Strictly Private and Confidential **Serial No:**

INFORMATION MEMORANDUM

INDERA PERSADA SDN. BHD.
(Company No. 955495-T)

ISSUANCE OF UP TO RM280.0 MILLION
IN AGGREGATE NOMINAL VALUE OF FIXED RATE SERIAL BONDS
AND UP TO RM15.0 MILLION
IN AGGREGATE NOMINAL VALUE OF SUBORDINATED BOND(S)

Principal Adviser and Lead Arranger

United Overseas Bank (Malaysia) Bhd
(Company No. 271809-K)

This Information Memorandum is dated 31 July 2013.

IMPORTANT NOTICE

Responsibility Statement

This Information Memorandum ("**IM**") has been approved by the directors of Indera Persada Sdn. Bhd. (Company No. 955495-T) ("**IPSB**" or "**Issuer**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in the Information Memorandum, in the 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 all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely to prospective investors to consider the purchase of the fixed rate serial bonds of up to RM280.0 million in aggregate nominal value ("**Bonds**") and fixed rate serial bonds of up to RM15.0 million in aggregate nominal value ("**Subordinated Bond(s)**").

At the point of issuance of the Bonds and the Subordinated Bond(s), the Bonds and the Subordinated Bond(s) shall not be issued, offered, sold, transferred or otherwise disposed of, directly or indirectly, nor shall any document or other material in connection therewith including this Information Memorandum be distributed, in Malaysia to any person unless such issue, offer, sale, transfer or disposal is to such persons, whether as principal or agent, falling within Section 4(6) of the Companies Act, 1965 and Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b) and read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 as amended from time to time (the "**CMSA**").

Subsequent to the issuance of the Bonds and the Subordinated Bond(s), offer for subscription or purchase of, or invitation to subscribe for or purchase the Bonds and the contents of the trust deed to be entered into between IPSB and the Trustee (as hereinafter defined) will be subject to the selling restrictions that the Bonds may not be offered or sold directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons who fall within Section 4(6) of the Companies Act, 1965 and any of the categories of persons specified under Schedule 6 or Section 229(1)(b) and read together with Schedule 9 or Section 257(3) of the CMSA, and the Subordinated Bond(s) may not be transferred or traded.

The Bonds have been assigned a rating of "AA1" by RAM Rating Services Berhad ("**RAM Ratings**") vide its letter dated 30 July 2013. This rating will relate to the timely payment of amounts due under the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by RAM Ratings.

United Overseas Bank (Malaysia) Bhd as the principal adviser and lead arranger of the Bonds and the Subordinated Bond(s) ("**PA/LA**") makes or assumes no representation, warranty or undertaking, express or implied, as to the authenticity, origin, validity, accuracy or completeness of the information or data contained in this Information Memorandum or that such information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The PA/LA has not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Bonds and the Subordinated Bond(s) and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by Malaysian laws.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the PA/LA or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Bonds and/or the Subordinated Bond(s) or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not, and is not intended to be, a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the PA/LA accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Bonds and/or the Subordinated Bond(s) 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 Bonds and/or the Subordinated Bond(s), (d) the Issuer, the PA/LA 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 Bonds and the Subordinated Bond(s), and they shall not have any responsibility or liability in the event that such subscription or purchase of the Bonds and the Subordinated Bond(s) is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Bonds and the Subordinated Bond(s) 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 Bonds and the Subordinated Bond(s), and is able and is prepared to bear the economic and financial risks of investing in or holding the Bonds and the Subordinated Bond(s), (g) it is subscribing or accepting the Bonds and the Subordinated Bond(s) for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Bonds and the Subordinated Bond(s) would constitute persons falling within Section 4(6) of the Companies Act, 1965 and any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), and Schedule 7 or Section 230(1)(b) and read together with Schedule 9 or Section 257(3) of the CMSA at issuance and Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Bonds and the Subordinated Bond(s) in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Bonds and the Subordinated Bond(s) is not, and should not be construed as, a recommendation by the Issuer and/or the PA/LA to subscribe or purchase the Bonds and the Subordinated Bond(s). 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 Bonds and the Subordinated Bond(s), 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 Bonds and the Subordinated Bond(s) 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 Bonds and the Subordinated Bond(s) is correct as of any time subsequent to the date indicated in the document containing the same. Neither the PA/LA nor any other advisers for the Bonds and the Subordinated Bond(s) undertake to review the financial condition or affairs of the Issuer during the tenure of the Bonds and the Subordinated Bond(s) or to advise any investor of the Bonds and the Subordinated Bond(s) of any information coming to its attention.

