime shall compensate ATM for all costs and damages incurred by ATM and its Sub-Contractors as a result of the termination of the Amended and Restated Toll Operation Contract.

3.3.4 Ancillary facilities management agreements with ACSB

- (i) By way of an Amended and Restated Ancillary Facilities Management Contract dated 25 March 2004 and its supplemental contract dated 14 December 2005 ("**Amended and Restated Facilities Management Contract**") made between MTD Prime and ACSB, ACSB has been appointed to carry out the facilities management obligations of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 throughout the respective concession periods.

- (ii) Non-performance by ACSB:

If in respect of any element of the facilities management obligations, MTD Prime shall be of the opinion that any obligations shall not have been properly carried out in accordance with the Amended and Restated Ancillary Facilities Management Contract or any instruction issued by MTD Prime, and ACSB shall have been in such breach of ten (10) days after service of written notice by MTD Prime, MTD Prime may either withhold any payment due, if any, for the particular obligations until such obligations have been properly and satisfactorily completed by ACSB or may instruct other contractors to carry out such obligations.

- (iii) Indemnity:

ACSB shall indemnify and hold harmless MTD Prime in respect of all costs and expenses incurred by MTD Prime as a result of ACSB's failure to duly

carry out the facilities management obligations or otherwise perform its obligations under the Amended and Restated Ancillary Facilities Management Contract. ACSB shall indemnify and hold harmless MTD Prime against any payment made or to be made by MTD Prime to the Government under the MTD Prime Concession Agreement in respect of any liability, damage, loss, claim or proceedings arising out of any failure, negligence, omission or default of ACSB under the Amended and Restated Ancillary Facilities Management Contract or of any Sub-Contractor (if any). The aggregate maximum liability of ACSB in the indemnity clause shall not exceed the aggregate fee paid made to ACSB, in a particular year.

(iv) Termination:

Save as otherwise provided in the Amended and Restated Ancillary Facilities Management Contract:

- (a) if the MTD Prime Concession Agreement is terminated for any reason not due to the default of ACSB, the facilities management obligations shall thereupon forthwith terminate but without prejudice to the rights or remedies of ACSB under the Amended and Restated Ancillary Facilities Management Contract;
- (b) MTD Prime may at any time terminate the Amended and Restated Ancillary Facilities Management Contract by giving not less than thirty (30) day's written notice of such termination to ACSB:
 - (A) if ACSB wholly suspends the carrying out of any part of the facilities management obligations and, in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days from the date of a written notice from MTD Prime specifying the said failure and requiring ACSB to remedy the same;
 - (B) if ACSB goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Ancillary Facilities Management Contract; or
 - (C) if ACSB fails to make payment of any amount to MTD Prime under the Amended and Restated Ancillary Facilities Management Contract at the times specified.
- (c) ACSB may at any time terminate the Amended and Restated Ancillary Facilities Management Contract by giving not less than thirty (30) day's written notice of such termination to MTD Prime:
 - (A) if MTD Prime fails to make payment of any amount payable to ACSB under the Amended and Restated Ancillary Facilities Management Contract at the times specified; or
 - (B) if MTD Prime fails to perform any of its obligations under the Amended and Restated Ancillary Facilities Management Contract; or

- (C) if MTD Prime goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation of assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Amended and Restated Ancillary Facilities Management Contract.
- (v) Consequences of termination:
 - (a) Any termination of the facilities management obligations pursuant to clause 3.3.4(iii) shall be without prejudice to the Amended and Restated Ancillary Facilities Management Contract as at the date of termination, including any Fee and other payments payable to ACSB.
 - (b) If the facilities management obligations are terminated pursuant to clause 3.3.4(iii), ACSB shall procure that all Sub-Contractors shall, promptly withdraw from the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 and neither ACSB nor any Sub-Contractor shall have any further toll operation obligations.
 - (c) If due to the default of ACSB in any of its facilities management obligations, the concession is terminated by the Government, ACSB shall pay to MTD Prime the sum equivalent to all Fees received by ACSB in the last twelve (12) months preceding the date of termination of the Amended and Restated Ancillary Facilities Management Contract as compensation.
 - (d) If due to the default of MTD Prime in any of its obligations under the MTD Prime Concession Agreement, the concession is terminated by the Government, MTD Prime shall pay to ACSB the sum equivalent to all Fees received by MTD Prime in the last twelve (12) months preceding from the date of termination of the Amended and Restated Ancillary Facilities Management Contract as compensation.
 - (e) If due to the occurrence of any event of force majeure, neither MTD Prime nor ACSB is able to perform its obligations under the Amended and Restated Ancillary Facilities Management Contract, MTD Prime shall not be liable to pay any compensation to ACSB.

3.3.5 Toll management and traffic surveillance agreements with ATM

- (i) By way of a toll management & traffic surveillance agreement dated 30 September 2009 ("**Toll Management & Traffic Surveillance Agreement**") made between Metramac and ATM, ATM has been appointed to carry out the toll management and traffic surveillance obligations of the Kuala Lumpur-Seremban Expressway throughout the respective concession periods.
- (ii) Non-performance by ATM:
 - (a) If in respect of any element of the toll management and traffic surveillance obligations, Metramac shall be of the opinion that any obligation shall not have been properly carried out in accordance with the Toll Management & Traffic Surveillance Agreement or any instruction issued by Metramac, and ATM shall have been in such breach of a period of seven (7) days after service of written notice by Metramac, Metramac may either withhold any payment due, if any,

for the particular obligations until such obligations have been properly and satisfactorily completed by ATM or may instruct other contractors to carry out such obligations and deduct all costs and expenses incurred from any payment due, if any, to ATM or such amount shall be recoverable from ATM by Metramac as a debt.

- (b) Metramac may, at any time, implement the Demerit System, being the performance monitoring system on ATM for non-compliance and non-performance as set out or amended by Metramac and any person or company with whom ATM enters into a contract to carry out any part of the toll management and traffic surveillance obligations ("**Sub-Contractor**") and ATM shall, upon receipt of a notice from Metramac of such implementation, comply and secure compliance by the Sub-Contractor or its personnel of the Demerit System. If ATM or its Sub-Contractor accumulates demerit point below the minimum point set by Metramac, Metramac shall have the rights to deduct the fees payable by Metramac to ATM ("**Fee**") provided Metramac shall duly inform ATM of the amount of Fee deducted before such deductions are made.

(iii) Indemnity:

ATM shall indemnify and hold harmless Metramac in respect of all costs and expenses incurred by Metramac as a result of ATM's failure to duly carry out the toll management and traffic surveillance obligations or otherwise perform its obligations under the Toll Management & Traffic Surveillance Agreement. ATM shall indemnify and hold harmless Metramac against any payment made or to be made by Metramac to the Government under the Metramac Concession Agreement in respect of any liability, damage, loss, claim or proceedings arising out of any failure, negligence, omission or default of ATM under the Toll Management & Traffic Surveillance Agreement or of any Sub-Contractor (if any). The aggregate maximum liability of ATM under this indemnity clause shall not exceed the aggregate Fee paid to ATM, in any particular year.

(iv) Termination:

Save as otherwise provided in the Toll Management & Traffic Surveillance Agreement:

- (a) if the Metramac Concession Agreement is terminated for any reason not due to the default of ATM, the toll management and traffic surveillance obligations shall thereupon forthwith terminate but without prejudice to the rights or remedies of ATM under the Toll Management & Traffic Surveillance Agreement;
- (b) Metramac may at any time terminate the Toll Management & Traffic Surveillance Agreement by giving not less than thirty (30) day's written notice of such termination to ATM:
 - (A) if ATM wholly suspends the carrying out of any part of the toll management and traffic surveillance obligations and, in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days from the date of a written notice from Metramac specifying the said failure and requiring ATM to remedy the same; or
 - (B) if ATM goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation or assets)

or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Toll Management & Traffic Surveillance Agreement.

- (c) ATM may at any time terminate the Toll Management & Traffic Surveillance Agreement by giving not less than thirty (30) day's written notice of such termination to Metramac:
 - (A) if Metramac fails to make payment of any amount payable to ATM under the Toll Management & Traffic Surveillance Agreement at the times specified; or
 - (B) if Metramac fails to perform any of its obligations under the Toll Management & Traffic Surveillance Agreement; or
 - (C) if Metramac goes into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation of assets) or suffers its good to be taken in execution or becomes insolvent or compounds with or makes similar arrangements with its creditors or does any act frustrating its ability to carry out its obligations under the Toll Management & Traffic Surveillance Agreement.

(v) Consequences of termination:

- (a) Any termination of the toll management and traffic surveillance obligations pursuant to clause 3.3.5(iv) shall be without prejudice to the Toll Management & Traffic Surveillance Agreement as at the date of termination, including any Fee and other payments payable to ATM.
- (b) If the toll management and traffic surveillance obligations are terminated pursuant to clause 3.3.5(iv), ATM shall procure that all Sub-Contractors shall, promptly withdraw from the East-West Link Expressway and neither ATM nor any Sub-Contractor shall have any further toll management and traffic surveillance obligations.
- (c) If due to the default of ATM in any of its toll management and traffic surveillance obligations, the concession is terminated by the Government, ATM shall pay to Metramac the sum equivalent to 5% of all Fees received or to be received by ATM in the last twelve (12) months preceding the date of termination of the Toll Management & Traffic Surveillance Agreement.
- (d) If due to the default of Metramac in any of its obligations under the Metramac Concession Agreement, the concession is terminated by the Government, Metramac shall pay to ATM the sum equivalent to all Fees received or to be received by ATM in the last twelve (12) months or less preceding the date of termination of the Toll Management & Traffic Surveillance Agreement as compensation.
- (e) If the approval of the shareholders of MTD Capital at every annual general meeting or any general meeting of MTD Capital to be convened is not obtained, and neither Metramac nor ATM is able to perform its obligations under the Toll Management & Traffic Surveillance Agreement, Metramac shall compensate ATM for all costs and damages incurred by ATM and its Sub-Contractors as a

result of the termination of the Toll Management & Traffic Surveillance Agreement.

- (f) If due to the occurrence of any event of force majeure, neither Metramac nor ATM is able to perform its obligations under the Toll Management & Traffic Surveillance Agreement, Metramac shall compensate ATM for all costs and damages incurred by ATM and its Sub-Contractors as a result of the termination of the Toll Management & Traffic Surveillance Agreement.

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SECTION 4: EXPRESSWAYS

4.1 Overview

The Kuala Lumpur-Karak Highway including its extension and the East Coast Expressway Phase 1, both of which have the remaining concession tenure until year 2032. The 60km Kuala Lumpur-Karak Highway is the main artery route connecting the Klang Valley to the east coast region of Malaysia via the 174.5km East Coast Expressway Phase 1 starting from Karak to the border of Pahang and Terengganu. The Kuala Lumpur-Karak Highway is the main route to Genting Highlands and surrounding resorts.

The Kuala Lumpur-Seremban Expressway, stretches from Persimpangan Jalan Lapangan Terbang to just before the Sungai Besi Toll Plaza. The concession period expires in 2018. The Kuala Lumpur-Seremban Expressway is basically integrated links for all Klang Valley arteries to the southern region route and connected to remaining Kuala Lumpur-Seremban section of the North-South Expressway to the southern region of Malaysia.

4.2 Toll systems and toll collection

4.2.1 Kuala Lumpur-Karak Highway

A 60km highway with open toll system consists of 2 toll plazas located at Gombak and Bentong. Gombak Toll Plaza comprises 13 lanes at each bound of which 9 are cash lanes, 3 ETC lanes and 1 mix mode lane. There are 8 lanes at each bound of Bentong Toll Plaza with a breakdown of 5 cash lanes and 3 ETC lanes.

4.2.2 East Coast Expressway Phase 1

A close toll system that linked Karak Toll Plaza to Jabor Toll Plaza with 174km stretch. There are 9 locations of toll plaza along the stretch namely Karak, Lanchang, Temerloh, Chenor, Maran, Sri Jaya, Gambang, Kuantan and Jabor. The total number of lanes at all toll plazas are 57 with 28 cash lanes, 21 ETC lanes and 8 mix mode lanes.

4.2.3 Kuala Lumpur-Seremban Expressway

Kuala Lumpur-Seremban Expressway with 10.5km length is a traditional route to and from the south. The toll plaza is located at Sg. Besi and the toll is collected by PLUS Expressways Bhd ("**PLUS**") on behalf of Metramac throughout the concession period. The toll rate is RM0.80 for class 1 vehicle, RM1.20 for class 2, RM1.70 for class 3, RM0.40 for class 4 and RM0.60 for class 5. There are no further toll rate hikes anticipated for the Kuala Lumpur-Seremban Expressway until the end of its Concession period in May 2018.

4.3 Operation and maintenance

The highway operations and maintenance services of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 will continue to be contracted out to AME, the highway operations and maintenance services in respect of the ancillary facilities of the Kuala Lumpur-Karak Highway and the East Coast Expressway Phase 1 will be contracted out to ACSB and the toll operation and maintenance services of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 will continue to be contracted out to ATM.

The toll operation of the KL-Seremban Expressway will continue to be contracted to PLUS whilst the highway maintenance service will continued to carried out by PROPEL. Both PLUS and PROPEL operated within the UEM Group of companies.

The operation and maintenance obligation of a highway may be categorised as operation obligations and maintenance obligations.

Highway operation obligations shall include the patrolling of the highway by designated patrolling teams (ie. PRIME RONDA and METRALINE), traffic management for any lane closures or contra flows, removal of any vehicles on the highway which may obstruct the flow of the traffic on the highway, and the monitoring and surveillance of traffic via a traffic control centre.

Highway maintenance is to preserve the road functionality and structural characteristics to provide a safe comfortable and reliable passage for all traffic. The maintenance obligations have been divided into two categories i.e. routine maintenance obligations and major maintenance obligations.

Routine maintenance obligations shall include five (5) main activities which are deemed to be cyclical or periodical. The activities are grass maintenance (grass cutting, removal of vegetations/shrub), drainage maintenance (desilting and cleaning drains and culverts), landscape maintenance (watering, weeding, pruning etc), building maintenance (cleaning, waste management etc) and mainline maintenance (cleaning road furniture etc).

Major maintenance obligations refer to curative works such as repairs for reinstatements of defects to maintain its integrity to ensure continued safety to the road users. The defects have been categorized according to the functional category of the highway such as pavement, drainage structures, structures (bridges, buildings), earthworks (slope/embankments) and other miscellaneous items such as road and furniture.

4.4 Traffic management and safety

Traffic management and safety is an important aspect in the maintenance of the highway. This is to ensure the safety of road users within the controllable limits.

Any temporary operations or constructions such as maintenance operation, accident and breakdown vehicles on the highway which represents an unusual roadway conditions will have some impact to the level of service of the highway. The user must be informed of this unusual road conditions by means of temporary traffic signs or variable message system. Whenever lane closures or contra flow need to be implemented, a proper traffic management scheme with sufficient traffic signs, cones, delineators, blinkers, traffic control signals and other necessary devices must be provided in accordance with Malaysian Highways Authority guidelines.

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4.5 Traffic composition and volume

The historical total traffic volume for the Expressways for the past 3 years are as follows:

Financial Year Ended 31 March	2009		2010		2011	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
	PCU	RM'million	PCU	RM'million	PCU	RM'million
Gombak	52,913	96.5	56,956	102.3	58,955	106.1
Bentong	35,863	39.3	39,211	42.4	40,845	44.3
ECE1	12,798	98.0	14,341	109.8	15,678	120.0
Sg Besi	119,537	35.1	122,663	35.9	123,920	36.7
EWL	102,439	18.6	104,842	19.1	107,277	19.7
Total		287.5		309.5		326.8

Notes:

1. Gombak and Bentong are the toll plaza on the Kuala Lumpur-Karak Highway.
2. ECE1 refers to East Coast Expressway Phase 1.
3. Sg Besi refers to Kuala Lumpur-Seremban Expressway.
4. EWL refers to East-West Link Expressway.

For the past 3 financial years, total revenue from the Expressways is on an increasing trend. Revenue from Kuala Lumpur-Karak Highway has been the main income contributor, constituting an average of 47% of the total revenue from the Expressways. The increase in revenue from the Expressways is driven by the increase in the traffic volume.

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SECTION 5: PRINCIPAL TERMS AND CONDITIONS

Principal terms and conditions of the Senior Sukuk *Musharakah* Programme

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

- | | | |
|--------|---|--|
| (i) | Joint Principal Advisers | : CIMB and Maybank IB. |
| (ii) | Joint Lead Arrangers | : CIMB and Maybank IB. |
| (iii) | Co-arranger | : Not applicable. |
| (iv) | Solicitor | : Messrs. Lee Hishammuddin Allen & Gledhill. |
| (v) | Financial adviser | : Not applicable. |
| (vi) | Technical adviser | : Not applicable. |
| (vii) | Trustee | : CIMB Trustee. |
| (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 Subscriber will be determined prior to the issuance of the Sukuk that are issued on a bought deal basis. For the avoidance of doubt, there shall be at least two (2) Primary Subscribers under each issuance of the Sukuk. |
| (xii) | Underwriter and amount underwritten | : Not applicable. |
| (xiii) | Joint Shariah Advisers | : CIMB Islamic Bank Berhad (backed by the CIMB Islamic Shariah Committee) and Maybank Islamic Berhad (backed by the Maybank Islamic Shariah Committee). |
| (xiv) | Central Depository | : BNM. |
| (xv) | Paying agent | : BNM. |
| (xvi) | Reporting accountant | : Messrs. Ernst & Young. |
| (xvii) | Calculation agent | : Not applicable. |

(xviii) Others (please specify) : JLMs
CIMB and Maybank IB.

