

EKOVEST BERHAD (“EKOVEST” OR “COMPANY”)

PROPOSED CASH SUBSCRIPTION OF UP TO RM35 MILLION IN NOMINAL VALUE OF REDEEMABLE SECURED JUNIOR SUKUK TO BE ISSUED BY KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD (“KESTURI”) (“PROPOSED SUBSCRIPTION”)

1. INTRODUCTION

On behalf of Ekovest, CIMB Investment Bank Berhad (%CIMB+) wishes to announce that Ekovest had today, entered into a placement agreement with Kesturi and CIMB for the Proposed Subscription (%Agreement+).

Ekovest group of companies (%Ekovest Group+) are principally engaged in construction operations in Malaysia.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

Pursuant to the Agreement, Ekovest will subscribe for up to RM35 million in nominal value of redeemable secured junior sukuk to be issued by Kesturi (%Junior Sukuk+) through CIMB and/or its affiliates who will act as the primary subscribers subject to fulfillment of conditions below. The issuance of the Junior Sukuk and the payment by Ekovest for the Proposed Subscription thereof, shall be subject to fulfillment of conditions precedent to the satisfaction of CIMB (who is also the Lead Arranger and Lead Manager for the issuance of the Junior Sukuk) which include, amongst others, the following:

- (i) approval from the Securities Commission (%SC+) and, where applicable, all other regulatory authorities for the issuance of the Junior Sukuk;
- (ii) confirmation from the Shariah Adviser that the structure and transaction documents are in compliance with Shariah principles; and
- (iii) such other conditions precedent as advised by the legal counsel of the Lead Manager.

The issue proceeds from the Junior Sukuk will constitute the capital contribution of the Junior Sukuk holders (%Holders+), whereby at least two (2) investors will be Holders to a Musyarakah venture (%Venture+) for investment in a portfolio comprising:

- (i) a concession agreement dated 12 August 2004 (%Concession Agreement+) entered into between Kesturi and the Government of Malaysia (%Government+) whereby the Government has granted Kesturi the right and authority to undertake design, construction, operation, management and maintenance of Duta-Ulu Kelang Expressway (%DUKE+) for a period of 34 years; and
- (ii) all rights, entitlements (including income) and benefits of Kesturi in relation to its toll expressway business.

In return for investment in the Venture, the Holders shall be entitled to profits calculated at rate of 11% per annum on nominal value of the Junior Sukuk. Kesturi shall distribute the profits (%Expected Periodic Payments+) to the Holders on the last day of every six (6)-month period, starting from the issue date of the Junior Sukuk, except for the final distribution which is due upon maturity of the Junior Sukuk (%Scheduled Periodic Payment Dates+). For avoidance of doubt, the Expected Periodic Payment or Expected Cumulative Periodic Payment (as defined below) on a

relevant Scheduled Periodic Payment Date shall be paid in full or in part provided always that the Senior FSCR (as defined in Appendix I) is at least 1.5 times after such distribution (**%Requisite Condition+**), except for the final Expected Periodic Payment or the Expected Cumulative Periodic Payment (as the case may be) which is due upon maturity of the Junior Sukuk. Subject to the above, in the event that Kesturi does not distribute the Expected Periodic Payment or Expected Cumulative Periodic Payment in full due to the Requisite Condition not being met, such payments accrued but not paid shall be cumulated and are payable together with the Expected Periodic Payment due on the next Scheduled Periodic Payment Date (**%Expected Cumulative Periodic Payment+**).

The salient principal terms and conditions of the Junior Sukuk are set out in **Appendix I**.

Ekovest intends to finance the Proposed Subscription via internally generated funds and/or external borrowings of Ekovest Group, of which the breakdown thereof would only be ascertained at a later date.

3. INFORMATION ON KESTURI

Kesturi was incorporated as a private limited company in Malaysia under the Companies Act, 1965 (**%Act+**) on 15 February 2001. The authorised share capital of Kesturi as at 15 July 2010 was RM50,001,950 divided into RM5,000,000 ordinary shares of RM1.00 each and RM45,001,950 preference shares of RM1.00 each. As at 15 July 2010, the issued and paid-up share capital of Kesturi was RM50,001,950 comprising 5,000,000 ordinary shares of RM1.00 each (**%Kesturi Shares+**), 45,000,000 redeemable preference shares of RM1.00 each (**%Kesturi RPS+**) and 1,950 redeemable preference shares Series A of RM1.00 each (**%Kesturi RPS A+**).