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 forward-looking in nature and are subject to risks and uncertainties, including, among others, the Issuer’s business strategy and expectation concerning its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the board of directors of the Issuer 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 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, its advisers or any other persons that the plans and objectives of the Issuer will be achieved.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the PA/LA to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the offer or invitation to subscribe for and issue of, the Bonds and the Subordinated Bond(s) to prospective investors and that no further evidence of authorisation is required.

Statement of Disclaimer by the Securities Commission

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 Bonds and the Subordinated Bond(s) in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the approval of the SC.

The approval of the SC was obtained via its letter dated 10 July 2013. Please note that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Bonds. The Subordinated Bond(s) do not require the approval of the SC as it falls within Schedule 5 of the CMSA.

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.

All supplements or amendments to this Information Memorandum circulated by the Issuer from time to time (if any), published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of this Information Memorandum, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Confidentiality

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.

In the event that there is any contravention of the confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is 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.

The recipient must return this Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the PA/LA promptly upon the request of the PA/LA, unless that recipient provides proof of a written undertaking satisfactory to the PA/LA with respect to destroying these documents as soon as reasonably practicable after the said request from the PA/LA.

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 BONDS AND/OR THE SUBORDINATED BOND(S).

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DEFINITIONS OF KEY TERMS AND ABBREVIATIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

ACE Market	The secondary stock market in Bursa Malaysia and formerly known as the Malaysian Exchange of Securities Dealing and Automated Quotation ("MESDAQ") Market.
Approval	Any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, permit, pass, licence, approval, authority or exemption from, by or with an Authority for the JKR Project.
Approved Plan	The designs, drawings, specifications, layout and building plans relating to the Facilities and Infrastructure made in accordance with the Design Concept (as defined in the Concession Agreement) and as approved by the Authority and includes any amended plans instructed by the Authority.
Asset Management Programme	A programme as set out in the Asset Management Services Manual for the management of the Facilities and Infrastructure in order to maintain their functionality, objective and intent within their expected life span in the most cost effective manner during the Asset Management Services Period.
Asset Management Programme Account	An account established or to be established by the Concession Company in accordance with the Concession Agreement.
Asset Management Services	(a) The Asset Management Programme; and (b) the Maintenance Services, which the Concession Company is obliged to provide in accordance with the Asset Management Services Manual during the Asset Management Services Period.
Asset Management Services Charges	The amount payable to the Concession Company by the Government for the provision of the Asset Management Services as set out in the Concession Agreement.
Asset Management Services Commencement Date	The date on which the Certificate of Acceptance is issued in respect of the Facilities and Infrastructure.
Asset Management Services Manual	The agreed performances, terms, requirements and response with respect to the provision of the Asset Management Services as set out in the Concession Agreement.
Asset Management Services Period	The period commencing from the Asset Management Services Commencement Date and expiring on the last day of the Concession Period or the date the Concession Agreement is terminated, whichever is the earlier.

Authority	-	Any Governmental entity or authority, quasi Government and/or other statutory authorities, departments, agencies or bodies or any other privatised corporation whose consents or approvals are necessary and/or required to provide the necessary services or amenities to the Project including approvals for the design, drawings, specifications, layout and buildings plans for the JKR Project;
Availability Charges	-	The sub-lease rentals payable by the Government to the Concession Company for the availability of the Facilities and Infrastructure.
BNM	-	Bank Negara Malaysia.
Bonds	-	The fixed rate serial bonds of up to RM280.0 million in aggregate nominal value to be issued by the Issuer.
Bondholders	-	Holders of the Bonds.
Bursa Malaysia	-	Bursa Malaysia Securities Berhad (Company No. 635998-W).
Business Day	-	A day (other than Saturday, Sunday and public holidays) on which financial institutions are open for business in Kuala Lumpur.
Certificate of Acceptance	-	The certificate to be issued by the Government to the Concession Company in accordance with the Concession Agreement confirming the Government's acceptance of the availability of the Facilities and Infrastructure.
Certificate of Acceptance for ICT and Training Equipment	-	The certificate to be issued by the Government to the Concession Company in accordance with the Concession Agreement confirming the completion of the Acceptance Test for ICT and Training Equipment (as defined in the Concession Agreement).
CMSA	-	Capital Markets and Services Act 2007.
Collection Account ("CA")	-	The account of that name opened or to be opened by the Issuer with UOBM, which shall be solely operated by the Trustee.
Companies Act	-	Companies Act, 1965 (as amended).
Concession	-	The concession granted to the Concession Company, more particularly described in Section 1.7 herein.
Concession Agreement	-	The concession agreement dated 18 March 2013 entered into between the Concession Company and the Government, including any amendments, variations and/or supplementals entered into from time to time.
Concession Period	-	The period of eighteen (18) years commencing upon the Construction Commencement Date or the Effective Date whichever is later and expires on the eighteenth (18^{th}) anniversary of that date, or any extended period agreed by the Concession Company and the Government under the Concession Agreement.