Security Agent
CIMB.

(b) Facility description : Issuance of Sukuk pursuant to a Senior Sukuk *Musharakah* Programme.

Musharakah is a partnership arrangement between two or more parties for the purpose of financing a business venture whereby all parties contribute capital either in the form of cash or in kind for the purpose of financing the venture. Any profit derived from the venture will be distributed based on a pre-agreed profit sharing ratio, but any loss will be shared on the basis of the capital contribution of the partners.

Underlying transaction:

The investors of each tranche of the Sukuk ("**Musharakah Partners**") shall, from time to time, form a *Musharakah* amongst themselves and shall enter into a venture ("**Venture**") as part of the financing arrangement, via subscription of the relevant Sukuk. The Venture in this case refers to investments in certain portfolio units ("**Portfolio Units**") which represent individual shares of the undivided beneficial ownership in a portfolio ("**Portfolio**") comprising the Identified Assets (as defined in item (v)(v)). For the avoidance of doubt, each Venture shall have at least two *Musharakah* Partners.

ANIH (in its capacity as the owner ("**Owner**") of the Identified Assets) shall declare a trust over the Portfolio in favour of all the unitholders of the trust and acts as the portfolio trustee ("**Portfolio Trustee**"). The Portfolio Trustee shall create the Portfolio Units and, on the date of such creation of the Portfolio Units, ANIH shall be the first holder ("**Initial Unitholder**") of all the Portfolio Units.

From time to time, ANIH (as Initial Unitholder) will sell certain number of the Portfolio Units to the holders of the Sukuk issued under the Senior Sukuk *Musharakah* Programme ("**Sukukholders**"), who will purchase the relevant Portfolio Units via subscription of the Sukuk. The issue proceeds from each tranche of the Sukuk, constituting the capital contribution ("**Musharakah Capital**") of the respective Sukukholders, shall be invested by ANIH (on behalf of the Sukukholders) in the Venture related to its particular tranche of Sukuk. The Sukuk for a particular tranche will therefore represent the Sukukholders' undivided proportionate share of beneficial ownership in the relevant Venture. The Sukukholders pertaining to a particular Sukuk tranche will be entitled to the income generated from the respective Venture up to the Expected Return (as defined in item (v)(x)), pursuant to the terms of the relevant *Musharakah* Agreement throughout the tenure of the Sukuk tranche and/or proceeds from the sale of the Portfolio Units of the relevant Sukuk tranche pursuant to the relevant Purchase Undertaking (as defined in item (v)(x)).

Pursuant to the sale of the Portfolio Units to the Sukukholders related to each tranche of the Sukuk, ANIH shall retain the remainder of the Portfolio Units, if any. By virtue of ANIH holding the remainder of the Portfolio Units, ANIH shall become partners together with the Sukukholders. The Sukukholders and ANIH shall share the profits generated from the Portfolio based on a fixed pre-agreed profit sharing ratio of 90%:10% respectively.

The Trustee, on behalf of the Sukukholders, shall appoint ANIH as the manager ("**Manager**") of the Ventures, for which the Manager shall be paid an incentive fee as described below.

The distributable profits generated from the Portfolio (after deducting ANIH's entitlement to the distribution as mentioned above) shall be shared and distributed to the Sukukholders, as the *Musharakah* Partners, on the Periodic Payment Date (as defined in item (g)) and the relevant Dissolution Date (as defined in item (v)(x)). *Musharakah* Partners in respect of a tranche of Sukuk shall share the profits generated from the Venture related to the particular tranche based on their respective capital contribution to the respective *Musharakah* Capital of the respective Venture, which is the pre-agreed profit sharing ratio among themselves. The losses from the Portfolio shall be borne amongst the Sukukholders and ANIH in proportion to their respective interest in the Portfolio and limited to each Sukukholders' and ANIH's respective *Musharakah* Capital to the Portfolio.

Whenever an Expected Periodic Payment (as defined below) in relation to each tranche of the Sukuk is to be paid on a particular scheduled Periodic Payment Date, such payment shall be made from:

- (i) distributable profits generated from the respective Venture during the tenor of each tranche of the Sukuk ("**Periodic Distributions**"); and/or
- (ii) Top-up Payments (as defined below) (if any) made during the tenor of each tranche of the Sukuk.

On any relevant scheduled Periodic Payment Date, the "**Expected Periodic Payment**" is calculated at the Periodic Payment Rate on the nominal value of the relevant tranche of the Sukuk based on an actual/365 basis (actual/365).

If the distributable profits generated from a Venture is more than the relevant Expected Periodic Payment to be made in respect of a particular Periodic Payment Date, the excess will be retained by the Manager as incentive fee ("**Incentive Fee**") for managing the Venture.

In the event that the distributable profits generated from a Venture is insufficient to make periodic distributions up to the relevant Expected Periodic Payment due on a particular scheduled Periodic Payment Date, ANIH in its capacity as the obligor ("**Obligor**") shall make top-up payments ("**Top-up Payments**") equal to such deficiency. Such Top-up Payments shall be set-off against the Exercise Price (as defined in item

(v)(x)).

Pursuant to the Purchase Undertaking entered into upon issuance of the Sukuk, ANIH as the Obligor undertakes to acquire the Portfolio Units from the relevant Sukukholders by entering into a sale agreement ("**Sale Agreement**") and pay the Exercise Price on the earlier of the Maturity Date (as defined below) of the relevant Sukuk tranche or the date of declaration of a Dissolution Event (as defined in item (s)) of the relevant Sukuk tranche.

The "**Maturity Date**" of the respective tranche of Sukuk shall be at the due date of the respective tranche of Sukuk.

(c) **Issue/programme size (RM)** : Up to RM2.5 billion in nominal value of Sukuk to be issued under the Senior Sukuk *Musharakah* Programme. The aggregate nominal value of outstanding Sukuk issued under the Senior Sukuk *Musharakah* Programme is subject to the reduction in the programme size as per item (v)(viii).

(d) **Tenure of issue/sukuk programme** : Tenure of the Senior Sukuk *Musharakah* Programme

The tenure of the Senior Sukuk *Musharakah* Programme shall be eighteen (18) years from the date of the first issue under the Senior Sukuk *Musharakah* Programme, provided that the first issue under the Senior Sukuk *Musharakah* Programme shall take place no later than two (2) years from the date of approval from the SC.

Tenure of the Sukuk

Each Sukuk shall have tenure of more than one (1) year and up to eighteen (18) years, provided that the Sukuk mature prior to the expiry of the Senior Sukuk *Musharakah* Programme.

(e) **Availability period of sukuk programme (or facility)** : The period commencing from the date the conditions precedent of the Senior Sukuk *Musharakah* Programme are fulfilled and ending on the close of business in Kuala Lumpur on the date falling seventeen (17) years after the date of the first (1st) issuance of Sukuk under the Senior Sukuk *Musharakah* Programme, subject to the reduction in the programme size as per item (v)(viii).

(f) **Profit / coupon / rental rate** : The expected profit rate ("**Periodic Payment Rate**") shall be determined prior to each issuance of the Sukuk.

On any relevant scheduled Periodic Payment Date, the Expected Periodic Payment is calculated at the Periodic Payment Rate on the nominal value of the relevant tranche of Sukuk based on the Periodic Payment Basis.

(g) **Profit / coupon / rental payment frequency** : The frequency of the Expected Periodic Payment for each tranche of the Sukuk shall be on a semi-annual basis commencing from the issue date of the relevant tranche of Sukuk or such other period of frequency to be agreed between the Issuer and the JLMs prior to each issuance of the Sukuk ("**Periodic Payment Period**").

"**Periodic Payment Date**" means the last day of a particular

Periodic Payment Period.

- (h) **Profit / coupon / rental payment basis** : The Expected Periodic Payment shall be calculated based on an actual/365 basis ("**Periodic Payment Basis**").
- (i) **Security/ collateral (if any)** : The obligation to pay the Exercise Price pursuant to exercise of the Purchase Undertaking and the relevant sale agreement 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 MTD Prime Concession Agreement and the Metramac Concession Agreement to demand, collect and retain toll for its own benefit from the Expressways (other than East-West Link Expressway) and any other proceeds therefrom;
 - (iii) a first ranking assignment of all the rights, title and interest in and to the following:
 - (a) Project Agreements;
 - (b) takaful/insurances;
 - (c) all permits and licenses, to the extent where they are assignable; and
 - (d) performance bonds and guarantees; and
 - (iv) a first ranking assignment of all Designated Accounts (as defined in item (k)) and the credit balances therein.

- (j) **Details on utilisation of proceeds by Issuer** : The proceeds of the Sukuk shall be utilised as follows:

No.	Item	Amount (RM' million)
(i)	to part finance the purchase consideration for the Proposed Acquisition (as defined in item (v)(xix)) as well as to pay fees, cost and expenses related to the Senior Sukuk <i>Musharakah</i> Programme; and	2,380
(ii)	any balance for general funding and working capital purposes.	120
TOTAL		2,500

In any case, all utilisation of funds under the Senior Sukuk *Musharakah* Programme shall be in compliance with Shariah principles.

- (k) **Sinking fund (if any)** : Not applicable.
- Designated** : The Issuer shall open and maintain the following Shariah-

accounts (if any)

compliant Designated Accounts with a bank to be appointed by the Issuer which is acceptable to the JLMs:

- (i) Revenue Account (“**RA**”); and
- (ii) Finance Service Reserve Account (“**FSRA**”).

RA

The RA shall be solely operated by the Issuer, provided that upon the declaration of a Dissolution Event, the Security Agent shall be the sole signatory of the RA.

The RA shall be utilised for the purpose of depositing the following:

- (i) the balance of proceeds raised from the Sukuk and the Junior Bonds after part payment of the purchase consideration for the Proposed Acquisitions, and payment of all professional and regulatory fees and other expenses relevant to the Senior Sukuk *Musharakah* Programme and the Junior Bonds;
- (ii) all revenues received by the Issuer pursuant to the MTD Prime Concession Agreement, Metramac Concession Agreement and other relevant Project Agreements;
- (iii) any compensation sums received by the Issuer from the Government in connection to or pursuant to the MTD Prime Concession Agreement and the Metramac Concession Agreement;
- (iv) proceeds of takaful/insurance claims in respect of takaful/insurance taken and maintained throughout the tenure of the Senior Sukuk *Musharakah* Programme;
- (v) any claims received in respect of third party performance bonds, maintenance bonds, guarantees or any other compensation received;
- (vi) all other revenue of the Issuer; or
- (vii) FSRA amounts in excess of the Minimum Required Balance (as defined below) which are being released to the RA.

FSRA

The FSRA shall be solely operated by the Security Agent.

The Issuer will open and maintain a profit bearing FSRA from which the credit balance may be drawn by the Security Agent to meet the Issuer’s scheduled distribution and payment obligations under the Senior Sukuk *Musharakah* Programme.

Upon issuance of the initial tranches of Sukuk under the Senior Sukuk *Musharakah* Programme, an initial deposit equivalent to the next six (6) months projected principal and profit payment (“**Initial Deposit**”) will be made by the Issuer

into the FSRA.

During the tenure of the Senior Sukuk *Musharakah* Programme, the Issuer will make contributions to the FSRA from the RA such that a minimum balance equivalent to the next six (6) months projected principal and profit payment ("**Minimum Required Balance**") is maintained at all times.

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 RA, as the case may be. In the event the Issuer utilises the balance in the FSRA, the Issuer is to top up the FSRA from the RA within thirty (30) days of such utilisation so as to comply with the Minimum Required Balance. For the avoidance of doubt, failure to meet the Minimum Required Balance within the period as stipulated above will result in a Dissolution Event.

Funds held in the FSRA shall be permitted to be invested in Permitted Investments (as defined in item (v)(ix)) by the Security Agent upon instruction from the Issuer, provided that:

- (i) such funds utilised for 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) shall be denominated in Ringgit.

(l) Rating

- **Credit assigned** **rating** : The Senior Sukuk *Musharakah* Programme has been accorded a rating of AA_{IS}.
- **Name of agency** **rating** : Malaysian Rating Corporation Berhad (Company No. 364803-V) ("**MARC**").

(m) Mode of issue : The Sukuk may be issued through any of the following modes:

- (i) via private placement through the JLMs on a best effort basis to selected investors at a yield to be agreed upon based on terms and conditions to be mutually agreed upon between the Issuer and the JLMs; or
- (ii) via book running by the JLMs on a best effort basis based on terms and conditions to be mutually agreed upon between the Issuer and the JLMs; or
- (iii) via bought deal basis based on terms and conditions to be mutually agreed upon between the Issuer and the primary subscriber(s).

Issuance of the Sukuk under the Senior Sukuk *Musharakah* Programme shall be in accordance with the Participation and Operation Rules for Payments and Securities services issued

by MyClear ("**MyClear Rules**") and MyClear Procedures, or their replacement thereof, (collectively, the "**MyClear Rules and Procedures**").

- (n) **Selling restriction, including tradability** : Selling Restrictions At Issuance

The Sukuk 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 and to whom the Sukuk are issued would fall within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the CMSA.

Selling Restrictions After Issuance

The Sukuk 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 would fall within Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

The Sukuk are tradable subject to the selling restrictions above.

- (o) **Listing status and types of listing** : The Sukuk may be listed on Bursa Malaysia Securities Berhad under an Exempt Regime pursuant to Chapter 4B of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

- (p) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : Not applicable.

- (q) **Conditions Precedent** : Conditions precedent for the setting up of the Senior Sukuk *Musharakah* Programme and first issuance thereunder include but shall not be limited to the following:

A. Main documentation

- (i) The Transaction Documents (as defined in item (v)(xvii)) have been executed and, where applicable, stamped and presented for registration; and
- (ii) all relevant notices and acknowledgments (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) certified true copy of the 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) the JLMs shall have received from Messrs. Lee Hishammuddin Allen & Gledhill a confirmation that the MTD Prime Sale and Purchase Agreement and the Metramac Sale and Purchase Agreement or any supplemental thereto for the Proposed Acquisitions have been executed and all the conditions precedent therein have been fulfilled save for payment of the respective purchase price for the Proposed Acquisitions;
- (iii) execution of the novation agreement and the supplemental agreement in relation to the MTD Prime Concession Agreement and Metramac Concession Agreement or deeds of assignment of the Project Agreements (where applicable);
- (iv) receipt of a copy of the letter of approval from the Ministry of Finance or Inland Revenue Board in relation to the tax deductibility of the amortisation of purchase consideration for the Proposed Acquisitions over the remaining concession period of the Expressways and the exemption of stamp duty for the Proposed Acquisitions;
- (v) the Senior Sukuk *Musharakah* Programme shall have received a minimum rating of AA from MARC;
- (vi) evidence that all transaction fees, costs and expenses have been paid in full;
- (vii) the JLMs have received from Messrs. Lee Hishammuddin Allen & Gledhill a satisfactory legal opinion addressed to them and the Trustee as to the legality, validity and enforceability of the Transaction Documents and a confirmation that all the conditions precedent have been fulfilled;
- (viii) the JLMs shall have received from Messrs. Lee Hishammuddin Allen & Gledhill a confirmation that all the conditions precedent for the Junior Bonds have been fulfilled;
- (ix) the JLMs shall have received copies of the letters from

MTD Prime, Dato' Dr. Nik Hussain bin Abdul Rahman and Dato' Azmil Khalili bin Dato' Khalid confirming that the difference between the total purchase consideration and part of the proceeds of the Senior Sukuk *Musharakah* Programme amounting to RM1.145 billion to be paid as part payment of the purchase consideration will be paid on the issue date of the Sukuk and the Junior Bonds;

- (x) execution of the subscription agreement made between Dato' Dr. Nik Hussain bin Abdul Rahman, Dato' Azmil Khalili bin Dato' Khalid and ANIH in relation to the full subscription of the Junior Bonds and the issuance of 525,000,000 ordinary shares of RM1.00 each in ANIH at par;
- (xi) evidence of confirmation from the Joint Shariah Advisers that the structure, mechanism and documentation of the Senior Sukuk *Musharakah* Programme are in compliance with Shariah principles;
- (xii) the JLMs shall have received satisfactory evidence that all the takaful/insurances in relation to the Project Agreements will be obtained and will be in full force and effect and that the Security Agent will be named as loss-payee in respect of such takaful/insurances to be assigned to the Security Agent; and
- (xiii) such other conditions precedent as advised by the legal counsel of the JLMs.

(r) Representations and warranties

: The Issuer's representations and warranties include but shall not be 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, and has full beneficial ownership of all its 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 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, 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, license, 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) each of the Sukuk, 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 its terms;
- (v) no authorisation, approval, consent, license, exemption, registration, recording, filing or notarisation and no payment of any duty or tax and no other action whatsoever which has not been duly and unconditionally obtained, made or taken is necessary to ensure the legality, validity, enforceability of its liabilities and obligations or the rights of the Sukukholders under the Transaction Documents or the Sukuk;
- (vi) all consents, licenses, approvals or authorisations of governmental authorities in Malaysia which are required for it to own its assets and carry on its business as it is being conducted have been duly obtained and complied with and are in full force and effect;
- (vii) no litigation, arbitration or administrative proceeding or claim that has a Material Adverse Effect (as defined in item (v)(xix)) is current, presently in progress or pending or, to the best of its knowledge, information and belief, threatened against it or any of its assets;
- (viii) the information memorandum issued in connection with the Senior Sukuk *Musharakah* Programme does not contain any statements or information which are false or misleading or from which there is a material omission and all expressions of expectation, intention, belief and opinion contained therein were made on reasonable grounds after due and careful inquiry by the Issuer;
- (ix) its latest audited financial statements (including the cashflow statements, income statement and balance sheet) have been prepared in accordance with approved accounting standards in Malaysia (unless otherwise disclosed) and give a true and fair view of its financial position for that year and the state of its affairs at that date, as the case may be;
- (x) there has been no material adverse change in the financial condition of the Issuer since its last audited financial statements;

- (xi) no Dissolution Event or, to the best of the knowledge, information and belief of the Issuer, no Potential Dissolution Event (as defined in item (t)(ii)(vi)) has occurred and continuing; and
- (xii) any other representations and warranties as advised by the legal counsel of the JLMs.