Kesturi is a wholly-owned subsidiary of Nuzen Corporation Sdn Bhd (**%Nuzen+**), a joint venture company, which is 70% and 30% owned by Wira Kristal Sdn Bhd (**%Wira Kristal+**) and Malaysia Resources Corporation Berhad respectively. Kesturi is principally involved in the design, construction, operation and management of the DUKE. Based on the latest audited financial statements of Kesturi for the financial year ended 31 December 2009, Kesturi's net tangible assets stood at RM7.63 million with net loss for the year of RM34.17 million.

4. INFORMATION ON THE DUKE

The construction of the DUKE was completed in stages, with the first phase completed in December 2008. It was opened for access to the public in phases commencing January 2009. In May 2009, the DUKE was made fully accessible to the public.

The DUKE, an 18 kilometer long expressway, is a toll road which provides connectivity to the east-west route of the city. It effectively connects the North Klang Valley Expressway on the west side of Kuala Lumpur to the Kuala Lumpur, Karak Highway to the north, and Middle Ring Road 2 in the east.

The DUKE is made up of three essential links - the Duta Link which runs from Duta and Sri Hartamas towards the east, connecting to main roads such as Jalan Kuching and Jalan Sentul. The Ulu-Kelang Link continues eastwards from the Duta Link and crosses radial roads such as Jalan Semarak, Jalan Setiawangsa, and Jalan Pahang. The Karak Link provides access to high density areas including Gombak and Batu Caves and is an important gateway to Genting Highlands, Karak and the East Coast.

The expressway features advanced traffic information and management system, and is equipped with modern facilities such as variable messaging signs, central control and monitoring as well as electronic tolling.

For information purposes, the construction of the DUKE was previously financed via, amongst others, the proceeds from the following:

- (i) issuance of RM40 million Kesturi RPS at an issue price of RM1.00 each to Nuzen, of which RM28 million was indirectly funded by Ekovest Group via subscription of redeemable preference shares of RM1.00 each in Wira Kristal (~~Wira Kristal RPS~~);
- (ii) issuance of RM195 million Kesturi RPS A at an issue price of RM100,000 each, of which RM136.5 million Kesturi RPS A was subscribed by Ekovest Group; and
- (iii) issuance of RM780 million in nominal value of redeemable secured serial sukuk istisna by Kesturi (~~Existing Sukuk~~).

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION

Kesturi proposes to redeem the Existing Sukuk before their stated maturity with proceeds to be raised from the proposed issuance of up to RM780 million in nominal value of senior sukuk which will be guaranteed by Danajamin Nasional Berhad (~~Danajamin~~) (~~Senior Sukuk~~) and up to RM50 million in nominal value of the Junior Sukuk (~~Kesturi Debt Restructuring~~). Under the Kesturi Debt Restructuring, the proceeds from the Junior Sukuk shall be utilised to partially finance the costs and expenses relating to the redemption of Existing Sukuk and to meet Kesturi's Shariah-compliant working capital requirements.

As part of the Kesturi Debt Restructuring, Ekovest has agreed to the Proposed Subscription taking into consideration the following:

- (i) the Proposed Subscription could provide Ekovest Group with stable returns in the form of Expected Periodic Payments which are payable on the Scheduled Periodic Payment Dates at 11% per annum; and
- (ii) the Senior Sukuk and the Junior Sukuk will carry different profit sharing terms and maturity profiles to the Existing Sukuk and the Kesturi Debt Restructuring is expected to improve the cash flow position of Kesturi via lower profits payouts in the immediate terms. The improved cash flow position of Kesturi is expected to safeguard Ekovest Group's existing interest in Kesturi through the holdings of Wira Kristal RPS and Kesturi RPS A.

6. PROSPECTS

The DUKE will remain an attractive alternative for the upcoming developments in Northern Klang Valley and will be a major east-west link in the northern corridor linking major contributions such as:

- Sungai Buloh
- Petaling Jaya
- Kota Damansara / Taman Tun Dr. Ismail
- Sri Hartamas / Mont Kiara
- Kuala Lumpur
- Gombak / Sentul
- Ampang / Ulu Kelang
- Wangsa Maju / Melawati

Besides providing a major link between the conurbations above, the DUKE with its toll free and dual-three lane upgrading of the Karak Link has now provided a major linkage to the Ulu Yam area where existing and future developments near the Universiti Islam Antarabangsa Malaysia are being planned.