Construction Commencement Date	-	The date of commencement of the Construction Works for the JKR Project, which shall fall on the fourteenth (14th) day from the date the Approval is obtained or the Effective Date, whichever is later, PROVIDED THAT all rights and licences to enter and occupy the Project Land is granted by the Government and the Concession Company shall have submitted to the Government duplicate copies of the insurance policies taken up for the Construction Works and proof of payment of the premiums of such insurance required for the JKR Project.
Construction Completion Date	-	The date of completion of the Construction Works during the Construction Period, which shall be the date of issuance of the Certificate of Acceptance.
Construction Cost	-	The total construction cost of undertaking the Construction Works, which amounts to Ringgit Two Hundred and Forty Million (RM240,000,000.00).
Construction Period	-	The period of construction and completion of the Facilities and Infrastructure which shall be within thirty six (36) months from the Construction Commencement Date or any extended period thereof in accordance with terms and conditions of the Concession Agreement.
Construction Works	-	The survey, soil investigation, construction, equipping and furnishing, landscaping, installation, testing, commissioning and infrastructure works as required for the Facilities and Infrastructure in accordance with the Concession Agreement.
Design and Build Agreement (“DB Agreement”)	-	The design and build agreement entered or to be entered into between the Issuer and Digistar Holdings to undertake the construction of the JKR Project.
Digistar Corporation	-	Digistar Corporation Berhad (Company No. 603652-K).
Digistar Holdings	-	Digistar Holdings Sdn Bhd (Company No. 126542-X), a wholly-owned subsidiary of Digistar Corporation.
Effective Date	-	The date of fulfilment by the Concession Company of the conditions precedent set out in the Concession Agreement.
Events of Default	-	Has the meaning ascribed to it in item (s) of the PTC set out in Section 2.0 herein.
FA	-	UOBM as the Facility Agent.
Facilities and Infrastructure	-	The buildings, structures, equipment, plants, machinery, installation, facilities and infrastructure which are to be designed, constructed, installed, developed and completed on the Project Land by the Concession Company together with the necessary amenities and utilities in accordance to the Concession Agreement.
Federal Lands Commissioner	-	A body corporate established under section 3 of the Federal Lands Commissioner Act 1957 (Revised 1988) [Act 349].
Government	-	The Government of Malaysia as represented by the Ministry of Works and having its address at Tingkat 6, Blok B, Kompleks Kerja Raya, Jalan Sultan Salahuddin, 50580 Kuala Lumpur.