(s) Dissolution Events

: The Dissolution Events include but shall not be limited to the following:

- (i) the Issuer is unable to make any periodic distribution or pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
- (ii) 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 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 opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the failure;
- (iii) the Issuer fails to observe or perform obligations under any of the Transaction Documents or the Sukuk or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in item (s)(i) above, 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 fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the failure;
- (iv) there has been a breach by the Issuer of any obligations under any of the Issuer's existing contractual obligations, including but not limited to the obligations under the Project Agreements, which may materially and adversely affect the Issuer's 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 fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the breach;
- (v) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable or any guarantee or similar obligations 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 obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within twenty-one (21) days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;

- (vi) the Issuer fails to deposit the Minimum Required Balance into the FSRA within the stipulated time and the Issuer does not remedy the failure within a period of five (5) business days;
- (vii) an encumbrancer takes possession of, or a trustee, receiver and manager or similar officer is appointed in respect of the whole or substantial 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 on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this item (s)(vii), references to “substantial” shall mean such value equivalent to or more than five per centum (5%) of the Issuer’s net assets as reflected in its latest annual audited consolidated financial statements.

- (viii) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement 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) any step is taken for the winding up, dissolution or liquidation 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;
- (x) 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;

- (xi) where there is a revocation, withholding, invalidation or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Sukuk or the Transaction Documents;
- (xii) the Issuer is deemed unable to pay any of its debts within the meaning of Section 218(2) of the Act 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;
- (xiii) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xiv) the Issuer changes or threatens to change the nature or scope of a substantial part of 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 in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xv) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (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) 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 in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xviii) occurrence of an event of default which cannot be remedied in accordance with the terms of the MTD Prime Concession Agreement and the Metramac Concession Agreement;
- (xix) any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, 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 twenty-one (21) days after the Issuer became aware or having been notified by the Trustee of the event or situation; or

- (xx) such other event as may be advised by the legal counsel of the JLMs.

On 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 a special resolution of the Sukukholders, declare that a 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 Portfolio Units by entering into a Sale Agreement and pay the Exercise Price and Security Agent is entitled to enforce its rights under the Transaction Documents.

(t) Covenants

(i) Financial covenants : Finance Service Cover Ratio ("FSCR")

The Issuer shall maintain a FSCR of at least 1.75 times.

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

- (i) all principal obligations to be paid by the Issuer under the Senior Sukuk *Musharakah* Programme in the next twelve (12) months (excluding any amount rolled over in the same period); plus
- (ii) all other principal obligations and profit payments paid by the Issuer under any other financing / borrowings or other indebtedness (excluding the Junior Bonds) during the previous twelve (12) months; plus
- (iii) all profit payments to be paid under the Sukuk in the next twelve (12) months.

The FSCR calculations shall be duly confirmed by the Issuer's external auditors and based on the latest audited consolidated accounts of the Issuer on an annual basis. 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, any double counting shall be disregarded.

Available Cash Flow

In any annual period 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, returns and realised gains received by the Issuer;
- (iii) any compensation sums received by the Issuer from the Government in connection to or pursuant to the

MTD Prime Concession Agreement and Metramac Concession Agreement;

- (iv) any claims received in respect of third party performance bonds, maintenance bonds, guarantees or any other compensation received;
- (v) all other revenue of the Issuer;
- (vi) all beginning credit balances in the Designated Accounts;
- (vii) all proceeds of takaful/insurance claim and amounts received by the Issuer;

each during the previous twelve (12) months of the relevant Calculation Date (as defined below);

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; and
- (iii) capital expenditure incurred and paid by the Issuer,

during that period.

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

“Calculation Date” means 31 March 2013 and each of the dates falling at annual intervals thereafter, or such other date in respect of any calculation required to be made prior to any payment of dividend, other distribution or advances as permitted.

(ii) Information covenants : To include but shall not be limited to the following:

- (i) the Issuer shall provide to the Facility Agent and 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 and that there does not exist or had not existed, from the date the Sukuk were 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;
- (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 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 each of its financial year) copies of 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, 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
 - (d) promptly, all notices, reports, statement or circulars or other documents issued to or 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 at the same time as these documents are dispatched to these shareholders or creditors and the Trustees may at its discretion circulate such notices, reports, statement or circulars to the Sukukholders;
- (iii) the Issuer shall promptly notify the Trustee of any change in its board of directors;
 - (iv) 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 result in a Material Adverse Effect on the Issuer;
 - (v) the Issuer shall promptly notify the Trustee if the happening of any event that has caused or could cause any amount secured or payable under the Sukuk to become immediately payable, the Sukuk to become immediately enforceable, any right or remedy under the Transaction Documents become immediately enforceable, any circumstances that has occurred that would materially prejudice the Issuer or any security created under the Transaction Documents, any substantial change in the nature of the business of the Issuer, any change in the Issuer's withholding tax position, any change in the utilisation of proceeds of the Sukuk or any other matters that may materially prejudice the interest of the Sukukholders;
 - (vi) 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 fulfillment of the relevant requirement as contemplated under the relevant transaction document would constitute an 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

- (vii) any other information covenants as advised by the legal counsel of the JLMs.

(iii) Positive covenants : To include but shall not be 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 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 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 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 which should ensure, among others, that all the necessary approvals or relevant licences are obtained;
- (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 on the relevant Maturity Date(s) or any other date on which the Sukuk are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfill 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 maintain an accounting system and records in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia which are adequate to record and reflect its operations and financial condition and it will permit upon reasonable request by the Trustee or its agent and servants and any person appointed or authorised by it at all reasonable times to have access to and to inspect its books of accounts and records relating to its business at any office, branch or place of business of the Issuer and all records kept by any other persons;
- (vii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (viii) the Issuer shall maintain a paying agent in Malaysia;
- (ix) the Issuer shall procure that the paying agent shall notify the Trustee, through the Facility Agent, in the event that the paying agent does not receive payment from the Issuer on the relevant due dates;
- (x) the Issuer will ensure that the terms of the Transaction Documents do not contain any matter which is inconsistent with the provisions of the information memorandum issued or to be issued in connection with the Senior Sukuk *Musharakah* Programme;
- (xi) save as contemplated under the Transaction Documents or in connection with the Junior Bonds, the MTD Prime Sale and Purchase Agreement, the Metramac Sale and Purchase Agreement, the operations and maintenance agreements with AME, the toll operations and maintenance agreements with ATM and the ancillary facilities management agreements with ACSB, the Issuer shall ensure that any agreement entered into, whether directly or indirectly, with its shareholders, directors, subsidiaries or associated companies are:
 - (a) in the ordinary course of business; and
 - (b) on an arms-length basis, provided that for agreements with a total aggregate value equal or more than RM100.0 million, the prior written consent of the Trustee shall first be obtained; and
- (xii) such other undertakings as may be advised by the legal counsel of the JLMs.

(iv) Negative covenants : To include but shall not be 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 any security interest as contemplated under this principal terms and conditions or liens arising in the ordinary course of business by operation of law and not by way of contract;

- (ii) the Issuer shall at all times not obtain or permit to exist any financing/borrowings and/or guarantee to any party, save for:
 - (a) the Senior Sukuk *Musharakah* Programme;
 - (b) the Junior Bonds;
 - (c) any loans and advances from its shareholders which are subordinated to the Sukuk;
 - (d) any indebtedness created pursuant to any hire purchase agreements or leasing agreements or any overdrafts, trade lines and performance guarantees not exceeding the aggregate amount of RM50.0 million only;
- (iii) the Issuer shall not sell, transfer, lease or otherwise dispose any assets which exceeds in aggregate five per centum (5%) of the Issuer's net assets (as shown in the latest audited consolidated accounts of the Issuer), in any financial year, except where the asset disposal is solely for the purposes of facilitating Shariah compliant financing;
- (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 and which may be materially prejudicial to the interest of the Sukukholders;
- (v) the Issuer shall not declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders or make any payments (whether in relation to nominal value, profit/interest or otherwise) to its shareholders in connection with any financings/loans or advances from its shareholders or under the Junior Bonds if:
 - (a) the FSCR is below 2.50 times after such payment or distribution;
 - (b) a Dissolution Event has occurred or is continuing or if following such payment or distribution, a Dissolution Event would occur;
- (vi) the Issuer shall not obtain or permit to exist any financing/loans or advances from its shareholders, unless these financing/loans and advances are subordinated to the Senior Sukuk *Musharakah* Programme. Any payment in relation to such

loans/advances shall be subject to item (t)(iv)(v) above;

- (vii) the Issuer shall not enter into any agreement, whether directly or indirectly with interested persons, including its directors, major shareholders or chief executive unless the Issuer certifies that such agreements entered into are:
 - (a) on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction; and
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than RM3,525.0 million, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms; and
 - (c) that the transaction has been approved by the majority of the Board of Directors or shareholders in a general meeting (as the case may require);
- (viii) the Issuer shall not use the proceeds of the Senior Sukuk *Musharakah* Programme except for the purposes set out in this principal terms and conditions;
- (ix) unless otherwise permitted under this principal terms and conditions, the Issuer shall not finance/lend any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment;
- (x) the Issuer shall not reduce 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, or by any other manner;
- (xi) the Issuer shall not do or suffer to be done any act, matter or thing whereby any takaful/insurance may be rendered void, voidable, unenforceable or incapable of being effected, maintained or renewed;
- (xii) the Issuer shall not or shall not agree to amend, vary or terminate (except due to lapse of time), replace or supplement any of the Project Agreements;
- (xiii) the Issuer shall not waive or agree to waive any breaches or proposed breaches committed by any counterparty pursuant to any of the Project Agreements;
- (xiv) the Issuer shall not take any action or fail to perform any obligation which will or might reasonably be considered likely to cause or lead or contribute to a breach, revocation or termination of any of the Project Agreements;

- (xv) the Issuer shall not open or maintain any accounts other than the Designated Accounts, the Account (as defined in item (v)(xviii)) and any designated accounts to be opened or maintained under the Junior Bonds;
 - (xvi) the Issuer will not change the utilisation of proceeds from the Sukuk, other than as described herein; and
 - (xvii) such other undertakings as may be advised by the legal counsel of the JLMs.
- (u) **Provisions on buy-back and early redemption of sukuk** : Nil.
- (v) **Other principal terms and conditions for the issue**
- (i) **Issue price** : The Sukuk are to be issued at par, premium or at a discount and the issue price shall be calculated in accordance with the MyClear Procedures. The issue price of the relevant Sukuk shall be determined prior to each issuance.
 - (ii) **Yield to maturity (%)** : The yield to maturity shall be determined prior to each issuance of the Sukuk.
 - (iii) **Form and denomination** : The Sukuk shall be issued in accordance with the MyClear Rules and Procedures applicable from time to time.

Each tranche of the Sukuk 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 shall be RM1,000,000 or in multiples of RM1,000,000 at the time of issuance.
 - (iv) **Minimum level of subscription (RM or %)** : The minimum level of subscription for each issue under the Senior Sukuk *Musharakah* Programme shall be 100% of the size of a particular issue.
 - (v) **Identified Assets** : Certain Portfolio Units representing individual shares of the undivided beneficial ownership in the Portfolio comprising of the MTD Prime Concession Agreement.

The Portfolio Units and the Portfolio shall be endorsed by the Joint Shariah Advisers prior to the issuance of the Sukuk. The Portfolio Units and the Portfolio will be valued based on a suitable valuation method acceptable to the Joint Shariah Advisers.
 - (vi) **Purchase and selling price/rental (where applicable)** : Not applicable.
 - (vii) **Repurchase and cancellation** : The Issuer, its subsidiaries or the Issuer's agent(s) may at any time purchase the Sukuk at any price in the open market or by private treaty, but these purchased Sukuk shall be cancelled and cannot be reissued.
 - (viii) **Redemption** : Unless previously redeemed or purchased and cancelled, the Sukuk will be redeemed by the Issuer at 100% of their nominal

value on their respective Maturity Dates.

Any Sukuk redeemed or purchased by the Issuer will result in a corresponding reduction in the programme size of the Senior Sukuk *Musharakah* Programme.

- (ix) **Permitted Investments** : Permitted Investments shall comprise investment products approved by the SC's Shariah Advisory Council ("**SAC**"), BNM's Shariah Advisory Council and/or other recognised Shariah authorities. For the purpose of the Senior Sukuk *Musharakah* 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 money market instruments issued under Shariah principles by licensed financial institutions with a short term rating of MARC-1 and a minimum long term rating of AA or their equivalent; or
 - (iii) Islamic treasury bills, money market instruments, and other debt instruments issued under Shariah principles by BNM or the Government; or
 - (iv) Islamic securities/sukuk issued by quasi government or government related corporations under Shariah principles with a short term rating of MARC-1 and a minimum long term rating of AA or their equivalent or Islamic securities guaranteed by the Government; or
 - (v) Islamic securities / Sukuk issued by corporations under Shariah principles with a short term rating of MARC-1 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 MARC-1 or a minimum long term rating of AA and their equivalent.
- (x) **Purchase Undertaking** : Pursuant to the Purchase Undertaking entered into upon issuance of the Sukuk, ANIH (in the capacity of Obligor) undertakes to acquire the relevant Portfolio Units from the Sukukholders.
- ANIH shall purchase the Portfolio Units at the Exercise Price on the earlier of the:
- (i) Maturity Date of the relevant Sukuk tranche; or
 - (ii) Date of declaration of a Dissolution Event of the relevant Sukuk tranche,
- (each referred to as a "**Dissolution Date**").
- Upon purchase of the Portfolio Units of the relevant Sukuk tranche, the Venture of the relevant Sukuk tranche shall be dissolved and the relevant Sukuk held by the Sukukholders shall be cancelled.

The Exercise Price shall be calculated based on the following formula:

(i) On the Maturity Date:

Exercise Price = *Musharakah* Capital plus Expected Return less aggregate of Periodic Distributions made and received up to the Maturity Date.

Expected Return shall be calculated up to Maturity Date. For the avoidance of doubt, the Exercise Price shall be adjusted to be equivalent to the nominal value of the relevant tranche of Sukuk plus accrued but unpaid Expected Periodic Payments (if any) up to the Maturity Date and shall be in accordance with MyClear Procedures.

(ii) On the date of declaration of a Dissolution Event:

(a) Discounted Sukuk

Exercise Price = *Musharakah* Capital plus Expected Return less aggregate of Periodic Distributions made and received up to the date of declaration of a Dissolution Event.

Expected Return shall be calculated up to the date of declaration of a Dissolution Event. For avoidance of doubt, the Exercise Price shall be adjusted to be equivalent to the accreted value of the relevant tranche of Sukuk plus accrued but unpaid Expected Periodic Payments (if any) up to the date of declaration of a Dissolution Event and shall be in accordance with the MyClear Procedures.

(b) Par Sukuk

Exercise Price = *Musharakah* Capital plus Expected Return less aggregate of Periodic Distributions made and received up to the date of declaration of a Dissolution Event.

Expected Return shall be calculated up to the date of declaration of a Dissolution Event. For avoidance of doubt, the Exercise Price shall be adjusted to be equivalent to the nominal value of the relevant tranche of Sukuk plus accrued but unpaid Expected Periodic Payment (if any) up to the date of declaration of a Dissolution Event and shall be in accordance with the MyClear Procedures.

(c) Premium Sukuk

Exercise Price = *Musharakah* Capital plus Expected Return less aggregate of Periodic Distributions made and received up to the date of declaration of a Dissolution Event.

Expected Return shall be calculated up to the date of declaration of a Dissolution Event. For avoidance of doubt, the Exercise Price shall be adjusted to be equivalent to the amortised value of the relevant tranche of Sukuk plus accrued but unpaid Expected Periodic Payment (if any) up to the date of declaration of a Dissolution Event and shall be in accordance with the MyClear Procedures.

“**Expected Return**” means an amount calculated based on the expected yield to maturity of the relevant tranche of Sukuk at the point of issuance of the Sukuk tranche calculated up to the Maturity Date or the Dissolution Event, as the case may be.

Where the Obligor has made Top-up Payments, the Obligor will be entitled to deduct the aggregate of such Top-up Payments from the Exercise Price.

- (xi) **Compensation for late and default payments (“Ta’widh”)** : In the event of any overdue payments of any Exercise Price, ANIH shall pay the compensation on such overdue amount at the rate and manner prescribed by the SC’s SAC from time to time in accordance with Shariah.
- (xii) **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 be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (xiii) **Governing laws** : Laws of Malaysia.
- (xiv) **Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdictions of the courts of Malaysia.
- (xv) **Other conditions** : The Senior Sukuk *Musharakah* Programme shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Senior Sukuk *Musharakah* Programme, and the MyClear Rules and Procedures.
- (xvi) **Status** : Pursuant to the Purchase Undertaking and the other relevant Transaction Documents, the Sukuk 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.