On top of that and in essence, the DUKE is the missing expressway link between the North South Expressway and the East Coast Expressway. This will help alleviate the traffic at the Middle Ring Road 2 and other state and federal roads as the interstate traffic now has a dedicated expressway-standard bypass from the south to the north and vice versa.

The future prospects of the DUKE will depend on future traffic volume which will generally be driven by the following factors:

(i) Malaysian economy and vehicle growth

Since the economic downturn in 1998, the growth in the Gross Domestic Product (%GDP+) of Malaysia has been positive until the economic downturn again in year 2008/09 where the latest GDP rate took a decline for the year 2009.

It is forecasted by the Malaysian Institute for Economic Research that the GDP growth for year 2010 will be 5.0%. As a reference, the GDP growth for Selangor and Kuala Lumpur in the year 2006 was 5.1% and 8.9% respectively, while year 2007 recorded a growth of 7.6% and 9.0% for Selangor and Kuala Lumpur respectively.

The table below depicts the national GDP for the recent years:

<u>Year</u>	<u>GDP Growth (%)</u>
2000	7.5%
2001	0.4%
2002	4.1%
2003	4.6%
2004	7.1%
2005	5.2%
2006	5.9%
2007	6.3%
2008	4.6%
2009	-1.7%
2010(est)	5.0%

*Source: Department of Statistics (2010),
2010 Estimate from Malaysian Institute for Economic Research.*

(Source: Independent Traffic Report)

On a more positive note, the positive GDP growth of Malaysia after the 1998 downturn contributed to an increase in vehicle growth since. The table below tabulates the vehicle growth in Malaysia from 2000 to the year 2009.

The national growth in the registration of vehicles since year 2000 has been growing positively between 6% and 10%. Selangor and Kuala Lumpur has also registered favourable growth over the years and this trend is expected to continue.

<u>Year</u>	<u>National</u>	<u>Selangor</u>	<u>Kuala Lumpur</u>
2000	6.7%	*	*
2001	6.6%	5.9%	9.2%
2002	6.4%	5.8%	8.2%
2003	6.6%	5.9%	6.9%
2004	7.4%	6.4%	8.8%
2005	7.6%	6.3%	9.0%
2006	6.6%	5.5%	7.7%
2007	8.7%	5.5%	7.4%
2008	9.1%	5.6%	7.8%
2009	9.6%	*	*

Source: Jabatan Pengangkutan Jalan Malaysia (2009)

*Information not available at time of release

(Source: Independent Traffic Report)

(ii) Population growth

The population of Malaysia has grown from 18.5 million (year 1991) to 26.8 million (year 2006). This corresponds to an annual growth rate of 2.5% on average between year 1991 and year 2006. During the same period, the population of the Klang Valley region has grown from 3.0 million in 1991 to approximately 6.0 million in 2006 which means the population has doubled in the past 15 years. Annual average growth rate is approximately 4.7% p.a. As a result, the proportion of the population of the Klang Valley to the total of the Malaysian population has increased from 16% in 1991 to 22% in 2006. It is estimated that the current year (2010) population of the Klang Valley would be around 7.5 million.

Growth rates for population and employment in the Klang Valley from 1991 to 2000 have averaged about 4.8% per annum and 4.2% per annum respectively. The population and employment of the Klang Valley is estimated to grow at about 4.0% per annum, compared to the expected national population growth and employment growth of about 2.5% per annum. This is due to the rural-urban migration factor besides the natural population growth.

In Kuala Lumpur, areas with high population density are seen everywhere except in Central Business District (CBD) and the western part of Kuala Lumpur. Relatively high-density areas are also seen in the western major cities in Klang Valley such as Petaling Jaya, Puchong, Shah Alam and Klang.

(Source : Independent Traffic Report)

(iii) Employment Supply

In 1980, the Klang Valley region had a share of 17.5% of the total employment of the nation, while the share increased to more than 20% in 1991. At the last census in year 2000, this percentage has dropped to 17.8% partly due to the distribution of employment to other growing areas of Malaysia such as Penang, Johor Bahru, and Putrajaya.