Guaranteed Amount	-	The guaranteed amount of the PG of up to Ringgit Two Hundred and Eighty Million (RM280,000,000.00).
ICT and Training Equipment	-	Equipment as set out in the Concession Agreement including but not limited to the civil, mechanical and electrical equipment that are to be used for ICT and training purposes which shall be provided on a one off basis by the Concession Company in accordance with the Concession Agreement.
Interior Design Fit-out ("ID Fit-Out")	-	All light fittings, audio visual equipment, signage, architectural finishes and other fittings relevant to the Facilities and Infrastructure in accordance with the Concession Agreement;
ID Fit-Out Works	-	The carrying out of installation and completion of the ID Fit-Out including consultancy services to be carried out by the Concession Company in accordance with the Concession Agreement;
Issuer or IPSB or Concession Company	-	Indera Persada Sdn Bhd (Company No. 955495-T).
JKR	-	Jabatan Kerja Raya, the Ministry of Works a division of the Government of Malaysia and having its address at Jabatan Kerja Raya, Tingkat 6, Blok B, Kompleks Kerja Raya, Jalan Sultan Salahuddin, 50580 Kuala Lumpur.
JKR Project	-	The project to be undertaken by the Concession Company pursuant to the Concession Agreement comprising of planning, design, financing, construction, landscaping, equipping, installation, completion, testing and commissioning of the Facilities and Infrastructure on the Project Land in accordance with the Concession Agreement and to carry out the Asset Management Services in accordance with the Asset Management Services Manual.
Key Performance Indicators	-	The level of service which is required to be achieved by the Concession Company in carrying out the Asset Management Services as more particularly described in the Asset Management Services Manual;
KMB	-	Kumpulan Melaka Berhad (Company No. 334871-H).
Lease Agreement	-	The lease agreement entered or to be entered into between the Federal Lands Commissioner on behalf of the Government and the Concession Company substantially in the form and substance as set out in the Concession Agreement.
Main Market		The main market of Bursa Malaysia.
Maintenance Services	-	The services and works in relation to the maintenance of the Facilities and Infrastructure as are required to be carried out by the Concession Company in accordance with the Asset Management Services Manual during the Asset Management Services Period.
MMHSB	-	Matang Makmur Holdings Sdn Bhd (Company No. 896248-P).
Maintenance Services Charges Account ("MSCA")	-	The account of that name opened or to be opened by the Issuer with UOBM, which shall be solely operated by the Issuer, save for an Event of Default, whereby the MSCA shall be solely operated by the Security Trustee.

MyClear	-	Malaysian Electronic Clearing Corporation Sdn. Bhd., a wholly-owned subsidiary of Bank Negara Malaysia and incorporated in October 2008.
Operational Procedures for Securities Services	-	Operational Procedures for Securities Services issued by MyClear and as modified or revised or substituted from time to time by MyClear.
PA/LA	-	UOBM as the Principal Adviser and the Lead Arranger.
PG	-	The irrevocable and unconditional performance guarantee provided or to be provided by the PG Provider in favour of the Trustee acting on behalf of the Bondholders to guarantee the repayment of the principal amount of the outstanding Bonds of up to RM280.0 million in the event an Event of Default occurs during the Construction Period of the JKR Project and shall include the new performance guarantee(s), if any, issued or to be issued by the PG Provider for the term of which the Construction Period is extended under the terms and conditions of the Concession Agreement.
PG Provider	-	UOBM as the PG Provider.
Project Land	-	All that parcel of leasehold land held under land title details PT 3287 H.S.(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Melaka as more particularly described in Section 1.9 herein.
PSSB	-	Pembinaan Sujaman Sdn Bhd (Company No. 385962-A).
PTC	-	Principal Terms and Conditions for the proposed issuance of the Bonds as set out in Section 2.0 herein.
Rating Agency	-	RAM Rating Services Berhad (Company No. 763588-T).
Reimbursement Costs	-	The cost of stamp duties relating to the Concession Agreement, the Lease Agreement and the Sub-lease Agreement and financing agreements and any other cost incurred in relation to or for the purpose of implementation of the Concession Agreement, consisting of the Concession Company's solicitors' legal fees, cost of obtaining the loan, financial and tax advisory fees, the independent consultant engineer fees and project management consultant fees appointed by the lenders of the Concession Company or the Concession Company PROVIDED ALWAYS the total reimbursable cost shall not exceed 2.5% of the Construction Cost.
RENTAS		means the scripless book-entries securities trading and funds transfer system known as Real Time Electronic Transfer of Funds and Securities operated by MyClear as varied, upgraded or substituted from time to time.
Ringgit/RM and sen	-	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia.
SC	-	Securities Commission Malaysia.
Security Trustee	-	Pacific Trustees Berhad (Company No. 317001-A).
Shares	-	The issued and paid-up share capital of IPSB.

Sub-lease Agreement	-	The sub-lease agreement entered or to be entered into by the Federal Lands Commissioner, for and on behalf of the Government, and the Concession Company relating to the Project Land substantially in the form and substance as set out in the Concession Agreement.
Subordinated Bond(s)	-	The fixed rate serial bond(s) of up to RM15.0 million to be issued by the Issuer pursuant to the proposed issuance of the Subordinated Bond(s).
Subordinated Bondholders	-	Holders of the Subordinated Bond(s).
Trustee	-	Pacific Trustees Berhad (Company No. 317001-A).
UKAS	-	Public Private Partnership Unit (Unit Kerjasama Awam Swasta) of the Prime Minister's Department.
UOBM	-	United Overseas Bank (Malaysia) Bhd (Company No. 271809K).