The Sukuk shall at all times rank in priority to the Junior Bonds.

- (xvii) **Transaction Documents** : Standard documentation for a programme of this nature, which would include, inter alia:
- (i) Programme Agreement;
 - (ii) Trust Deed;
 - (iii) Portfolio Trust Deed;
 - (iv) *Musharakah* Agreement;
 - (v) Purchase Undertaking;
 - (vi) Sale Agreement;
 - (vii) Security documents;
 - (viii) Management Agreement; and
 - (ix) other relevant Transaction Documents as advised by the legal counsel.
- (xviii) **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 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 Senior Sukuk *Musharakah* 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 in the event there is no declaration of Dissolution Event.
- (xix) **Definitions** : **Material Adverse Effect**
- Any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.
- (xx) **No Payment of Interest** : For the avoidance of doubt and notwithstanding any other provision to the contrary herein, it is hereby 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.

SECTION 6: INVESTMENT CONSIDERATIONS

Each issue of the Sukuk will carry different risks and all prospective investors of the Senior Sukuk Musharakah Programme should consider carefully all information set out in this Information Memorandum and, in particular, the following risks involved. The following sections do not purport to be complete or exhaustive. Prospective investors should undertake their own investigations and analysis on the Issuer, its business and risks associated with the Sukuk.

The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. The Issuer's actual results could differ from those anticipated in these forward looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

6.1 Considerations relating to the Issuer

Although the Issuer is a newly incorporated company, the existing members of its Board and senior management have relevant and sufficient experience in the business of tolled expressways and concessions. The profiles of the members of its Board and senior management are set out in Sections 2.2 and 2.3, respectively.

6.2 Considerations relating to the business

6.2.1 Traffic volume on the Expressways

The Issuer's revenue growth will be dependent on the number of vehicles using the Expressways and the toll rates it can charge for such journeys. The leading factor affecting traffic volume has historically been, and is expected to continue to be, the level of economic activity in Malaysia. Other factors which have affected in the past, and are expected to continue to affect traffic volumes include, but are not limited to:

- (i) the level of commercial, residential and industrial developments in areas along the highway;
- (ii) the price of petrol and other transportation fuel;
- (iii) affordability of automobiles in Malaysia;
- (iv) per capita ownership of automobiles in Malaysia;
- (v) the development of alternative, competing roads or highways;
- (vi) alternative domestic and international transportation modes such as rail, air or sea; and
- (vii) the prevailing level of toll rates.

Most of the factors above would not be within the control of the Issuer. Adverse trends affecting any of these factors could cause a material effect on traffic volumes, and in turn, on the revenue generating capabilities of the Issuer. However, the risk is somewhat mitigated as the Expressways have commenced operations and tolling for a number of years with stable traffic growth.

6.2.2 Competition

The Concession Agreements do not prevent the Government from awarding concessions for new roads, which may compete with the Expressways.

Kuala Lumpur-Karak Highway

There are alternatives to the Kuala Lumpur-Karak Highway in the form of:

- (a) a Jabatan Kerja Raya road called “Route 68” from Gombak to Karak;
- (b) the Batang Kali Highway from Batang Kali to the roundabout near Awana Genting Highway Golf & Country Resort; and
- (c) the Simpang Pulai-Gua Musang-Kuala Berang Highway.

Notwithstanding the above alternatives to the Kuala Lumpur-Karak Highway, the traffic volume of the Kuala Lumpur-Karak Highway continues to enjoy stable growth.

East Coast Expressway Phase 1

With regards to the East Coast Expressway Phase 1, two (2) alternative routes are:

- (a) the Federal Highway, Route 2 that runs parallel to it; and
- (b) the Simpang Pulai-Gua Musang-Kuala Berang Highway.

The East Coast Expressway Phase 1 is however the more preferred route due to higher driving comfort, short travelling time, safety and facilities available. In respect of the Simpang Pulai-Gua Musang-Kuala Berang Highway, this highway does not cross major catchment areas for traffic travelling between the east and west coast.

Kuala Lumpur-Seremban Expressway

The Kuala Lumpur-Seremban Expressway faces competition from Lebuhraya Besraya and increasingly from the KL-Putrajaya Highway (**Maju Expressway**), which started operations in December 2007, particularly over routes where there are overlaps (such as KL-Nilai-KL International Airport and to Putrajaya). Congestion during peak hours on the Kuala Lumpur-Seremban Expressway encourages diversion to the Maju Expressway despite higher toll rates charged.

6.2.3 Toll Rates

The Government may impose toll rates lower than the agreed toll rates in the concession agreement for the highways for a variety of reasons, including economic difficulties and negative consumer perceptions of increases in toll rates. However, the Government shall pay compensation to the concessionaire, for any reduction in toll rates, which in turn will compensate the Issuer and/or in the event of any termination or reduction in toll rates by the government, as stated in the concession agreement.

Any reduction in the toll rates imposed by the Government may cause a material effect on revenue generating capabilities of the Issuer.

6.2.4 Toll receipts

The level of revenue that will be derived by the Issuer from toll receipts may be reduced by the following factors:

- (a) “leakage” through fraud or non-payment. If the process of toll collection is not properly monitored and controlled, leakage will reduce the toll revenue which the Issuer will collect; and
- (b) technical problems in toll collection systems, although such technical problems may not necessarily interrupt the actual toll collection process.

Electronic toll collection (“ETC”) system has been introduced to the Expressways to increase the efficiency in collecting tolls and controlling leakage. The toll collection operations via ETC are dependent on the continued application of technology. If the Issuer:

- (a) experience system failure or shut down with respect to the ETC system or any of their monitoring or database systems; or
- (b) are forced by the withdrawal of technology by the suppliers to procure alternative technology,

it may hinder its ability to collect tolls efficiently and control leakage. Any such problems could result in loss of revenue and an increase in operating cost due to operational inefficiencies.

However, for the Expressways’ collection system design, counter-fraud measures in terms of hardware detection and reconciliation of traffic vehicles which is capable of capturing fraudulent cases and hence reducing leakages has been incorporated. There will be continuous technical support from system integrator and internal maintenance crew support to minimise toll operation interruptions.

6.2.5 Operation, maintenance and related expenditure

The highway operations and maintenance services of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 will continue to be contracted out to AME, the highway operations and maintenance services in respect of the ancillary facilities of the Kuala Lumpur-Karak Highway and the East Coast Expressway Phase 1 will be contracted out to ACSB and the toll operation and maintenance services of the Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1 will continue to be contracted out to ATM.

Operating costs related to the operation and maintenance of the Expressways as well as capital expenditure may increase due to factors beyond the control of the Issuer. Increases may arise from:

- (i) the standards of maintenance or road safety applicable to the Expressways prescribed by Malaysian Highway Authority and other regulatory authorities from time to time becoming more onerous;
- (ii) the restoration costs should any landslides or other natural disasters occur on the Expressways;
- (iii) higher axle loading, traffic volume or environmental stress leading to more extensive or more frequent heavy repairs or maintenance costs; or
- (iv) increase in cost of material and supplies.

Environmental factors, such as incremental weather in a particular region or district and ageing of assets may require repairs to be carried out more frequently or cause costs to be higher than expected. The cost involved in any such major repairs may be substantial and such repairs may adversely affect traffic flows but normally these works would be done during off peak hours unless in emergency cases.

Any increase in the operation, maintenance and related expenditure may cause a material effect on revenue generating capabilities of the Issuer.

6.2.6 Dependence on key management

The Issuer believes that its success will depend to a large extent on the abilities and continued efforts of its existing Board, its shareholders and its key management. The loss of any key management may adversely affect the ability of the Issuer to main its competitive edge. Further, the Issuer's future success will all depend upon its ability to attract new skilled personnel. However, the Issuer expects to be able to source experienced personnel in the similar industry in which it operates.

6.2.7 Unforeseen events

The use of the Expressways may be interrupted or otherwise affected by a series of events, including serious traffic accidents, natural disasters, defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, labour disputes and other unforeseen circumstances and incidents. If the use of the Expressways is interrupted in whole or in part for any period as a result of any such events, this may reduce the toll revenue and increase cost of maintenance or restoration as well as reduce overall public confidence in the Expressways, which may cause a material effect on revenue generating capabilities of the Issuer.

6.2.8 Adequacy of insurance/takaful coverage

The Board intends to continue with the similar insurance/takaful coverage upon completion of the Proposed Acquisitions to ensure the assets of the companies are adequately insured/covered against unforeseen events including fire, theft and flood. Although the Board intends to undertake the necessary measures to ensure that the companies' businesses and assets are adequately covered by insurance/takaful, there can be no assurance that the insurance/takaful coverage would be adequate for the replacement cost of all its assets, businesses or any consequential costs arising therefrom. In addition, such insurance/takaful policies/contracts may no longer be available or the policy/contract cost may significantly increase in the future.

Currently, insurance policies/takaful contracts have been taken up for the Concession Assets for, amongst others, Civil Engineering Completed Risk for material damage, loss of revenue and public liability. Any loss in excess of insured/covered limits would result in the loss of future revenue and the Issuer may be required to fund the repair or replacement of any asset damaged or lost. Any such loss could adversely affect the results of operations and financial conditions of the Issuer.

6.2.9 Risk of termination of the Concession Agreements

Sections 3.2.1(iii), 3.2.1(iv), 3.2.2(iii) and 3.2.2(iv) of this Information Memorandum sets out the circumstances in which the Concession Agreements may be terminated by the contracting parties and the payment of compensation (if any). If the Concession Agreements are terminated, there may be an adverse material effect on the operations and financial conditions of the Issuer, its future cashflows and its ability to repay the Sukuk when they become due and payable. While the Issuer has no intention of terminating either of the Concession Agreements and has taken all reasonable steps to ensure their continuity, there can be no assurance that the Concession Agreements will not be terminated in the future. Sukukholders are to note that they do not fall within the definition of "Lenders" as set out in Sections 3.2.1 and 3.2.2.

6.3 Considerations relating to the Sukuk

6.3.1 The Issuer's ability to meet payment obligations under the Sukuk

The ability of the Issuer to meet its obligations to the Sukukholders in terms of payment of amounts due under the Sukuk depends on the Issuer's income and revenue. Repayment of the Sukuk will be the Issuer's obligation alone. In particular, the Sukuk will not be obligations or responsibilities of, or guaranteed by, any of the material subsidiaries, the Joint Lead Principal Advisers, the Joint Lead Arrangers, the Joint Lead Managers, the Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the transactions. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure the Issuer to pay any amount due under the Sukuk.

6.3.2 No Prior Market for the Sukuk

The Sukuk comprises new issue of securities for which there is currently no established secondary market. There can therefore be no assurance that a secondary market will develop or, if a secondary market does develop, as to the liquidity of that market for the Sukuk or that it will continue for the entire tenure of the Senior Sukuk *Musharakah* Programme. Furthermore, there can be no assurance as to the ability of investors to sell their securities or the prices at which investors would be able to sell their Sukuk.

6.3.3 Investment in the Sukuk is subject to interest rate risk and the market value of the Sukuk may be subject to fluctuation

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

The Sukuk is fixed income securities and may therefore see their price fluctuate due to movements in interest rates. Generally, a rise in interest rates may cause a fall in the Sukuk prices. The Sukuk may be similarly affected resulting in a capital loss for Sukuk holders. Conversely, when interest rates fall, Sukuk prices and the prices at which the Sukuk trade may rise. As a result thereof, Sukukholders may enjoy a capital gain.

6.3.4 Rating of the Sukuk

It is a condition for the issuance of the Sukuk that the Proposed Senior Sukuk *Musharakah* Programme be rated. The Senior Sukuk *Musharakah* Programme is subject to rating reviews by MARC annually. The rating addresses the likelihood of full and timely payment of profit and principal to Sukuk holders. A rating is not a recommendation to purchase, hold or sell the Sukuk as such ratings do not comment on the 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.

Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer under the Senior Sukuk *Musharakah* Programme. In the event that the ratings initially assigned to the Sukuk are subsequently lowered, downgraded or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk. Any downgrade or withdrawal of a rating may have an effect on the liquidity and the market price of the Sukuk. Any downgrade or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the Sukuk.

6.3.5 Uncertainty of cash flow forecast and projections

The cash flow forecast and projections of the Issuer are based on assumptions made by the Company that are subject to uncertainties and contingencies. Owing to the subjective judgements and inherent uncertainties of the forecast and projections, there can be no assurance that the cash flow forecast and projections contained herein will be achieved and actual results may be materially different from those shown.

6.4 General considerations

6.4.1 Regulatory

Changes in law and regulations are unpredictable and beyond the Issuer's control and may affect the way the Company conduct its business and the products it offer. Such changes may be more restrictive or result in higher costs than current requirements or otherwise materially impact its businesses, results of operations or financial condition.

6.4.2 Political and economic considerations

The development and performance of any of the Issuer's future projects and the ability to successfully conclude any potential future agreements, may be affected by the economic and political situation in the relevant countries and regions, as well as exchange rates and exchange controls, interest rates, inflation, rates of taxes, trade and employment practices (including industrial action), foreign investment restrictions, the risk of war, nationalisation, expropriation, changes in government policy and other political, economic, social or other developments in or affecting the relevant jurisdiction in which they operates their business. Any adverse developments in the political and economic conditions in Malaysia may affect the prospects and future performance of the Issuer and the market value of the Sukuk.

There is no assurance that such adverse political and economic factors will not materially affect the company. In addition, there can be no assurance that political and economic policies adopted by a relevant government at the time of the initial negotiations or development of any project will be continued or that a future government will not adopt substantially different policies.

In mitigation, the Issuer will continue to review its business development strategies in response to the ever-changing political and economic conditions. Nonetheless, no assurance could be given that any change to these factors would not have any material impact on the Issuer's business.

6.4.3 Interest rate fluctuation risk

The Issuer may secure credit facilities on a floating rate basis. The interest/profit rate of such floating rate credit facilities may be pegged to the respective financiers' base lending/financing rates or cost of funds. There can be no assurance that the base lending/financing rates or costs of funds of such financiers would maintain at a certain level at all times. If there is any revision in the interest/profit rate regime, the financial performance of the Issuer may be consequently affected.

6.4.4 Change of law

The issuance of the Sukuk is based on Malaysian law, tax rulings and regulations, and administrative practices in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax rulings and regulations or administrative practice will not change after the closing or that such changes will not impact the structure of the transaction and the treatment of the Sukuk.

6.4.5 Force majeure

An event of force majeure is an event which is not within the control of the party effected, which that party is unable to prevent, avoid or remove and shall include war and acts of terrorism, riot and disorders, natural catastrophes and others. Force majeure events do not include economic downturn, non-availability or insufficient or lack of financing on the part of the Issuer. The occurrence of a force majeure event may have a material impact on the company's business.

6.5 Forward looking statements

Certain statements in this Information Memorandum are historical in nature and are not necessarily reflective of future results, which are subject to uncertainties. Similarly, other statements are forward-looking and based on assumptions and estimates of the Issuer. Although the Issuer believes that these statements and assumptions are reasonable, they are nevertheless subject to risks known and unknown, uncertainties and uncontrollable factors that may cause the actual performance and results to differ significantly from what is forecasted in this Information Memorandum.

No assurance can be given that any of these forward looking statements can be realised. As a result, such forward looking statements should not be interpreted as a warranty or representation by the Issuer or any other person that the objectives of the companies will be accomplished.

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SECTION 7: ECONOMY AND INDUSTRY OVERVIEW

The following paragraphs are extracted from the relevant sections of the various sources as disclosed herein. Neither the Issuer, Joint Lead Managers nor any other party has verified or will be held responsible for any information contained herein.

Malaysia economic overview and outlook

Overview

The Malaysian economy continued to expand despite the more challenging external environment. Real Gross Domestic Product (GDP) registered a growth of 4.4% during the first half of 2011. The moderation was due to slowing exports following the weaker-than-expected United States (US) economic performance, deepening euro sovereign debt crisis, global supply chain disruptions resulting from earthquake and tsunami in Japan as well as rising global inflation. The moderation was also partly attributed to the high-base effect as GDP grew at a strong pace of 9.5% during the same period in 2010. However, the growth momentum is expected to pick up in the second half of the year on the back of resilient private consumption and strong private investment. Growth will also be supported by the acceleration of public infrastructure projects and sustained strong exports of commodities and resource-based manufactured goods. Against this backdrop, the Malaysian economy is projected to grow 5% - 5.5% in 2011 (2010: 7.2%).

On the demand side, growth will be supported by sustained consumer spending reinforced by strong investment activities. Consumer spending is expected to post a strong growth backed by increasing household income and stable employment conditions. Sustained high agriculture commodity prices will also support rural household expenditure. Meanwhile, private investment is envisaged to strengthen further boosted by business opportunities from the implementation of the Economic Transformation Programme (ETP) initiatives and continuous investment in the technology-related, services and resource-based industries. Strong inflows of foreign direct investment (FDI) in the first half of 2011 (RM21.2 billion) are expected to continue with the implementation of several key initiatives by the Government such as tax incentives and liberalisation measures to attract investment, particularly in the oil and gas as well as services sectors. Public expenditure is envisaged to remain supportive of economic activities with expansion in capital spending by the Non-Financial Public Enterprises (NFPEs).