Employment growths are seen in the surrounding districts of Kuala Lumpur, in particular, Ulu Langat and Gombak. The shares of employment increased from 9% to 14% and from 8% to 11% during the period, respectively.

It is conspicuous that in the Klang Valley region, the manufacturing and financing-related sectors held a large share, while the agricultural sector has a small share compared to the data for the whole nation.

Among the regions of the Klang Valley, Kuala Lumpur had a remarkably bigger share held by the wholesale/retail and financing sectors against other districts. On the other hand, in the Gombak and Petaling Districts, the manufacturing sector held a greater share of employment.

The table below depicts the estimated employees in working places in Klang Valley:

District	No. Employees				% Growth		
	1991	2000	2010*	2020*	1997-2000	2000-2010	2011-2020
Kuala Lumpur	727.7	811.4	1010.3	1711.1	3.7%	2.2%	5.4%
Gombak	109.2	119.3	142.8	169.2	3.0%	1.8%	1.7%
Hulu Langat	144.6	160.3	191.6	227.2	3.5%	1.8%	1.7%
Petaling	437.4	482.0	576.5	692.2	3.3%	1.8%	1.8%
Kelang	164.0	179.1	213.1	252.6	3.0%	1.8%	1.7%
Putrajaya & Cyberjaya	-	-	127.0	206.0	-	-	5.0%

Source: SMURT – KL, estimated based on Home Interview Survey 1997.

*Note – Estimation based on past year growth rates

The employment growth surrounding the districts of Kuala Lumpur is expected to create a positive impact on the traffic flows of the DUKE.

(Source: Independent Traffic Report)

7. RISK FACTORS

Through the Proposed Subscription, Ekovest will be entitled to returns at a rate of 11% per annum on the nominal value of the Junior Sukuk in the form of Expected Periodic Payments or Expected Cumulative Periodic Payments. The ability of Kesturi to distribute the Expected Periodic Payments and Expected Cumulative Periodic Payments on the Scheduled Periodic Payment Dates together with the final distribution and the principal repayment of the Junior Sukuk to Ekovest on the maturity date, shall depend largely on the financial and cash flow position of Kesturi which are subject to the following risk factors inherent in its business (which may not be exhaustive) that are beyond Ekovest's control:

(i) Toll rates

The Concession Agreement provides for agreed toll rates throughout the concession period and further provides that the Government may vary those rates throughout the concession period. In the event the Government sets toll rates below the agreed rates, it is obliged to pay Kesturi compensation in the manner agreed in the Concession Agreement.

(ii) Traffic volume

Traffic volume is one of the primary determinants of Kesturi's revenue which is affected by many factors that are beyond its control. Such factors include the level of economic activity, affordability of automobiles, price of petrol, and the availability of alternative routes and modes of transport.

There can be no assurance that any adverse trends affecting any of these factors will not have a material adverse effect on traffic volumes on the DUKE.

(iii) Termination of concession

The Government may terminate the concession of Kesturi if, amongst others, an event of default has been declared. Pursuant to the Concession Agreement, events of default shall occur if at any time during the concession period:

- (a) Kesturi assigns the whole or any part of the Concession Agreement save and except in relation to the assignment as allowed thereunder;
- (b) an order is made or a resolution is passed for the winding up of Kesturi, except for the purpose of reconstruction or amalgamation not involving the realisation of assets in which the interest of creditors are protected;
- (c) Kesturi goes into liquidation or a receiver is appointed over its assets or Kesturi 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 Kesturi's assets, unless it has instituted proceedings in good faith to set aside such execution.

There can be no assurance that Kesturi will not be in default under the Concession Agreement in future. In the event the concession is terminated, Kesturi's principal business and source of revenue would cease, and could be left without any assets.

(iv) Unforeseen events

Generally, the use of the DUKE may be interrupted or affected by, amongst others, accidents, natural disasters, war, civil commotion, defective design and construction, labour, disputes and other unforeseen events.

Interruptions in the use of the DUKE arising from such events may reduce Kesturi's revenue and increase their costs arising from repairs to expressways.

8. EFFECTS OF THE PROPOSED SUBSCRIPTION

8.1 Issued and paid-up share capital

The Proposed Subscription will not have any effect on the issued and paid-up share capital of Ekovest.