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1.0 EXECUTIVE SUMMARY

The information set out in this section is an executive summary of the principal features of the transaction. It is qualified in its entirety by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum.

1.1 Introduction

The Issuer proposes to undertake the issuance of the Bonds and the Subordinated Bond(s) to inter alia, finance the construction costs of the JKR Project. UOBM has been mandated as the PA/LA for the proposed issuance of the Bonds and the Subordinated Bond(s).

1.2 Brief Background of the Issuer

The Issuer is a single purpose vehicle incorporated in Malaysia under the Companies Act on 2 August 2011 and owned by MMHSB (40%), KMB (30%) and PSSB (30%) for the sole purpose of:

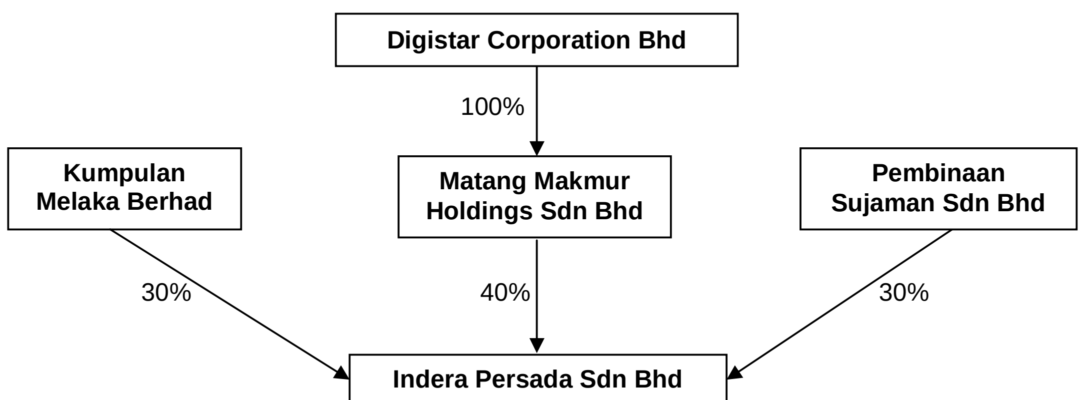
(i) carrying out the JKR Project; and

(ii) to carry out the management and maintenance of the Facilities and Infrastructure of the JKR Project in order to maintain their functionality, objective and intent,

in accordance with the terms and conditions of the Concession Agreement.

For more detailed information on the Issuer, please refer to Section 4 of this Information Memorandum.

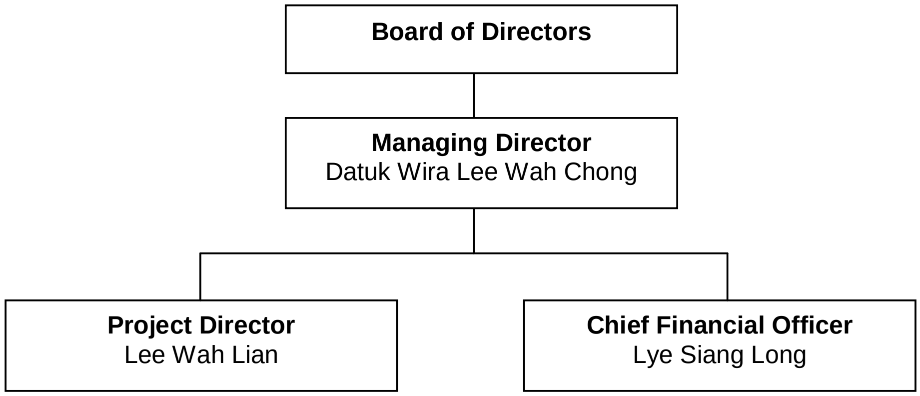
Shareholding Structure



Note:

1) IPSB is a SPV formed by KMB, MMHSB and PSSB with shareholding ratio 30:40:30.
2) MMHSB is a wholly owned subsidiary of Digistar Corporation.

Organisational Structure



1.3 Brief Background of Digistar Corporation

Digistar Corporation was listed on the ACE Market in 2003 and subsequently had its listing status transferred to the Main Market of Bursa Malaysia on 28 June 2012. As at 5 June 2013, Bloomberg reports the market capitalisation of Digistar Corporation at RM103.6 million.