On the supply side, all sectors are expected to post positive growth, except mining due to lower production of crude oil. In tandem with robust private consumption, the services sector is envisaged to grow strongly led by the wholesale and retail trade, finance and insurance, real estate and business services as well as communication sub-sectors. Despite the contraction in output of electrical and electronics (E&E) and transport equipment in the first half of 2011, the manufacturing sector is expected to record positive growth supported by strong output of construction-related materials and resource-based industries. Meanwhile, the agriculture sector, which contracted in the first quarter of 2011, is expected to expand in the second half of 2011 driven by higher output of palm oil and rubber as well as food commodities. Growth in the construction sector will be underpinned by higher construction activities in the residential segment and acceleration of public civil engineering projects in the second half of the year.

The balance of payments (BOP) is expected to remain strong in 2011, with a larger current account surplus at RM89.3 billion or 10.9 % of Gross National Income (GNI) supported by a surplus in the good account. The trade surplus is anticipated to remain large, backed by higher exports and firm commodity prices although imports will continue to increase in line with strong domestic consumption and investment activity. In the financial account, the steady inflows of FDI are expected to continue, reflecting investors' confidence in the strong fundamentals of the Malaysian economy as well as the Government's economic transformation initiatives.

In tandem with the expansion of economic activities in 2011, national income as measured by the GNI is estimated to expand 10.9% to RM820.2 billion with per capita income rising 9.7% to RM28,725 (2010: 11.1%; RM739.5 billion; 9.7%; RM26,175). Consequently, nominal per capita income in terms of purchasing power parity (PPP) is envisaged to increase 17.1% to USD16,529 in 2011 (2010: 5.2%; USD14,110).

Prospects for 2012

For 2012, GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasingly adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the ETP will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012. The public sector will remain supportive of growth with higher capital spending by NFPEs. The Government will continue to provide an enabling environment to facilitate private investment by implementing key initiatives under the National Key Result Areas (NKRAs) and National Key Economic Areas (NKEAs).

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

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SECTION 8: OTHER MATERIAL INFORMATION

8.1 Material contracts

Save as disclosed below, the Board has confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered by the Issuer within the preceding two (2) years prior to the date of this Information Memorandum:

- (i) the MTD Prime Sale and Purchase Agreement;
- (ii) the Metramac Sale and Purchase Agreement;
- (iii) the second novation agreement dated 11 August 2011 made between the Government, MTD Prime and ANIH;
- (iv) the fourth supplemental concession agreement dated 11 August 2011 made between the Government and ANIH;
- (v) the second novation agreement dated 11 August 2011 made between the Government, Metramac and ANIH; and
- (vi) the second supplemental concession agreement dated 11 August 2011 made between the Government and ANIH.

8.2 Material litigation

As at the date of this Information Memorandum, the Issuer is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Board of the Issuer are not aware of any proceedings pending or threatened against the Issuer or of any facts likely to give rise to any proceedings which may materially affect the financial position of business of the Issuer. There will be no material litigation to be assumed by the Issuer pursuant to the MTD Prime Sale and Purchase Agreement and the Metramac Sale and Purchase Agreement.

8.3 Contingent liabilities

As at the date of this Information Memorandum, the Issuer has no material commitments and contingent liabilities incurred or known to be incurred which upon becoming enforceable, may materially affect the financial position of business of the Issuer.

8.4 Material information

8.4.1 Common directors and shareholders

As at 10 October 2011, MTD Prime and Metramac are the wholly-owned subsidiaries of MTD InfraPerdana, which in turn is wholly-owned by MTD Capital.

Dato' Dr. Nik Hussain is the Group Executive Chairman of MTD Capital, the Chairman and Director of MTD InfraPerdana, the Director of MTD Prime as well as the Director and shareholder of the Issuer.

Dato' Azmil Khalid is the President and Chief Executive Officer of MTD Capital, the Director of MTD InfraPerdana, MTD Prime and Metramac as well as the Director and shareholder of the Issuer.

Haji Nik Fauzi is the Director of MTD Capital, MTD InfraPerdana and MTD Prime as well as the Director of the Issuer.

Lee Leong Yow is a Director of MTD Capital and the Issuer.

8.4.2 Related parties

As stated in Section 6.2.5, the highway operations and maintenance services of the Kuala Lumpur-Karak Highway and the East Coast Expressway Phase 1 will be contracted out to AME, the highway operations and maintenance services in respect of the ancillary facilities of the Kuala Lumpur-Karak Highway and the East Coast Expressway Phase 1 will be contracted out to ACSB and the toll operation and maintenance services of the Kuala Lumpur-Karak Highway will be contracted out to ATM.

AME and ATM are wholly-owned subsidiaries of ACSB.

Datin Nik Fuziah binti Dato' Nik Hussein, a major shareholder of ACSB and a director of ACSB, AME and ATM, is the spouse of Dato' Azmil Khalid, the daughter of Dato' Dr. Nik Hussain and sister of Haji Nik Fauzi.

8.4.3 East-West Link Expressway

As stated in Section 1.1, the Proposed Metramac Acquisition shall include the transfer of the East-West Link Expressway from Metramac to the Issuer.

However, at the request of the Government, the right and authority to demand, collect and retain tolls from vehicles using the East-West Link Expressway was suspended with effect from 16 May 2011 and will be surrendered to the Government with effect from the Effective Date of the Novation Agreement dated 11 August 2011 which is the date the Government issues a written notice to Metramac and the Issuer after the Issuer has confirmed that the purchase consideration under the Metramac Sale and Purchase Agreement has been fully paid.

8.4.4 Paragraph 11.01 of the Compliance Checklist on the Islamic Securities Guidelines (Sukuk Guidelines)

In compliance with paragraph 11.01 of the Compliance Checklist on the Islamic Securities Guidelines (Sukuk Guidelines), the Issuer confirms the following:

- (i) the Issuer and its Board have not been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the last five (5) years prior to the date of this Information Memorandum or any document relating to the Senior Sukuk *Musharakah* Programme; and
- (ii) the Issuer has not been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five (5) years prior to the date of this Information Memorandum or any document relating to the Senior Sukuk *Musharakah* Programme.

8.5 Potential conflict of interest and appropriate mitigating measures

8.5.1 Conflict of interest situations

(i) CIMB

CIMB has been appointed as one of the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB confirms that, to the best of their knowledge, there is no existing or potential conflict of interest in their capacity as Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

(ii) Maybank IB

Maybank IB has been appointed as one of the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Maybank IB confirms that, to the best of their knowledge, there is no existing or potential conflict of interest in their capacity as Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

(iii) Messrs Lee Hishammuddin Allen & Gledhill

Messrs Lee Hishammuddin Allen & Gledhill has been appointed as the legal counsel to the Issuer in respect of the Proposed Acquisitions and the solicitors for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Messrs Lee Hishammuddin Allen & Gledhill confirms that, to the best of their knowledge, there is no existing or potential conflict of interest in their capacity as solicitors for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

(iv) Messrs Ernst & Young

Messrs Ernst & Young has been appointed as the reporting accountant for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Messrs Ernst & Young confirms that, to the best of their knowledge, there is no existing or potential conflict of interest in their capacity as reporting accountant for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

(v) CIMB Trustee

CIMB Trustee has been appointed as the trustee for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB Trustee confirms that, to the best of their knowledge, there is no existing or potential conflict of interest in their capacity as trustee for the Senior Sukuk *Musharakah* Programme and the Junior Bonds Issuance.

(vi) Issuer

The Issuer, MTD Prime and Metramac are parties to the Proposed Acquisitions. As at the date hereof, MTD Prime and Metramac are the wholly-owned subsidiaries of MTD InfraPerdana, which in turn is wholly-owned by MTD Capital.

The common shareholders and directors of MTD Capital, MTD InfraPerdana, MTD Prime, Metramac and the Issuer as at the date hereof are highlighted in Section 8.4 of this Information Memorandum.

AME and ATM are wholly-owned subsidiaries of ACSB.

Datin Nik Fuziah binti Dato' Nik Hussein, a major shareholder of ACSB and a director of ACSB, AME and ATM, is the spouse of Dato' Azmil Khalid, the daughter of Dato' Dr. Nik Hussain and sister of Haji Nik Fauzi.

In view of the above, there may be a potential conflict of interest between the Issuer, MTD Prime, Metramac, AME, ATM and ACSB in respect of the Proposed Acquisitions.

8.5.2 Appropriate mitigating measures

The Issuer is aware of and has no objection to the above potential conflict of interest situations as the aforesaid has been disclosed to and acknowledged by the Board.

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APPENDIX I

PRINCIPAL TERMS AND CONDITIONS OF THE JUNIOR BONDS

Principal terms and conditions of the Junior Bonds Issuance

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

- | | | | |
|--------|---|---|--|
| (i) | Joint Principal Advisers | : | CIMB and Maybank B. |
| (ii) | Joint Lead Arrangers | : | CIMB and Maybank IB. |
| (iii) | Co-arranger | : | Not applicable. |
| (iv) | Solicitor | : | Messrs. Lee Hishammuddin Allen & Gledhill. |
| (v) | Financial adviser | : | Not applicable. |
| (vi) | Technical adviser | : | Not applicable. |
| (vii) | Trustee | : | CIMB Trustee. |
| (viii) | Guarantor | : | Not applicable. |
| (ix) | Valuer | : | Not applicable. |
| (x) | Facility agent | : | CIMB. |
| (xi) | Primary subscriber (under a bought-deal arrangement) and amount subscribed | : | Not applicable. |
| (xii) | Underwriter and amount underwritten | : | Not applicable. |
| (xiii) | Central Depository | : | BNM. |
| (xiv) | Paying agent | : | BNM. |
| (xv) | Reporting accountant | : | Messrs. Ernst & Young. |
| (xvi) | Calculation agent | : | Not applicable. |
| (xvii) | Others (please specify) | : | <u>JLMs</u>
CIMB and Maybank IB.

<u>Subscribers</u>
Dato' Dr. Nik Hussain bin Abdul Rahman and Dato' Azmil Khalili bin Dato' Khalid |

- (b) Facility description** : Issuance of Junior Bonds.

- (c) **Issue/programme size** : RM620.0 million in nominal value of Junior Bonds.
- (d) **Tenure of issue/debt programme (or facility)** : The Junior Bonds shall be issued based on the following tranches:

Tranche	Nominal value RM' million	Tenure
1	350.0	19 years
2	270.0	20 years
Total	620.0	

- (e) **Availability period of debt programme (or facility)** : Within one (1) year from the SC's approval.
- (f) **Interest / coupon rate** : 7.00% p.a. for both tranches of the Junior Bonds.
- (g) **Interest / coupon payment frequency** : The coupon payments under the Junior Bonds may be paid on scheduled coupon dates provided always that the FSCR under the Senior Sukuk *Musharakah* Programme is at least 2.50 times after such coupon payments and any other distribution, whether income or capital in nature, to the shareholders ("**Requisite Condition**").

Any coupons not paid on the scheduled coupon dates due to the non-fulfillment of the Requisite Condition shall be cumulative and paid on the earlier of, maturity date of the relevant tranche of Junior Bonds or the date of declaration of an Event of Default under the Junior Bonds. For the avoidance of doubt, any non-payment of coupon for the Junior Bonds on the scheduled coupon dates due to the non-fulfillment of the Requisite Condition shall not constitute an Event of Default under the Junior Bonds.

The frequency of the coupon payment for the Junior Bonds shall be on a semi-annual basis commencing from the issue date of the Junior Bonds or such other period of frequency to be agreed between the Issuer and the JLMs prior to issuance of the Junior Bonds.

- (h) **Interest / coupon payment basis** : The coupon payment shall be calculated based on an actual/365 basis.
- (i) **Security/ collateral (if any)** : The Junior Bonds are unsecured.
- (j) **Details on utilisation of proceeds by Issuer** : The proceeds of the Junior Bonds shall be utilised as follows:
- (i) to part finance the purchase consideration for the Proposed Acquisitions as well as to pay fees, cost and expenses related to the Junior Bonds; and
 - (ii) any balance for working capital requirements of the Issuer.
- (k) **Sinking fund (if any)** : Not applicable.
- Designated** : The Issuer shall open and maintain a Shariah-compliant

accounts (if any) Revenue Account ("RA") under the Senior Sukuk *Musharakah* Programme with a bank to be appointed by the Issuer which is acceptable to the JLMs.

The RA shall be solely operated by the Issuer, provided that upon the declaration of a Dissolution Event under the Senior Sukuk *Musharakah* Programme, the Security Agent for the Senior Sukuk *Musharakah* Programme shall be the sole signatory of the RA.

The RA shall be utilised for the purpose of, amongst others, depositing the balance of proceeds raised from the Junior Bonds, if any, after part payment of the purchase consideration for the Proposed Acquisitions and payment of all regulatory fees and other expenses relevant to the Junior Bonds.

(l) Rating

- **Credit assigned rating** : The Junior Bonds shall be unrated. The investor(s) of the Junior Bonds shall acknowledge that they do not require a rating for the Junior Bonds.
- **Name of rating agency** : Not applicable.

(m) Mode of issue : The Junior Bonds will be issued via direct placement to the Subscribers.

Issuance of the Junior Bonds shall be in accordance with the MyClear Rules and Procedures.

(n) Selling restriction, including tradability : Selling Restrictions At Issuance

The Junior Bonds may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Junior Bonds and to whom the Junior Bonds are issued would fall within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

The Junior Bonds are non-transferable and non-tradable.

(o) Listing status and types of listing : The Junior Bonds 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) : Not applicable.

(q) Conditions Precedent : Conditions precedent to include but shall not be limited to the following (all in such form and substance acceptable to the JLMs):

A. Main documentation

- (i) The Transaction Documents (as defined in item (v)(xiii)) have been executed and, where applicable, stamped and presented for registration.

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) certified true copy of the 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) the JLMs shall have received from Messrs Lee Hishammuddin Allen & Gledhill a confirmation that the MTD Prime Sale and Purchase Agreement and the Metramac Sale and Purchase Agreement or any supplemental thereto for the Proposed Acquisitions have been executed and all the conditions precedent therein have been fulfilled save for payment of the respective purchase price for the Proposed Acquisitions;
- (iii) execution of the novation agreement and the supplemental agreement in relation to the MTD Prime Concession Agreement and Metramac Concession Agreement or deeds of assignment of the Project Agreements (where applicable);
- (iv) receipt of a copy of the letter of approval from the Ministry of Finance or Inland Revenue Board in relation to the tax deductibility of the amortisation of purchase consideration for the Proposed Acquisitions over the remaining concession period of the Expressways and the exemption of stamp duty for the Proposed Acquisitions;
- (v) evidence that all transaction fees, costs and expenses have been paid in full;
- (vi) the JLMs shall have received from Messrs Lee Hishammuddin Allen & Gledhill a satisfactory legal

opinion addressed to them and the Trustee as to the legality, validity and enforceability of the Transaction Documents and a confirmation that all the conditions precedent have been fulfilled; and

- (vii) such other conditions precedent as advised by the legal counsel of the JLMs.

(r) Representations and warranties

: The Issuer's representations and warranties include but shall not be 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, and has full beneficial ownership of all its 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 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, 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, license, 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) 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 its terms;
- (v) no authorisation, approval, consent, license, exemption, registration, recording, filing or notarisation and no payment of any duty or tax and no other action whatsoever which has not been duly and unconditionally obtained, made or taken is necessary to ensure the legality, validity, enforceability of its liabilities and obligations or the rights of the

bondholders under the Transaction Documents or the Junior Bonds;

- (vi) all consents, licenses, approvals or authorisations of governmental authorities in Malaysia which are required for it to own its assets and carry on its business as it is being conducted have been duly obtained and complied with and are in full force and effect;
- (vii) no litigation, arbitration or administrative proceeding or claim that has a Material Adverse Effect (as defined in item (v)(xv)) is current, presently in progress or pending or, to the best of its knowledge, information and belief, threatened against it or any of its assets;
- (viii) the information memorandum issued in connection with the Junior Bonds does not contain any statements or information which are false or misleading or from which there is a material omission and all expressions of expectation, intention, belief and opinion contained therein were made on reasonable grounds after due and careful inquiry by the Issuer;
- (ix) its latest audited financial statements (including the cashflow statements, income statement and balance sheet) have been prepared in accordance with approved accounting standards in Malaysia (unless otherwise disclosed) and give a true and fair view of its financial position for that year and the state of its affairs at that date, as the case may be;
- (x) there has been no material adverse change in the financial condition of the Issuer since its last audited financial statements;
- (xi) no Event of Default or, to the best of the knowledge, information and belief of the Issuer, no Potential Event of Default (as defined in item (t)(ii)(vi)) has occurred and continuing; and
- (xii) any other representations and warranties as advised by the legal counsel of the JLMs.

(s) Events of default (or enforcement event, where applicable)

: The Events of Default includes but shall not be limited to the following:

- (i) the Issuer is unable to make any periodic distribution or pay any amount due from it under any of the Transaction Documents on the due date (save and except for non-payment of coupons due to the Requisite Condition not being met other than on the final coupon payment date where all cumulative unpaid coupon payments are due) or, if so payable, on demand;
- (ii) 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

Junior Bonds 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 opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the failure;

- (iii) the Issuer fails to observe or perform obligations under any of the Transaction Documents or the Junior Bonds or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in item (s)(i) above, 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 fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the failure;
- (iv) there has been a breach by the Issuer of any obligations under any of the Issuer's existing contractual obligations, including but not limited to the obligations under the Project Agreements, which may materially and adversely affect the Issuer's 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 fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the breach;
- (v) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable or any guarantee or similar obligations 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 obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within twenty-one (21) days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;
- (vi) an encumbrancer takes possession of, or a trustee, receiver and manager or similar officer is appointed in respect of the whole or substantial 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 on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this item (s)(vi), references to “substantial” shall mean such value equivalent to or more than five per centum (5%) of the Issuer’s net assets as reflected in its latest annual audited consolidated financial statements.