8.2 Substantial shareholder's shareholding in Ekovest

The Proposed Subscription will not have any effect on the substantial shareholders' shareholding in Ekovest.

8.3 Net assets and gearing

Assuming that RM35 million of Junior Sukuk are subscribed and funded entirely via internally generated funds of Ekovest Group, the Proposed Subscription will not have any material effect to the consolidated net assets per share and gearing of Ekovest Group.

Assuming that RM35 million of Junior Sukuk are subscribed and funded entirely via external borrowings of Ekovest Group, the Proposed Subscription will not have any material effect to the consolidated net assets per share of Ekovest Group but will increase Ekovest Group's gearing from 0.29 times to 0.41 times based on its latest audited consolidated financial statements as at 30 June 2009.

8.4 Earnings

The Proposed Subscription is expected to contribute positively to the future earnings of Ekovest Group as it will be entitled to Expected Periodic Payments on the Scheduled Periodic Payment Dates pursuant to the holding of the Junior Sukuk.

9. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Save as disclosed below, none of the substantial shareholders and/or directors of Ekovest and/or persons connected to them have any interest, direct or indirect, in the Proposed Subscription.

(i) Substantial shareholders and/or person connected to them

Ekovest Holdings Sdn Bhd (**EHSB**) is a substantial shareholder of Ekovest.

Datoq Lim Kang Hoo (**Dato' Lim**) is a substantial shareholder of EHSB, Ekovest and Kesturi.

Accordingly, EHSB and Datoq Lim are deemed interested in the Proposed Subscription. They will abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Ekovest, if any, on the resolution pertaining to the Proposed Subscription at an extraordinary general meeting to be convened (**EGM**) for the Proposed Subscription.

EHSB and Datoq Lim's direct and indirect shareholding in Ekovest as at 15 July 2010 were as follows:

	Direct		Indirect	
	No. of Ekovest shares held	%	No. of Ekovest shares held	%
EHSB	29,187,500	20.43	-	-
Datoq Lim	5,902,000	4.13	29,187,500*	20.43

Note:

* Deemed interested by virtue of his direct interest in EHSB pursuant to Section 6A of the Act.

DatoqLim's direct and indirect shareholding in Kesturi as at 15 July 2010 are as follows:

	Direct		Indirect	
	No. of Kesturi Shares held	%	No. of Kesturi Shares held	%
DatoqLim	-	-	5,000,000*	100.00

Note:

* Deemed interested by virtue of his indirect interest in Nuzen through Wira Kristal pursuant to Section 6A of the Act.

In the 12 months preceding the date of this announcement, the total amount transacted by Ekovest Group with Kesturi (and persons connected with Kesturi) was approximately RM2.82 million.

(ii) Directors and/or persons connected to them

DatoqLim is a Director and substantial shareholder of Ekovest. He is also a Director and substantial shareholder of EHSB and Kesturi.

Accordingly, DatoqLim is deemed interested in the Proposed Subscription. He has abstained and will continue to abstain from deliberating and voting on the Proposed Subscription at the relevant Board of Directors meetings of Ekovest. DatoqLim will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their respective direct and/or indirect shareholdings in Ekovest, if any, on the resolution pertaining to the Proposed Subscription at the EGM for the Proposed Subscription.

10. ADVISERS

Ekovest has appointed CIMB as the Principal Adviser for the Proposed Subscription.

Ekovest has appointed MIMB Investment Bank Berhad as the Independent Adviser (~~(%Independent Adviser-)~~) to advise the non-interested Directors and non-interested shareholders of Ekovest for the Proposed Subscription, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (~~(%Listing Requirements-)~~).

11. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED SUBSCRIPTION

The highest percentage ratio applicable to the Proposed Subscription pursuant to paragraph 10.02(g) of the Listing Requirements is 42.30%.

12. DIRECTORS' STATEMENT

The Directors of Ekovest (except for DatoqLim, the interested Director who has abstained from all deliberations on the Proposed Subscription), having considered all aspects of the Proposed Subscription, are of the opinion that the Proposed Subscription is in the best interests of Ekovest.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Ekovest, having considered the Independent Adviser's evaluation and opinion and all other aspects of the Proposed Subscription, is of the opinion that the Proposed Subscription is:

- (i) in the best interests of Ekovest;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the minority shareholders.