Digistar Corporation is an investment holding company and has six (6) divisions:-

(i) Internet Protocol Television (“IPTV”) & E-Commerce;
(ii) Telecommunnication & Information Technology;
(iii) Total Security System;
(iv) Broadcast Engineering (Local);
(v) Property & Construction; and
(vi) Broadcast Engineering (Overseas).

Its core subsidiary, Digistar Holdings, designs, supplies, installs and integrates information technology, infrastructure, teleconferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems and other related electronic systems.

Pursuant to the DB Agreement, the Issuer will appoint Digistar Holdings to undertake the construction of the JKR Project.

Digistar Holdings has a strong track record in designing, supplying, supervising and installing quality and specialised service systems. Since 2003, Digistar Holdings had completed over 200 system integration contracts valued at over RM400 million in aggregate.

A selected list of recently completed projects include:-

No.	Brief Description	Project Value (RM)
1	**Broadcast Station** To supply, install, test and commission the base band system for a broadcast centre in Malaysia.	24,400,000.00

No.	Brief Description	Project Value (RM)
2	**Permai Psychiatric Hospital, Johor** To supply, deliver, install, test and commission of Nurse Call, Personal Duress Alarm, Card Access & Door Lock, CCTV & Security Communication, Perimeter Security and Infrastructure Security System Network for Permai Psychiatric Hospital, Johor.	21,240,000.00
3	**Broadcast Station** To supply, install, test and commission the base band system for a broadcast centre.	21,150,000.00
4	**Putrajaya Convention Centre in Precint 5 at Putrajaya** To propose, design, construct and complete a conference system and simultaneous interpretation system.	14,780,000.00
5	**Suruhanjaya Tenaga, Putrajaya** To design, supply, deliver, install, test, commission and train of CCTV, Card Access, Car Barrier, Main Entrance Drop Arm System, Sound Reinforcement, Video Projection, Video Conferencing, Stage Lighting, Dimming, Integrated Control, Audio Visual, Integrated Voting/ Conference System, Video Distribution, Surround Sound System, Library AV System, ICT Equipment and Network Security.	9,117,763.00
6	**Putrajaya 4G8, 9, 10, 11 (Card Access & Parking System)** To supply, deliver, install, test and commission Card Access and Parking System for Office area and common facilities of Government Administrative Office at Lot 4G8, 9, 10, 11, Putrajaya.	7,996,220.00
7	**LHDN Cyberjaya** To supply, deliver, install, test and commission Public Address, Fireman Intercom, CCTV, SMATC, Card Access, Digital Call, Master Clock, Integrated Audio Visual, Sound Reinforcement, Stage Curtain, Stage lighting and Video Projection System for Projek Pembinaan Bangunan Ibu Pejabat Lembaga Hasil Dalam Negeri Malaysia (“LHDNM”), di Cyberjaya, Selangor.	7,850,000.00
	Total	**106,533,983.00**

(Source: Digistar Holdings)

Recent current projects include:

No.	Brief Description	Project Value (RM)
1	**Queen Elizabeth Hospital, Tower Block, Sabah** To supply, deliver, install, test and commission Public Address, Fireman Intercom, Multi-station Intercom & Communication, SMATV, Nurse Call, In-House Paging, Digital Call, CCTV, Card Access, Call Bell, Intruder Alarm, Master Control Clock, Audio Visual, Stage Lighting, Stage Curtain, Tie-Line, Conference, Audio & Recording, Imaging Speak-Through, Computer Aided Video Information Display, Indoor Electronic Display Board and Integrated Remote Control System.	9,332,000.00
2	**Hospital KL (SACC)** To supply, deliver, install, test and commission Public Address, SMATV, Digital Call, Intercom, In House Paging, Security System, Nurse Call, Master Clock, Audio Visual and Fireman Intercom System for Hospital Kuala Lumpur – Pusat Rawatan Harian dan Komplex Spesialis, Wilayah Persekutuan	3,380,000.00
3	**Tampin Hospital, Negeri Sembilan** To supply, deliver, install, test and commission Public Address, CCTV, SMATV, Fire Intercom, Nurse Call, Master Clock, Audio Visual, Digital Call, Intruder Alarm, Call Bell, Multi-station Intercom, Two-way Radio Communication, Card Access, Audio Conference and Audio Recording system	1,800,000.00
4	**Putrajaya 4G5(CAMS)** To supply, deliver, install, test and commission Card Access Management System for the General Office Areas and Common Facilities of Government Administration Office	1,448,866.85
5	**Manjung Hospital, Perak** To supply, install, test and commission CCTV, Public Address, Background Music and Emergency paging, SMATV, Structual Cabling, Card Access, Intercom, Nurse Call, Digital Call, Two Way Radio Communication and Master Clock System	1,336,158.00
	Total	**17,297,024.85**