- (vii) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement 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;
- (viii) any step is taken for the winding up, dissolution or liquidation 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;
- (ix) 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;
- (x) where there is a revocation, withholding, invalidation or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Junior Bonds or the Transaction Documents;
- (xi) the Issuer is deemed unable to pay any of its debts within the meaning of Section 218(2) of the Act 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;
- (xii) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xiii) the Issuer changes or threatens to change the nature

or scope of a substantial part of 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 in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;

- (xiv) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (xv) 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;
- (xvi) 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 in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xvii) occurrence of an event of default which cannot be remedied in accordance with the terms of the MTD Prime Concession Agreement and the Metramac Concession Agreement;
- (xviii) any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, 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 twenty-one (21) days after the Issuer became aware or having been notified by the Trustee of the event or situation; or
- (xix) such other event as may be advised by the legal counsel of the JLMs.

Provided always that the bondholders shall not declare an Event of Default so long as there is outstanding Sukuk issued under the Senior Sukuk *Musharakah* Programme and no Dissolution Event has been declared thereunder.

(t) Covenants

- (i) Financial covenants** : Not applicable other than the Requisite Condition applicable for the coupon payments under the Junior Bonds and any other distribution, whether income or capital in nature, to the shareholders.
- (ii) Information covenants** : To include but shall not be limited to the following:
 - (i) the Issuer shall provide to the Facility Agent and 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 Junior Bonds and that there does not

exist or had not existed, from the date the Junior Bonds were issued or the date of the previous certificate, as the case may be, any Event of Default, 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 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 each of its financial year) copies of 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, 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
 - (d) promptly, all notices, reports, statement or circulars or other documents issued to or received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the bondholders, 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 at the same time as these documents are dispatched to these shareholders or creditors and the Trustees may at its discretion circulate such notices, reports, statement or circulars to the bondholders;
- (iii) the Issuer shall promptly notify the Trustee of any change in its board of directors;
- (iv) 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 result in a Material Adverse Effect on the Issuer;
- (v) the Issuer shall promptly notify the Trustee if the happening of any event that has caused or could cause any amount payable under the Junior Bonds to become immediately payable, the Junior Bonds to

become immediately enforceable, any right or remedy under the Transaction Documents become immediately enforceable, any circumstances that has occurred that would materially prejudice the Issuer, any substantial change in the nature of the business of the Issuer, any change in the Issuer's withholding tax position, any change in the utilisation of proceeds of the Junior Bonds or any other matters that may materially prejudice the interest of the bondholders;

- (vi) the Issuer shall promptly give notice to the Trustee of the occurrence of any Event of Default or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfillment of the relevant requirement as contemplated under the relevant transaction document would constitute an Event of Default ("**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 or the Potential Event of Default; and
- (vii) any other information covenants as advised by the legal counsel of the JLMs.

(iii) Positive covenants : To include but shall not be 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 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 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 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 which should ensure, among others, that all the necessary approvals or relevant licences are obtained;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Junior Bonds on the relevant Maturity Date(s) or any other date on which the Junior Bonds are due and payable)

and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfill 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 maintain an accounting system and records in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia which are adequate to record and reflect its operations and financial condition and it will permit upon reasonable request by the Trustee or its agent and servants and any person appointed or authorised by it at all reasonable times to have access to and to inspect its books of accounts and records relating to its business at any office, branch or place of business of the Issuer and all records kept by any other persons;
- (vii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (viii) the Issuer shall maintain a paying agent in Malaysia;
- (ix) the Issuer shall procure that the paying agent shall notify the Trustee, through the Facility Agent, in the event that the paying agent does not receive payment from the Issuer on the relevant due dates;
- (x) save as contemplated under the Transaction Documents or in connection with the Junior Bonds, the MTD Prime Sale and Purchase Agreement, the Metramac Sale and Purchase Agreement, the operations and maintenance agreements with AME, the toll operations and maintenance agreements with ATM and the ancillary facilities management agreements with ACSB, the Issuer shall ensure that any agreement entered into, whether directly or indirectly, with its shareholders, directors, subsidiaries or associated companies are:
 - (a) in the ordinary course of its business; and
 - (b) on an arms-length basis, provided that for agreements with a total aggregate value equal or more than RM100.0 million, the prior written consent of the Trustee shall first be obtained; and
- (xi) such other undertakings as may be advised by the legal counsel of the JLMs.

- (iv) Negative covenants** : To include but shall not be 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 any security interest as contemplated under the Senior Sukuk *Musharakah* Programme or liens arising in the ordinary course of business by operation of law and not by way of contract;
 - (ii) the Issuer shall at all times not obtain or permit to exist any financing/borrowings and/or guarantee to any party, save for:
 - (a) the Senior Sukuk *Musharakah* Programme;
 - (b) the Junior Bonds;
 - (c) any loans and advances from its shareholders which are subordinated to the Senior Sukuk *Musharakah* Programme;
 - (d) any indebtedness created pursuant to any hire purchase agreements or leasing agreements or any overdrafts, trade lines and performance guarantees not exceeding the aggregate amount of RM50.0 million only;
 - (iii) the Issuer shall not sell, transfer, lease or otherwise dispose any assets which exceeds in aggregate five per centum (5%) of the Issuer's net tangible assets (as shown in the latest audited consolidated accounts of the Issuer), in any financial year;
 - (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 and which may be materially prejudicial to the interest of the bondholders;
 - (v) the Issuer shall not pay any coupons under the Junior Bonds or declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders or make any payments (whether in relation to nominal value, profit/interest or otherwise) to its shareholders in connection with the Junior Bonds or any financings/loans or advances from its shareholders if:
 - (a) the FSCR requirement under the Senior Sukuk *Musharakah* Programme is below 2.50 times after such payment or distribution;
 - (b) an Event of Default (in relation to the Junior Bonds) or Dissolution Event (in relation to the

Senior Sukuk *Musharakah* Programme) has occurred or is continuing or if following such payment or distribution, an Event of Default or Dissolution Event would occur;

- (vi) the Issuer shall not obtain or permit to exist any financing/loans or advances from its shareholders, unless these financing/loans and advances are subordinated to the Senior Sukuk *Musharakah* Programme. Any payment in relation to such loans/advances shall be subject to item (t)(iv)(v) above;
- (vii) the Issuer shall not enter into any agreement, whether directly or indirectly with interested persons, including its directors, major shareholders or chief executive unless the Issuer certifies that such agreements entered into are:
 - (a) on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction; and
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than RM3,525.0 million, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms; and
 - (c) that the transaction has been approved by the majority of the Board of Directors or shareholders in a general meeting (as the case may require);
- (viii) the Issuer shall not use the proceeds of the Junior Bonds except for the purposes set out in this principal terms and conditions;
- (ix) unless otherwise permitted under this principal terms and conditions, the Issuer shall not finance/lend any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment;
- (x) the Issuer shall not reduce 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, or by any other manner;
- (xi) the Issuer shall not do or suffer to be done any act, matter or thing whereby any insurance may be rendered void, voidable, unenforceable or incapable of being effected, maintained or renewed;
- (xii) the Issuer shall not or shall not agree to amend, vary or terminate (except due to lapse of time), replace or supplement any of the Project Agreements;
- (xiii) the Issuer shall not waive or agree to waive any

breaches or proposed breaches committed by any counterparty pursuant to any of the Project Agreements;

(xiv) the Issuer shall not take any action or fail to perform any obligation which will or might reasonably be considered likely to cause or lead or contribute to a breach, revocation or termination of any of the Project Agreements;

(xv) the Issuer shall not open or maintain any accounts other than the Trustee's Reimbursement Account (as defined in item (v)(xiv)) and any designated accounts to be opened or maintained under the Senior Sukuk *Musharakah* Programme; and

(xvi) such other undertakings as may be advised by the legal counsel of the JLMs.

(u) **Provisions on buy-back and early redemption of Junior Bonds** : Nil.

(v) **Other principal terms and conditions for the issue**

(i) **Issue price** : The Junior Bonds are to be issued at par or at a discount and the issue price shall be calculated in accordance with the MyClear Procedures. The issue price of the Junior Bonds shall be determined prior to the issue date.

(ii) **Yield to maturity (%)** : The applicable yields to maturity calculated on a semi-annual basis shall be determined prior to each issuance of the Junior Bonds.

(iii) **Form and denomination** : The Junior Bonds shall be issued in accordance with the MyClear Rules and Procedures applicable from time to time.

Each tranche of the Junior Bonds 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 Junior Bonds shall be RM1,000,000 or in multiples of RM1,000,000 at the time of issuance.

(iv) **Minimum level of subscription (RM or %)** : The minimum level of subscription shall be 100%.

(v) **Repurchase and cancellation** : Subject to item (v)(xii), the Issuer may purchase the Junior Bonds, but these purchased Junior Bonds shall be cancelled and cannot be reissued.

(vi) **Redemption** : Unless previously redeemed or purchased and cancelled, the Junior Bonds will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

(vii) **Default interest** : Interest on overdue and payable amounts, other than non-payment of coupon due to the non-fulfillment of the Requisite Condition, shall be payable at 1% per annum plus the

prescribed coupon rate of the Junior Bonds from and including the relevant due date to but excluding the date of actual payment, calculated based on the actual number of days elapsed and a year of 365 days.

- (viii) **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 be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (ix) **Governing laws** : Laws of Malaysia.
- (x) **Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdictions of the courts of Malaysia.
- (xi) **Other conditions** : The Junior Bonds shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Junior Bonds and the MyClear Rules and Procedures.
- (xii) **Status** : The Junior Bonds shall constitute direct, unconditional and unsecured 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.
- The Junior Bonds shall, at all times, be subordinated to and shall rank after the Sukuk issued under the Senior Sukuk *Musharakah* Programme in all respects.
- (xiii) **Transaction Documents** : Standard documentation for a programme of this nature, which would include, *inter alia*:
- (i) Facility Agreement;
 - (ii) Trust Deed; and
 - (iii) other relevant Transaction Documents as advised by the legal counsel.
- (xiv) **Trustee's Reimbursement Account** : The Trustee shall open and maintain a Trustee's Reimbursement Account for Junior Bondholders' 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 Junior Bonds 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 an Event of Default 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 Junior Bonds.

The moneys in the Account may be invested in bank deposit or Islamic based account instruments or securities in the manner as provided in the Trust Deed, with interest 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 Junior Bonds in the event there is no declaration of Event of Default.

(xv) Definitions : Material Adverse Effect

Any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

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APPENDIX II

SHARIAH PRONOUNCEMENTS FROM THE JOINT SHARIAH ADVISERS

SHARIAH PRONOUNCEMENT

*In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions*

ANIH BERHAD

PROPOSED ISSUANCE OF SENIOR SUKUK PURSUANT TO A SENIOR SUKUK PROGRAMME OF UP TO RM2.5 BILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF MUSHARAKAH ("PROPOSED SENIOR SUKUK MUSHARAKAH PROGRAMME")

CIMB Islamic Shariah Committee (the "Shariah Committee") has reviewed the proposed structure and mechanism to be entered into in respect of the Proposed Senior Sukuk Musharakah Programme by ANIH Berhad ("ANIH Berhad" or the "Issuer") to ensure compliance with the Shariah principles.

Except where defined herein, defined terms used in this Shariah Pronouncement have the meanings given to them in the Principal Terms and Conditions in connection with the Proposed Senior Sukuk Musharakah Programme.

1. STRUCTURE AND MECHANISM

- 1.1. **Musharakah:** The investors of each tranche of the Senior Sukuk ("Musharakah Partners") shall, from time to time, form a Musharakah amongst themselves and shall enter into a venture ("Venture") as part of the financing arrangement, via subscription of the relevant Senior Sukuk.

The Venture in this case refers to investments in certain portfolio units ("Portfolio Units") which represent individual shares of the undivided beneficial ownership in a portfolio ("Portfolio") comprising the Identified Assets. For the avoidance of doubt, each Venture shall have at least two Musharakah Partners.

- 1.2. **Declaration of Trust:** ANIH Berhad (in its capacity as the owner ("Owner") of the Identified Assets) shall declare a trust over the Portfolio in favour of all the unitholders of the trust and acts as the portfolio trustee ("Portfolio Trustee"). The Portfolio Trustee shall create the Portfolio Units and, on the date of such creation of the Portfolio Units, ANIH Berhad shall be the first holder ("Initial Unitholder") of all the Portfolio Units.
- 1.3. **Musharakah Capital:** From time to time, ANIH Berhad (as Initial Unitholder) will sell certain number of the Portfolio Units to the holders of the Senior Sukuk issued under the Proposed Senior Sukuk Musharakah Programme ("Sukukholders"), who will purchase the relevant Portfolio Units via subscription of the Senior Sukuk. The issue proceeds from each tranche of the Senior Sukuk, constituting the capital contribution ("Musharakah Capital") of the respective Sukukholders, shall be invested by ANIH Berhad (on behalf of the Sukukholders) in the Venture related to its particular tranche of Senior Sukuk. The Senior Sukuk for a particular tranche will therefore represent the Sukukholders' undivided proportionate share of beneficial ownership in the relevant Venture.

The Sukukholders pertaining to a particular Senior Sukuk tranche will be entitled to the income generated from the respective Venture up to the Expected Return, pursuant to the terms of the relevant Musharakah Agreement throughout the tenure of the Senior Sukuk tranche and/or proceeds from the sale of the Portfolio Units of the relevant Senior Sukuk tranche pursuant to the relevant Purchase Undertaking.

Pursuant to the sale of the Portfolio Units to the Sukukholders related to each tranche of the Senior Sukuk, ANIH Berhad shall retain the remainder of the Portfolio Units, if any. By virtue of ANIH Berhad holding the remainder of the Portfolio Units, ANIH Berhad shall become partners together with the Sukukholders. The Sukukholders and ANIH Berhad shall share the profits generated from the Portfolio based on a fixed pre-agreed profit sharing ratio of 90%:10% respectively.

- 1.4 **Manager of the Venture:** The Trustee, on behalf of the Sukukholders, shall appoint ANIH Berhad as the manager ("Manager") of the Ventures, for which the Manager shall be paid an incentive fee.
- 1.5 **Distribution of Profit:** The distributable profits generated from the Portfolio (after deducting ANIH Berhad's entitlement to the distribution as mentioned above) shall be shared and distributed to the Sukukholders, as the Musharakah Partners, on the Periodic Payment Date and the relevant Dissolution Date. Musharakah Partners in respect of a tranche of Senior Sukuk shall share the profits generated from the Venture related to the particular tranche based on their respective capital contribution to the respective Musharakah Capital of the respective Venture which is the pre-agreed profit sharing ratio among themselves. The losses from the Portfolio shall be borne amongst the Sukukholders and ANIH Berhad in proportion to their respective interest in the Portfolio and limited to each Sukukholders' and ANIH Berhad's respective Musharakah Capital to the Portfolio.

Whenever an Expected Periodic Payment in relation to each tranche of the Senior Sukuk is to be paid on a particular scheduled Periodic Payment Date, such payment shall be made from:

- (i) Distributable profits generated from the respective Venture during the tenor of each tranche of the Senior Sukuk ("Periodic Distributions"); and/or
- (ii) Top-up Payments (if any) made during the tenor of each tranche of the Senior Sukuk.

On any relevant scheduled Periodic Payment Date, the "Expected Periodic Payment" is calculated at the Periodic Payment Rate on the nominal value of the relevant tranche of the Senior Sukuk based on an actual/365 basis (actual/365).

- 1.6 **Incentive Fee:** If the distributable profits generated from a Venture is more than the relevant Expected Periodic Payment to be made in respect of a particular Periodic Payment Date, the excess will be retained by the Manager as incentive fee ("Incentive Fee") for managing the Venture.
- 1.7 **Top-Up Payments:** In the event that the distributable profits generated from a Venture is insufficient to make periodic distributions up to the relevant Expected Periodic Payment due on a particular scheduled Periodic Payment Date, ANIH Berhad in its capacity as the obligor ("Obligor") shall make top-up payments ("Top-up Payments") equal to such deficiency. Such Top-up Payments shall be set-off against the Exercise Price.

- 1.8 **Purchase Undertaking:** Pursuant to the Purchase Undertaking entered into upon issuance of the Senior Sukuk, ANIH Berhad as the Obligor undertakes to acquire the Portfolio Units from the relevant Sukukholders by entering into a sale agreement ("Sale Agreement") and pay the Exercise Price on the earlier of the Maturity Date of the relevant Senior Sukuk tranche or the date of declaration of a Dissolution Event of the relevant Senior Sukuk tranche.

2. IMPORTANT HIGHLIGHTS

- 2.1 **Identified Assets:** Certain Portfolio Units representing individual shares of the undivided beneficial ownership in the Portfolio comprising of the MTD Prime Concession Agreement relating to the Kuala Lumpur-Karak Highway and the East Coast Expressway.

The Portfolio Units and the Portfolio shall be endorsed by the Joint Shariah Advisers prior to the issuance of the Senior Sukuk. The Portfolio Units and the Portfolio will be valued based on a suitable valuation method acceptable to the Joint Shariah Advisers.