14. APPROVALS REQUIRED

The Proposed Subscription by Ekovest is subject to approvals being obtained from the following:

- (i) shareholders of Ekovest at the EGM to be convened; and
- (ii) any other relevant authorities and/or parties, if required.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Subscription is expected to be completed in the third quarter of 2010.

16. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection during normal business hours at Ekovest's registered office at 33-35, Ground Floor, Wisma Ekovest, Jalan Desa Gombak 6, Taman Sri Setapak, 53000 Kuala Lumpur, from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 23 July 2010.

Salient Principal Terms and Conditions of the Junior Sukuk

Issuer	:	Kesturi
Issue price	:	The Junior Sukuk are to be issued at par.
Tenure	:	Seventeen (17) years from the date of issuance
Rating	:	The Junior Sukuk has been assigned an indicative rating of A- by Malaysian Rating Corporation Berhad
Profit Payment	:	Calculated at a rate of 11% per annum on nominal value of the Junior Sukuk and are payable on Scheduled Periodic Payment Dates subject to Requisite Condition being met.
Status	:	<p>The Junior Sukuk will 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 (other than those preferred by law or the transaction documents).</p> <p>The Junior Sukuk ranks after the Senior Sukuk in respect of payment to the extent that the payments of Expected Periodic Payment or Expected Cumulative Periodic Payment are subject to compliance with the Requisite Condition.</p>
Security	:	<p>The Junior Sukuk are secured by a first ranking charge and assignment of the Junior FSRA (as defined below) and the credit balances therein.</p> <p>All assets of Kesturi (other than the Junior FSRA and the credit balances therein) are charged to Danajamin to secure the Danajamin Facilities (as defined below).</p>
Events of Default	:	On the occurrence of any of the events of default, the trustee may, or shall if directed to do by a special resolution of the Holders, declare that an event of default has occurred and thereby take such proceedings against the Issuer as it may think fit to enforce the transaction documents including the security. Kesturi shall purchase the Junior Sukuk and the exercise price under the purchase undertaking shall become immediately due and payable.
Junior Sukuk Finance Service Reserve Account (%Junior FSRA+)	:	<p>The Issuer will open a Shariah-compliant Junior FSRA and on the first Scheduled Periodic Payment Date, the Issuer will deposit into such Junior FSRA, an amount equivalent to the next six (6) months of Junior Sukuk finance service, subject to the meeting of all obligations under the Senior Sukuk and maintaining the Senior FSCR (as defined below) at minimum of 1.5 times at all times.</p> <p>%Senior FSCR+ means a Finance Service Cover Ratio to be agreed prior to the issuance of the Junior Sukuk.</p> <p>Thereafter, the balance in the Junior FSRA must be at least equivalent to all amounts payable under the Junior Sukuk within the next six months (%Junior Sukuk Minimum Required Balance+). If the balance held in the Junior FSRA is less than or exceeds the Junior Sukuk Minimum Required Balance, the shortfall or excess shall be topped up (within 30 days of the shortfall) or released, as the case may, be provided always that the Senior FSCR is maintained at minimum of 1.5 times.</p> <p>The balance in the Junior FSRA may be withdrawn to make payments under the Junior Sukuk if the amounts available for such payment from the cashflows (after payment of the Senior Sukuk and maintain the requisite Senior FSCR) is insufficient.</p>

Financial Covenants : The Issuer shall maintain a Junior Finance Service Cover Ratio (~~%Junior FSCR+~~) of at least 1.25 times.

The Junior FSCR is the ratio of Junior Available Cash Flow (as defined below) to the aggregate of all principal amounts and Expected Periodic Payments and/or Expected Cumulative Periodic Payments due under the Junior Sukuk during the previous 12 months.

~~%Junior Available Cash Flow+~~ means in any annual period the sum of:

- (i) all income received by the Issuer under the Concession Agreement including the government funding and other project agreements and any other receipts of a capital or revenue nature under any contract or agreement;
- (ii) all distribution, returns and realised gains received by the Issuer;
- (iii) all credit balances in the Junior FSRA and the amount utilised from the Junior FSRA for permitted investments; and
- (iv) proceeds of takaful/insurance claims received by the Issuer.

Less:

- (i) the total amount spent on management, administration, operation, maintenance and heavy repairs;
- (ii) taxes paid or such other contributions paid by the Issuer to the Government;
- (iii) capital expenditure incurred;
- (iv) all amounts paid under the Senior Sukuk; and
- (v) any payments made by the Issuer under the Concession Agreement and other project documents or other contract or agreement.