(Source: Digistar Holdings)

1.4 Brief Background of Pembinaan Sujaman Sdn Bhd

PSSB was incorporated on 4th May 1996 with existing paid up capital of RM1.6 million. The principal activities of PSSB are general construction of buildings (including low cost high-rise buildings and standard buildings) and road works. PSSB has completed contracts worth RM172 million since 2001.

PSSB and its related company, Gabung Panduan Sdn Bhd ("GPSB"), had collectively completed jobs valued at more than RM500 million in contract value and has ongoing contracts awarded by the Government valued at approximately RM100 million that will be ongoing until December 2013.

A selected list of major contracts completed by PSSB include:-

Description	Employers	Contract Sum (RM)	Completion
Cadangan Merekabentuk, Membina, Menyiapkan, Menguji Terima Dan Menyenggara Akademi JPJ Malaysia Fasa 1. Di Atas Lot 683, Mukim Ayer Molek Bukit Katil, Melaka.	Maju Holding Sdn Bhd	15.0m	2001
Cadangan Pembangunan Yang Mengandungi 4 Blok Rumah Pangsa Kos Rendah 12 Tingkat 897 Unit dan 57 Unit Kedai Di Tingkat Bawah Di Sebahagian Lot 2735, Mukim Petaling, Daerah Petaling.	Dergahayu Sdn Bhd	20.4m	2001
Projek Pembangunan, Mengandungi 2 Blok Rumah Pangsa Kos Rendah 12 Tingkat Yang Mengandungi 440 Unit Dan 4 Unit Kedai Setingkat Di Sebahagian lot 2735, Di Mukim Petaling, Selangor Parcel C1 & C2	Dergahayu Sdn Bhd / GPSB	27.0m	2003
Projek Pembangunan, Mengandungi 2 Blok Rumah Pangsa Kos Rendah 12 Tingkat Yang Mengandungi 308 Unit Dan 4 Unit Pejabat Di Sebahagian lot 2735, Di Mukim Petaling, Selangor Parcel E	Dergahayu Sdn Bhd / GPSB	21.5m	2004
Projek membaikpulih Dan Menaiktaraf Jalan Muar-Melaka-Alor Gajah-SImpang Ampat. Segment 3	JKR / HCM Engineering Sdn Bhd	12.1m	2005
Cadangan Kerja-kerja Ubahsuai Dalaman Sediada Dan Kerja-kerja Berkaitan Secara 'Design & Build' Di Kompleks Kotamas Di Lot 8303, Lebuh Ayer Keroh, Mukim Bukit Baru, Daerah Melaka Tengah, Melaka.	Perbadanan Kemajuan Negeri Melaka	12.6m	2006

Description	Employers	Contract Sum (RM)	Completion
Cadangan Membina Dan Menyiapkan Bangunan Pejabat 14 Tingkat Di Atas Lot 5485, Kawasan MITC, Ayer Keroh Melaka.	Telekom Malaysia Bhd	54.0m	2008
Cadangan Membina Dan Menyiapkan Sebuah Sekolah Kebangsaan Putra Perdana (2) Yang Mengandungi 24 Bilik Darjah Dan Kemudahan Berkaitan Di Taman Putra Perdana (2) Sepang, Selangor.	Kementerian Pelajaran Malaysia	18.2m	2010
Cadangan Pembangunan Kompleks Pejabat Badan Pencegah Rasuah Di Wilayah Persekutuan Kuala Lumpur.	JKR	25.0m	2010
Total		**205.8m**	

(Source: PSSB)

1.5 Brief Background of Matang Makmur Holdings Sdn Bhd

MMHSB is incorporated in Malaysia under the Companies Act on 30 March 2010 as a private limited company under the name of Matang Makmur Sdn Bhd. This name was subsequently changed to Matang Makmur Holdings Sdn Bhd with effect on 24 October 2011. The authorised share capital of MMHSB is RM100,000.00 comprising of 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

MMHSB is a wholly-owned subsidiary of Digistar Corporation.