- 2.2 **Purchase Undertaking:** The Purchase Undertaking is a unilateral promise based on the principle of *wa'ad* and not a guarantee of capital. A separate sale and purchase agreement shall be executed to sell the Portfolio Units to the Obligor based on Exercise Price formula mutually agreed by both parties. The permissibility of the purchase undertaking at a pre-determined price or formula is further supported by the following arguments:-

- (i) a promise to purchase does not tantamount to guarantee of Musharakah capital. Pursuant to the Purchase Undertaking, the Obligor as the promisor will purchase the Portfolio Units from the Sukukholders in accordance to the agreed terms. In this regard, both parties must observe the essential elements of a sale contract together with its necessary conditions, among others, the existence of the subject matter of sale i.e. the underlying assets before entering into sale contract. If for any reason, the underlying assets are no longer in existence, the purchase undertaking will not have any effect as purchase of non existence assets (*Bai' al-Ma'dum*) is prohibited by the Shariah. Whilst, guarantee will continue to be effective throughout the investment tenure regardless of the conditions of the underlying assets. Furthermore if the guarantee is provided on the investment including the underlying assets, in the event of total or partial loss of the underlying assets, the guarantor needs to replace the underlying assets on its own account;
- (ii) Fixing of price for a future sale transaction is a matter of mutual agreement (*taraadhi*) between the contracting parties i.e. buyer and seller. This practice is comparable to fixing of price in *Bai' al-Istijrar* and *Bai' Bima Yanqathi' Bihi Al-Si'r*. Both parties in this transaction are taking the risk of price fluctuation. In purchase undertaking, fixing of price shall expose the seller and buyer to the same risk. The seller may gain from the sale transaction if the market price of the underlying assets appreciated and equally, the buyer may loss if the market price of the underlying assets depreciated;
- (iii) The Sukukholders are not devoid of all risks as the performance of the Purchase Undertaking are still subject to the operation of the Portfolio Units and the credit standing of the Obligor respectively; and

- (iv) The principle of *Urf* or common practice in the industry and the expectation of investing in fixed income instruments as long as they are free from *riba*, *gharar* and other prohibition which will render the contract invalid

2.3 Details on Utilisation of Proceeds by the Issuer: The proceeds of the Senior Sukuk shall be utilised as follows:-

- (i) to part finance the purchase consideration for the Proposed Acquisition as well as to pay fees, cost and expenses related to the Proposed Senior Sukuk Musharakah Programme; and
- (ii) any balance for general funding and working capital purposes.

In any case, all utilisation of funds under the Proposed Senior Sukuk Musharakah Programme shall be in compliance with Shariah principles.

2.4 Proposed Acquisition: Proposed acquisition by ANIH Berhad of assets of MTD Prime and Metramac (collectively referred to as "Sellers") ("Sellers Assets") and the transfer, assignment and novation of the Sellers Liabilities (as defined below) to ANIH Berhad.

The "Sellers Assets" mean all assets of the Sellers as at the date of the completion of the Proposed Acquisition and includes, but is not limited to the cash balance, business records, contracts, plant and equipment, receivables and other tangible or intangible assets owned by the Seller.

The "Sellers Liabilities" means all liabilities of the Sellers but excluding the Excluded Liabilities as at the date of the completion of the Proposed Acquisition. Excluded Liabilities means any liability of the Sellers to the Buyer, i.e. ANIH Berhad under this agreement and any liability of the Sellers in respect of a loan, bank overdraft, trade bill facility, other financial accommodation, guarantee or indemnity.

2.5 Compensation (Ta'widh): In the event of any overdue payments of any Exercise Price or any amount due under any other relevant Transaction Documents, ANIH Berhad shall pay the compensation on such overdue amount at the rate and manner prescribed by the SC's SAC from time to time in accordance with Shariah. Compensation on other relevant Transaction Documents shall be subject to the Joint Shariah Advisers' approval.

3. APPROVAL

3.1 The Shariah Committee is of the view that, given the prevailing circumstances, the structure and mechanism as set out above are acceptable within the principles of Shariah, the jurisdiction under which the Issuer of the Proposed Senior Sukuk Musharakah Programme and the Joint Lead Arrangers operate, subject to satisfactory documentation and proper execution of the same.

3.2 In arriving at the decision, the Shariah Committee also took into consideration of the following issues:

- (a) The legal constraints under which the Proposed Senior Sukuk Musharakah Programme is being developed;
- (b) The need to develop the Islamic finance industry, particularly in respect of the issuance of Islamic securities

- (c) The need to facilitate the increasing need of corporates and financiers to mobilise funds according to Shariah principles; and
- (d) The prevailing conditions and affairs of the Ummah and the need to remove them from the shackles of *riba*.

And He knows best.

On behalf of **CIMB ISLAMIC SHARIAH COMMITTEE**



ABDUL GHANI ENDUT
Head, Shariah Department
Group Islamic Banking Division

Dated : 28 September 2011

SHARIAH PRONOUNCEMENT

*In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions*

ANIH BERHAD

A SENIOR SUKUK PROGRAMME OF UP TO RM2.5 BILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF MUSHARAKAH ("SENIOR SUKUK PROGRAMME").

Maybank Islamic Berhad Shariah Committee has reviewed the structure and mechanism to be entered into in respect of the proposed Sukuk to be issued by ANIH Berhad (the "Issuer" or "ANIH") as described in the Principal Terms and Condition ("PTC") as attached in the Attachment 1.

The defined terms used in this Shariah Pronouncement have the same meanings appeared in the PTC in respect of the proposed Senior Sukuk Programme thereto.

1. Description of Islamic structure

The investors of each tranche of the Sukuk ("**Musharakah Partners**") shall, from time to time, form a Musharakah amongst themselves and shall enter into a venture ("**Venture**") as part of the financing arrangement, via subscription of the relevant Sukuk. The Venture in this case refers to investments in certain portfolio units ("**Portfolio Units**") which represent individual shares of the undivided beneficial ownership in a portfolio ("**Portfolio**") comprising the Identified Assets (as defined hereinafter). For the avoidance of doubt, each Venture shall have at least two Musharakah Partners.

ANIH Berhad (in its capacity as the owner ("**Owner**") of the Identified Assets) shall declare a trust over the Portfolio in favour of all the unitholders of the trust and acts as the portfolio trustee ("**Portfolio Trustee**"). The Portfolio Trustee shall create the Portfolio Units and, on the date of such creation of the Portfolio Units, ANIH Berhad shall be the first holder ("**Initial Unitholder**") of all the Portfolio Units.

From time to time, ANIH Berhad (as Initial Unitholder) will sell certain number of the Portfolio Units to the holders of the S Sukuk issued under the Senior Sukuk Programme ("**Sukukholders**"), who will purchase the relevant Portfolio Units via subscription of the Sukuk. The issue proceeds from each tranche of the Sukuk, constituting the capital contribution ("**Musharakah Capital**") of the respective Sukukholders, shall be invested by ANIH Berhad (on behalf of the Sukukholders) in the Venture related to its particular tranche of Sukuk. The Sukuk for a particular tranche will therefore represent the Sukukholders' undivided proportionate share of beneficial ownership in the relevant Venture. The Sukukholders pertaining to a particular Sukuk tranche will be entitled to the income generated from the respective Venture up to the Expected Return, pursuant to the terms of the relevant Musharakah Agreement throughout the tenure of the Sukuk tranche and/or proceeds from the sale of the Portfolio Units of the relevant Sukuk tranche pursuant to the relevant Purchase Undertaking (as defined hereinafter).

Pursuant to the sale of the Portfolio Units to the Sukukholders related to each tranche of the Sukuk, ANIH Berhad shall retain the remainder of the Portfolio Units, if any. By virtue of ANIH Berhad holding the remainder of the Portfolio Units, ANIH Berhad shall become partners together with the Sukukholders. The Sukukholders and ANIH Berhad shall share the profits generated from the Portfolio based on a fixed pre-agreed profit sharing ratio of 90%:10% respectively.

The Trustee, on behalf of the Sukukholders, shall appoint ANIH Berhad as the manager ("**Manager**") of the Ventures, for which the Manager shall be paid an incentive fee as described below.

The distributable profits generated from the Portfolio (after deducting ANIH Berhad's entitlement to the distribution as mentioned above) shall be shared and distributed to the Sukukholders, as the Musharakah Partners on the Periodic Payment Dates (as defined hereinafter) and the relevant Dissolution Date (as defined below). Musharakah Partners in respect of a tranche of Sukuk shall share the profits generated from the Venture related to the particular tranche based on their respective capital contribution to the respective Musharakah Capital of the respective Venture, which is the pre-agreed profit sharing ratio among themselves. The losses from the Portfolio shall be borne amongst the Sukukholders and ANIH Berhad in proportion to their respective interest in the Portfolio and limited to each Sukukholders' and ANIH Berhad's respective Musharakah Capital to the Portfolio.

Whenever an Expected Periodic Payment (as defined hereinafter) in relation to each tranche of the Sukuk is to be paid on a particular scheduled Periodic Payment Date, such payment shall be made from:

- i) distributable profits generated from the respective Venture during the tenor of each tranche of the Sukuk ("**Periodic Distributions**"); and/or
- ii) Top-up Payments (as defined hereinafter) (if any) made during the tenor of each tranche of the Sukuk.

If the distributable profits generated from a Venture is more than the relevant Expected Periodic Payment to be made in respect of a particular Periodic Payment Date, the excess will be retained by the Manager as incentive fee ("**Incentive Fee**") for managing the Venture.

In the event that the distributable profits generated from a Venture is insufficient to make periodic distributions up to the relevant Expected Periodic Payment due on a particular scheduled Periodic Payment Date, ANIH Berhad in its capacity as the obligor ("**Obligor**") shall make top-up payments ("**Top-up Payments**") equal to such deficiency. Such Top-up Payments shall be set-off against the Exercise Price (as defined below).

Pursuant to the Purchase Undertaking entered into upon issuance of the Sukuk, ANIH Berhad as the Obligor undertakes to acquire the Portfolio Units from the relevant Sukukholders at the Exercise Price on the earlier of the Maturity Date (as defined hereinafter) of the relevant Sukuk tranche or the date of declaration of a Dissolution Event of the relevant Sukuk tranche.

2. Important Shariah Highlight

Maybank Islamic Berhad Shariah Committee wishes to highlight the following:-

2.1 Utilisation of Proceeds:

The proceeds from the Sukuk shall be utilised for the following purposes:

- (i) to part finance the purchase consideration for the Proposed Acquisition (as defined hereinafter) as well as fees, cost and expenses related to the Senior Sukuk Programme; and
- (ii) any balance for general funding and working capital purposes.

2.2 Purchase Undertaking:

Among the salient features of this structure is establishment of an unilateral wa'ad (i.e., Purchase Undertaking. Majority of the Shariah Scholars approve wa'ad instead of Muwa'adah Mulzimah (binding bilateral undertaking) which may resemble to the feature of sale contract. The Purchase Undertaking is granted by ANIH who is also acting as the manager of the Musharakah Venture to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price upon declaration of Dissolution Event or on the respective maturity date / series of the Sukuk to gradually diminish the Sukukholders' interest in the Musharakah Venture. The Exercise Price of the Purchase Undertaking is based on an agreed formula and not at market price or fair value of the Sukukholders' interest in the Musharakah Venture. From the Shariah point of view, the permissibility of such predetermined formula of the Exercise Price pursuant to the Purchase Undertaking as mentioned above would be based on the following:

- a) Pursuant to the Purchase Undertaking both parties (i.e. ANIH and the Sukukholders) have agreed to adopt a certain formula based on the concept of mutual consent (*al-Taraadhi*) which have taken into consideration the performance of the Musharakah Venture (i.e. profit distribution) based on feasibility study conducted prior to the issuance of this Senior Sukuk Program. The agreed formula for the Exercise Price for Purchase Undertaking is determined so as to avoid any future dispute or uncertainty in the computation of the Exercise Price. The actual price will only be calculated and agreed at the date of purchase of the Sukukholders' interest in the Musharakah Venture;
- b) The Sukukholders are not devoid of all risks as the performance of the Sukuk is still subject to the operation and performance of the Musharakah Venture and in case of dissolution event, to the credit standing of the Issuer; and
- c) The principle of '*Urf* or customary practice in the industry whereby Sukuk fall under fixed income instrument framework regardless of its underlying Shariah concept. In addition, the current investment rating parameter adopted by most of rating agencies stresses on the assurance/guarantee of principal and profit from the investment and this parameter applied to all types of Sukuk. Hence, the pre-determined formula of Exercise Price under Purchase Undertaking for this Sukuk is meant to satisfy such parameter.

3. Shariah approval

After taking into consideration the nature of Sukuk market in Malaysia and the legal constraints / requirements under which the proposed Sukuk is being structured, we are of the view that the attached structure and mechanism are in compliance with the principles of Shariah and hereby approve the proposed Sukuk, subject to satisfactory documentation.

And Allah knows best.


Maybank Islamic Berhad's Shariah Committee members:-

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Tan Sri Dr. Hj. Harussani bin Hj Zakaria

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Date:

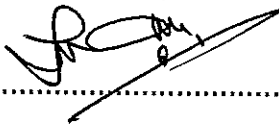


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Dr. Mohammad Deen Mohd Napiah

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Date: 29 September 2011




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Dr Ismail bin Mohd @ Abu Hassan

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Date: 29 September 2011

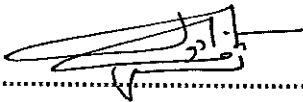


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Dr Ahcene Lahsasna

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Date: 29 September 2011



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Ustaz Sarip bin Adul

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Date: 29 September 2011

APPENDIX III

**CASHFLOW FORECAST AND PROJECTIONS FOR THE FINANCIAL PERIOD
ENDING 31 MARCH 2012 AND FOR THE TWENTY (20) FINANCIAL YEARS
FROM FINANCIAL YEAR ENDING 31 MARCH 2013 TO FINANCIAL YEAR
ENDING 31 MARCH 2032 AND THE RESPECTIVE ASSUMPTION**

ANIH Berhad

The cashflow forecast and projections for the financial period ending 31 March 2012 and for the twenty (20) financial years from financial year ending 31 March 2013 to financial year ending 31 March 2032 of ANIH are as follows:

Note	Forecast Financial period ending 31 March	Projections																			
		Financial year ending 31 March																			
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2032
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES *																					
1	Cash receipts from toll revenue	116,171	327,794	350,732	389,160	455,502	477,469	498,586	473,153	501,713	548,561	567,499	585,597	603,560	617,862	625,117	641,912	658,469	674,656	691,607	709,004
2	Cash paid for operating expenses	(50,646)	(124,694)	(131,460)	(138,686)	(146,255)	(154,728)	(166,476)	(157,507)	(164,896)	(172,907)	(180,334)	(187,937)	(195,800)	(204,385)	(214,046)	(222,791)	(231,840)	(241,196)	(250,997)	(261,232)
3(a)	Interest paid	-	(134,839)	(134,839)	(134,839)	(132,639)	(129,039)	(167,839)	(163,139)	(114,839)	(152,459)	(144,959)	(136,799)	(128,447)	(118,835)	(107,915)	(96,755)	(84,215)	(71,345)	(57,545)	(40,400)
	Net cash generated from operating activities	65,525	69,261	84,433	115,635	176,608	193,702	164,271	152,507	221,878	223,195	242,206	260,861	279,313	294,442	303,156	322,366	342,414	362,115	383,065	257,372
INVESTING ACTIVITIES																					
	Purchase consideration for the acquisition of MTD Prime Sdn Bhd and Metramac Corporation Sdn Bhd	(3,525,000)																			
3		(19,177)	(40,668)	(41,922)	(43,221)	(44,571)	(45,370)	(47,639)	(43,784)	(45,974)	(48,273)	(50,686)	(53,221)	(55,882)	(58,676)	(61,610)	(64,690)	(67,925)	(71,321)	(74,887)	(165,125)
4	Expressway development expenditure *	(3,544,177)	(40,668)	(41,922)	(43,221)	(44,571)	(45,370)	(47,639)	(43,784)	(45,974)	(48,273)	(50,686)	(53,221)	(55,882)	(58,676)	(61,610)	(64,690)	(67,925)	(71,321)	(74,887)	(165,125)
	Net Cash used in investing activities																				
FINANCING ACTIVITIES																					
	Annual fees of bond	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)
	Drawdown of senior sukuk	2,500,000																			
	Drawdown of junior bonds	620,000																			
	Proceed from issuance of shares	530,000																			
5	Repayment of senior sukuk				(50,000)	(80,000)	(100,000)	(100,000)	(100,000)	(120,000)	(150,000)	(160,000)	(160,000)	(180,000)	(200,000)	(200,000)	(220,000)	(230,000)	(230,000)	(230,000)	-
3(a)	Repayment of junior bonds																				
	Net cash used in financing activities	3,649,050	(950)	(950)	(50,950)	(80,950)	(100,950)	(100,950)	(100,950)	(120,950)	(150,950)	(160,950)	(160,950)	(180,950)	(200,950)	(200,950)	(220,950)	(230,950)	(230,950)	(230,950)	(270,950)
	Net increase / (decrease) in cash and bank balances	170,398	26,643	41,561	21,464	51,087	47,382	15,682	7,773	54,954	23,972	30,570	46,690	42,481	34,816	40,596	36,726	53,539	59,844	77,228	(113,438)
	Cash and bank balances at incorporation date / beginning of year	-	170,398	197,041	238,602	280,066	311,153	358,535	374,217	381,990	436,944	460,916	491,486	538,176	580,657	615,473	656,069	692,795	746,334	806,178	832,566
	Cash and bank balances at end of year	170,398	197,041	238,602	280,066	311,153	358,535	374,217	381,990	436,944	460,916	491,486	538,176	580,657	615,473	656,069	692,795	746,334	806,178	832,566	519,128

Note:

* The cashflow forecast is based on 4.5 months assuming completion of the Proposed Acquisitions on 15 November 2011.