Positive Undertakings : The Positive Undertakings provided by the Issuer in relation to the Junior Sukuk shall include but not limited to the following:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable 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 further effect to the terms and conditions of the transaction documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the transaction documents (including but not limited to redeeming the Junior Sukuk on the relevant maturity date(s) or any other date on which the Junior Sukuk are due and payable) and ensure that it shall immediately notify the trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the transaction documents;

- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall promptly comply with all applicable laws including the provisions of the Capital Market Services Act 2007 and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (vii) the Issuer shall promptly perform its obligations and exercise its rights under the Concession Agreement;
- (viii) the Issuer shall promptly notify the trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform its obligations under the transaction documents; and
- (ix) such other undertakings as may be advised by the legal counsel of the Lead Manager.

Negative Undertakings

: The Negative Undertakings provided by the Issuer in relation to the Junior Sukuk shall include but not limited to the following:

- (i) save and except for (a) the Junior Sukuk, (b) the Senior Sukuk, (c) unconditional and irrevocable Al-Kafalah Guarantee Facility provided by Danajamin and advance facility granted by Danajamin as credit enhancement to the Senior Sukuk (~~“Danajamin Facilities”~~), (d) any other permitted borrowings/financings to be agreed prior to the issuance of the Junior Sukuk, the Issuer shall not obtain or permit to exist any borrowing/financing;
- (ii) 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 liens arising in the ordinary course of business by operation of law and not by way of contract, and those security as contemplated under the (a) the Junior Sukuk and (b) the Danajamin Facilities;
- (iii) the Issuer shall not provide or permit to exist any guarantee to any party;
- (iv) the Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the transaction documents;
- (v) the Issuer shall not reduce or in any way whatsoever alter except increase, its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner;
- (vi) save and except in accordance with the terms of and as permitted under the Senior Sukuk and the Danajamin Facilities, the Issuer shall not declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders;
- (vii) the Issuer shall not make any payments (whether in relation to nominal value, profits/interest or otherwise) to its shareholders, subsidiaries or associated companies in connection with any loans/financings or advances from its shareholders, subsidiaries or associated companies provided that for the avoidance of doubt, such restrictions do not apply to payments to shareholders in their capacities as the Holders;

- (viii) the Issuer shall not obtain or permit to exist any loans or advances from its shareholders, subsidiaries or associated companies unless these loans/financings and advances are subordinated to the Junior Sukuk;
- (ix) subject to paragraph (viii) above, the Issuer shall not enter into any agreement with its shareholders, subsidiaries or associated companies unless such agreement is entered into:
 - (a) in the ordinary course of its business;
 - (b) on an arms-length basis; and
 - (c) will not have a Material Adverse Effect on the Issuer;

Material Adverse Effect means 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;

- (x) the Issuer shall not use the proceeds of the Junior Sukuk except for the purposes set out in the principal terms and conditions of the Junior Sukuk;
- (xi) the Issuer shall not lend/advance any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment;
- (xii) 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; and
- (xiii) such other undertakings as may be advised by the legal counsel of the Lead Manager.

Conditional Early Redemption : The Issuer may, at its option, redeem in whole, but not in part, the Junior Sukuk for the time being issued and outstanding on any date falling five (5) years after the issue date (~~%Early Dissolution Date+~~) subject to advance written notice prior to such redemption and the satisfaction of the Redemption Condition (as defined below).

%Redemption Condition+ means the issuance of the Replacement Capital (as defined below) on or before the date of redemption which raises net proceeds of at least equivalent to the exercise price payable upon the Early Dissolution Date.

%Replacement Capital+ means any securities constituting obligations that rank pari passu with or lower than the Junior Sukuk, issued for the purpose of funding the redemption of the Junior Sukuk.

Redemption : Unless previously redeemed or purchased and cancelled, the Junior Sukuk will be redeemed by the Issuer at 100% of their nominal value on the maturity date.

Transferability : Transferable, but subject to the selling restrictions stated below.

Selling Restrictions : The Junior Sukuk may only be issued, offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within the relevant category of the persons specified in section 4(6) of the Act, as amended from time to time.

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

Governing Law : Malaysian Law