ANIH Berhad

Assumptions for the cash flow forecast and projections

The cashflow forecast and projections for the financial period ending 31 March 2012 and for the twenty (20) financial years from financial year ending 31 March 2013 to financial year ending 31 March 2032 have been prepared based on the Board of Directors' ("BOD") of ANIH assessment of the present economic and operating conditions and the forecast and projection assumptions regarding future events and actions, which, at the date the forecast and projection were prepared, the BOD of ANIH expect to take place. The principal assumptions are set out in the notes to the forecast and projection below. The forecast and projection of ANIH have been prepared on the basis of the calculations and assumptions made by the BOD of ANIH. The functional currency of ANIH is Ringgit Malaysia ("RM").

The BOD of ANIH has prepared the Cash Flow Forecast and Projections using the following assumptions, for which the BOD of ANIH is solely responsible.

The principal bases and assumptions upon which the Cash Flow Forecast and Projections have been prepared are as follows:

1.0 Cash receipts from toll revenue

Revenue from ANIH stems from toll collections of Kuala Lumpur - Seremban Expressway, Kuala Lumpur - Karak Highway and East Coast Expressway Phase 1 which ANIH acquired the concession rights from MTD Prime Sdn Bhd ("MTD Prime") and Metramac Corporation Sdn Bhd ("Metramac") through sales and purchase agreements entered on 11 August 2011. The completion of the transfer in concession rights is assumed to be finalised on 15 November 2011.

Revenue is recognised based on the gross collection commencing from 15 November 2011 and within the concession period. The concession period for Kuala Lumpur - Seremban Expressway will expire on 31 May 2018 and for Kuala Lumpur - Karak Highway and East Coast Expressway Phase 1 the concession rights will expire on 27 July 2032.

The toll revenue is forecasted and projected by reference to the toll rates approved by the Government of Malaysia and a traffic volume study report from Halcrow Desktop Estimates dated 26 August 2011 which is computed as follows:

Year	Kuala Lumpur - Seremban Expressway			Kuala Lumpur - Karak Highway						East Coast Expressway Phase 1			Total toll revenue RM'000
	Traffic volume PCU/day	Toll rates RM	Toll revenue RM'000	Traffic volume PCU/day	Toll rates RM	Toll revenue RM'000	Traffic volume PCU/day	Toll rates RM	Toll revenue RM'000	Traffic volume PCU/KM	Toll rates RM/KM	Toll revenue RM'000	
2012	45,434	0.80	13,267	15,283	3.00	16,735	23,066	5.00	42,095	5,750	0.12000	44,074	116,171
2013	125,999	0.80	36,792	42,560	3.00	46,603	64,315	5.00	117,375	16,572	0.12000	127,024	327,794
2014	131,040	0.80	38,264	44,392	3.00	48,609	67,166	5.00	122,578	18,432	0.12000	141,281	350,732
2015	136,280	0.80	39,794	46,111	3.125	52,595	69,854	5.250	133,858	20,202	0.12625	162,913	389,160
2016	141,732	0.80	41,386	47,509	3.50	60,693	72,069	6.00	157,831	21,118	0.14500	195,592	455,502
2017	147,398	0.80	43,040	49,085	3.50	62,706	74,525	6.00	163,210	22,513	0.14500	208,513	477,469
2018	153,297	0.80	44,763	50,682	3.50	64,746	77,011	6.00	168,654	23,799	0.14500	220,423	498,586
2019	-	-	-	52,299	3.50	66,812	79,527	6.00	174,164	25,068	0.14500	232,177	473,153
2020	-	-	-	53,810	3.625	71,197	81,888	6.125	183,071	26,043	0.14875	247,445	501,713
2021	-	-	-	55,007	4.00	80,310	83,781	6.50	198,770	26,368	0.16000	269,481	548,561
2022	-	-	-	56,346	4.00	82,265	85,869	6.50	203,724	27,545	0.16000	281,510	567,499
2023	-	-	-	57,674	4.00	84,204	87,937	6.50	208,631	28,646	0.16000	292,762	585,597
2024	-	-	-	59,007	4.00	86,150	90,010	6.50	213,549	29,732	0.16000	303,861	603,560
2025	-	-	-	60,231	4.00	87,937	91,923	6.50	218,087	30,493	0.16000	311,638	617,662
2026	-	-	-	61,220	4.00	89,381	93,487	6.50	221,798	30,718	0.16000	313,938	625,117
2027	-	-	-	62,510	4.00	91,265	95,490	6.50	226,550	31,712	0.16000	324,097	641,912
2028	-	-	-	63,803	4.00	93,152	97,495	6.50	231,307	32,682	0.16000	334,010	658,469
2029	-	-	-	65,091	4.00	95,033	99,493	6.50	236,047	33,618	0.16000	343,576	674,656
2030	-	-	-	66,366	4.00	96,894	101,468	6.50	240,733	34,636	0.16000	353,980	691,607
2031	-	-	-	67,666	4.00	98,792	103,482	6.50	245,511	35,685	0.16000	364,701	709,004
2032	-	-	-	68,995	4.00	100,733	105,536	6.50	250,384	36,765	0.16000	375,738	728,855

2.0 Cash paid for operating expenses

Year	Toll operation expenses Note 2.1 RM'000	Routine maintenance Note 2.2 RM'000	Major maintenance Note 2.2 RM'000	Compensation to toll operator Note 2.3 RM'000	Other operating expenses Note 2.4 RM'000	Total RM'000
2012	11,617	11,394	11,725	2,055	13,855	50,646
2013	32,779	31,904	32,829	8,169	19,013	124,694
2014	35,073	33,499	34,471	8,644	19,773	131,460
2015	38,916	35,174	36,194	7,838	20,564	138,686
2016	45,550	36,933	38,004	4,381	21,387	146,255
2017	47,747	38,780	39,904	6,055	22,242	154,728
2018	49,859	40,718	41,899	10,868	23,132	166,476
2019	47,315	40,775	42,014	8,701	18,702	157,507
2020	50,171	42,813	44,115	8,346	19,451	164,896
2021	54,856	44,954	46,321	6,548	20,228	172,907
2022	56,750	47,202	48,637	6,709	21,036	180,334
2023	58,560	49,562	51,069	6,868	21,878	187,937
2024	60,356	52,040	53,622	7,029	22,753	195,800
2025	61,766	54,642	56,303	8,010	23,664	204,385
2026	62,512	57,374	59,118	10,432	24,610	214,046
2027	64,191	60,243	62,074	10,688	25,595	222,791
2028	65,847	63,255	65,178	10,943	26,617	231,840
2029	67,466	66,417	68,437	11,193	27,683	241,196
2030	69,161	69,734	71,859	11,449	28,794	250,997
2031	70,900	73,225	75,451	11,712	29,944	261,232
2032	72,686	76,886	79,224	11,982	31,140	271,918

2.1 Toll operation expenses

The operations of all the expressway is expected to be subcontracted to ATM via a novation agreement in accordance to the terms and conditions of the current contract entered between ATM and MTD Prime and Metramac. The amount charged by ATM for this service is 10% of the gross toll revenue received.

2.2 Routine and major maintenance

The routine and major maintenance of the expressway is expected to be subcontracted to either AME or PROPEL via a novation agreement in accordance to the terms and conditions of current contract between AME and MTD Prime and Propel with Metramac.

The growth rate used for the projection of routine and major maintenance is 5% per annum with the exception of 2019 as a result of the expiration of Kuala Lumpur - Seremban Expressway on 31 May 2018.

2.3 Compensation to toll operator

The Government of Malaysia and the Company entered into a supplemental agreement to restructure the toll rates for Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1. These new rates are lower than the current rates, hence the Company is liable to compensate the toll operator, ATM, for the differential. The compensation is calculated at 10% of the differential toll rates.

The Company entered into another supplemental agreement to surrender the rights in respect of East West Link to the Government of Malaysia. As it is the Company's decision to surrender the toll rights and authority of toll collection, the Company is liable to compensate the toll operator, ATM, for the uncollected toll revenue. The compensation is calculated at 10% of the uncollected toll revenue.

2.4 Other operating expenses

Other operating expenses consists of general and administrative expenses, utilities

charges and staff costs. Inclusive in the forecast are expenses in relation to financial proposal. This includes professional fees, agency fees, trustee fees, rating agency fees, SC fees and other out of pocket expenses assumed to be paid pursuant to the acceptance of the Proposed Facility.

3.0 Purchase Consideration

On 11 August 2011, the Company entered into two separate sales and purchase agreements with MTD Prime and Metramac for the acquisition of their business and operation for a purchase consideration of RM3,355,000,000 and RM170,000,000, respectively, both of which to be fully settled in cash.

The purchase consideration is to be satisfied in the following manner:

	RM'000
Drawdown of senior sukuk	2,380,000
Drawdown of junior bonds from the shareholders of ANIH	620,000
Issuance of shares in ANIH to the shareholders	525,000
Total costs of acquisition	<u>3,525,000</u>

3 (a) Borrowings

It is assumed that a total of up to RM2,500,000,000 will be drawdown under the proposed Senior Sukuk Programme where RM2,380,000,000 is assumed to be used to part finance the acquisition of MTD Prime and Metramac's asset, business and operation and the balance is to finance the working capital of the Company.

It is assumed that a total of up to RM620,000,000 will be drawdown under the proposed junior bonds and will be used to finance the balance purchase consideration for the acquisition of MTD Prime's asset, business and operation.

The timing and amounts of repayment and interest of the senior sukuk and junior bonds under the financing proposal will be agreed between the issuer and the joint lead managers prior to the issuance.

The junior bonds are in two tranches with a tenure of 19 years and 20 years for RM350 million and RM270 million, respectively and yield coupon of 7% p.a. The terms of the coupon payments under the junior bonds may be paid on scheduled coupon dates provided always that the Finance Service Cover Ratio ("FSCR") under the senior sukuk is at least 2.50 times after such distribution whether income or capital in nature to the shareholders. Any coupons not paid on the scheduled coupon dates shall be cumulative and paid on the earlier of, maturity date of the relevant tranche of junior bonds, or the date of declaration of an event of default as stipulated in the terms and conditions of the junior bonds.

The coupon payment for the junior bonds is assumed to commence in 2018 in order to support the FSCR of at least 2.50 times after such coupon payments and any other distribution, whether income or capital in nature, to the shareholders. At the repayment of the junior bonds, all cumulative unpaid coupons for the specific tranches are assumed to be repaid.

For the purpose of this projection, the coupon rate for the senior sukuk ranges between 4.5% p.a. to 6.15% p.a. and the repayment of the senior sukuk is as follows:

Year	Repayment of proposed Facility (RM'000)
2013	-
2014	-
2015	50,000
2016	80,000
2017	100,000
2018	100,000
2019	100,000
2020	120,000
2021	150,000
2022	160,000
2023	160,000
2024	180,000
2025	200,000
2026	200,000
2027	220,000
2028	220,000
2029	230,000
2030	230,000
2031	-
2032	-

4.0 Expressway Development Expenditure

Expressway development expenditure are costs incurred for road improvements at Kuala Lumpur - Seremban Expressway, Kuala Lumpur-Karak Highway and East Coast Expressway Phase 1. The growth rate used for the forecast and projection of expressway development expenditure is in the range of 2% to 5% per annum with the exception of year 2019 and 2031.

It is assumed that the expressway development expenditure are paid when incurred and there will be no other additions of expressway development expenditure other than as projected.

5.0 Issuance of ordinary shares

As at 10 October 2011, the paid-up capital of the Company is RM5,000,000 which consist of 5,000,000 ordinary shares of RM1 each and satisfied via cash.

The Company shall increase its issued and paid-up ordinary share capital from RM5,000,000 to RM530,000,000 with the issuance of 525,000,000 ordinary shares of RM1 each to be satisfied by cash to part finance the acquisition of MTD Prime and Metramac.

6.0 General Assumptions

6.1 Payment to suppliers

Payments to suppliers are assumed to be made as and when supplies are delivered or services are performed. The provision of services and delivery of supplies will be incurred correlation with the day to day operational activities carried out by ANIH.

6.2 Payment of taxation

Payment of taxation is estimated and projected after taking into consideration:

- (a) the current statutory tax rate, tax laws and regulation presently applicable to ANIH.
- (b) tax exemption granted by Ministry of Finance to ANIH on its statutory income of RM352.5 million per annum for a period of ten years commencing

from Year of Assessment ("YA") 2011 under Section 127 (3A) of the Income Tax Act, 1967 ("ITA"). The unutilised tax exemption will be, if any, shall be carried forward and utilised against future statutory income until it is fully utilised.

6.3 Drawdown and repayment of senior sukuk and junior bonds

- (a) The drawdown amounts are expected to be paid without significant changes in their terms and conditions.
- (b) Financing facilities will remain available with no significant changes in their terms and conditions.

6.4 General assumptions on toll concession

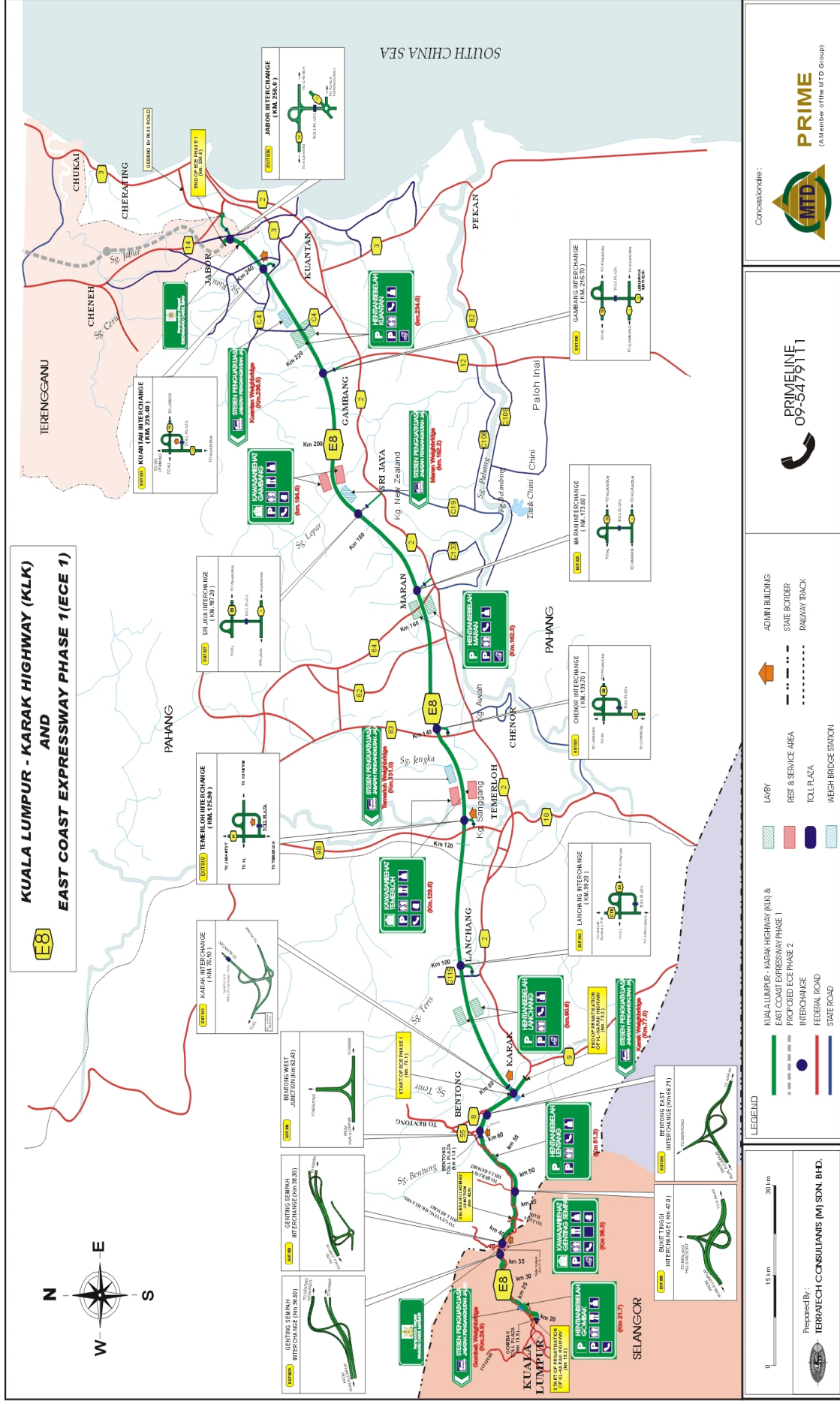
- (a) There will be no material changes in the present structure or activities of the Company which will affect the toll operation.
- (b) There will be no legal proceedings against the Company which will adversely affect the activities, performance and the cash flow of the Company.

6.5 General economic assumptions

- (a) There will be no other significant events which will affect the cash flow of the Company, other than those taken into consideration in the cash flow projection.
- (b) There will be no significant changes to the prevailing Malaysian and global economic and political conditions which will adversely affect the activities or performance of the Company.
- (c) There will be no significant event or economic change or change in Government policy or any other factor that will impair the cash flow of the Company.
- (d) There will be no significant changes in the present legislations or Government regulations affecting the Company's activities or the market in which they operates.
- (e) There will be no major industrial disputes or other abnormal factors, which will adversely affect the toll operations of the Company.
- (f) There will be no significant fluctuation in inflation, foreign exchange and interest rates.

APPENDIX IV

MAPS OF THE EXPRESSWAYS



THE ISSUER

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