1.6 Brief Background of Kumpulan Melaka Berhad

KMB was incorporated on 25 February 1995 with existing paid up capital of RM16 million. As the investment arm of the State Government of Melaka held through Perbadanan Ketua Menteri Melaka, KMB's principal activities focuses on construction, real estate development, investment and tourism. The authorised share capital of KMB is RM200,000,000 comprising of 200,000,000 ordinary shares of RM1.00 each, of which RM16,000,000 comprising of 16,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

1.7 Brief Description of the Concession

The Concession comprises the rights and authority granted by the Government to the Concession Company to carry out the JKR Project and the management and maintenance of the Facilities and Infrastructure of the JKR Project in order to maintain their functionality, objective and intent in accordance with the terms and conditions of the Concession Agreement. Subject to the terms and conditions of the Concession Agreement, the Concession Period shall be for a period of eighteen (18) years commencing upon the Construction Commencement Date or the Effective Date whichever is later and expires on the eighteenth (18^{th}) anniversary of that date.

For more detailed information on the Concession Agreement, please refer to Section 5 of this Information Memorandum.

1.8 Brief Description of the JKR Project

The Concession is granted to the Issuer under the private finance initiative scheme to undertake the planning, design, finance, development, construction, landscaping, equipping, installation, completion, testing and commissioning and the maintenance of JKR Training Institute complex (together with the necessary amenities, utilities and fittings and fixtures) on and in accordance with the terms and conditions of the Concession Agreement.

Brief Description of the JKR Training Institute	Floor Area (m^2)	Floor Area (sq ft)
Main Administrative Centre and Library	5,057	54,414
Academic Centre	2,950	31,742
Structures and Concrete Research Laboratory	3,051	32,829
Electrical Engineering Laboratory	3,032	32,625
Mechanical Engineering Laboratory	3,177	34,185
Geotechnical & Architectural Research Laboratory	3,286	35,358
Roads and Pavement Research Laboratory	2,441	26,265
Multi-purpose Hall	1,800	19,368
Surau	207	2,227
Hostel for Trainees	9,082	97,723
Hostel for Senior Officers	4,912	52,854
Canteen	848	9,125
Quarters – Bungalow (1 Unit)	230	2,475
Quarters – Semi-Detached (4 Units)	655	7,048
Supporting Structure	2,272	24,447
Total	**43,000**	**462,683**

The Issuer will be responsible for the following:-

(i) carrying out the design, development, construction and completion of the buildings, structures, equipment, plants, machinery, installation, facilities and infrastructure (together with the necessary amenities, utilities and fittings and fixtures) which are to be designed, constructed, installed, developed and completed on a parcel of leasehold land held under land title details PT 3287 H.S.(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Melaka (which shall be referred to herein as the "JKR Project"); and

(ii) to carry out the management and maintenance of the facilities and infrastructure of the JKR Project in order to maintain their functionality, objective and intent,

in accordance to the terms and conditions of the concession agreement dated 18 March 2013 entered into between the Government of Malaysia ("Government") and IPSB ("**Concession Agreement**").

The facilities and infrastructure of the JKR Project will generally be used to fulfil the training requirements of the staff of the Ministry of Works.

1.9 Brief description of the Project Land

The Project Land is parcel of leasehold land held under land title details PT 3287 H.S.(D) 21930 measuring approximately 110 acres situated in Mukim Taboh Naning, Daerah Alor Gajah, Melaka.

From the Construction Commencement Date until the issuance of the Certificate of Acceptance, the Government shall grant to the Concession Company the right and licence to enter and occupy the Project Land solely for purposes of carrying out and completing the Construction Works of the JKR Project.

Upon issuance of the Certificate of Acceptance, the Government shall cause and procure the Federal Lands Commissioner, for and on behalf of the Government to lease the said Project Land to the Concession Company in the form and terms set out in the Concession Agreement. Simultaneously with the execution of the above Lease Agreement, the Concession Company shall grant a sub-lease on such lease to the Federal Lands Commissioner and the Federal Lands Commissioner shall accept the grant of the said sub-lease in the form and terms set out in the Concession Agreement.

Pusat Kecemerlangan Teknologi Nasional Malaysia
Institut Latihan JKR Malaysia

Proposed Development

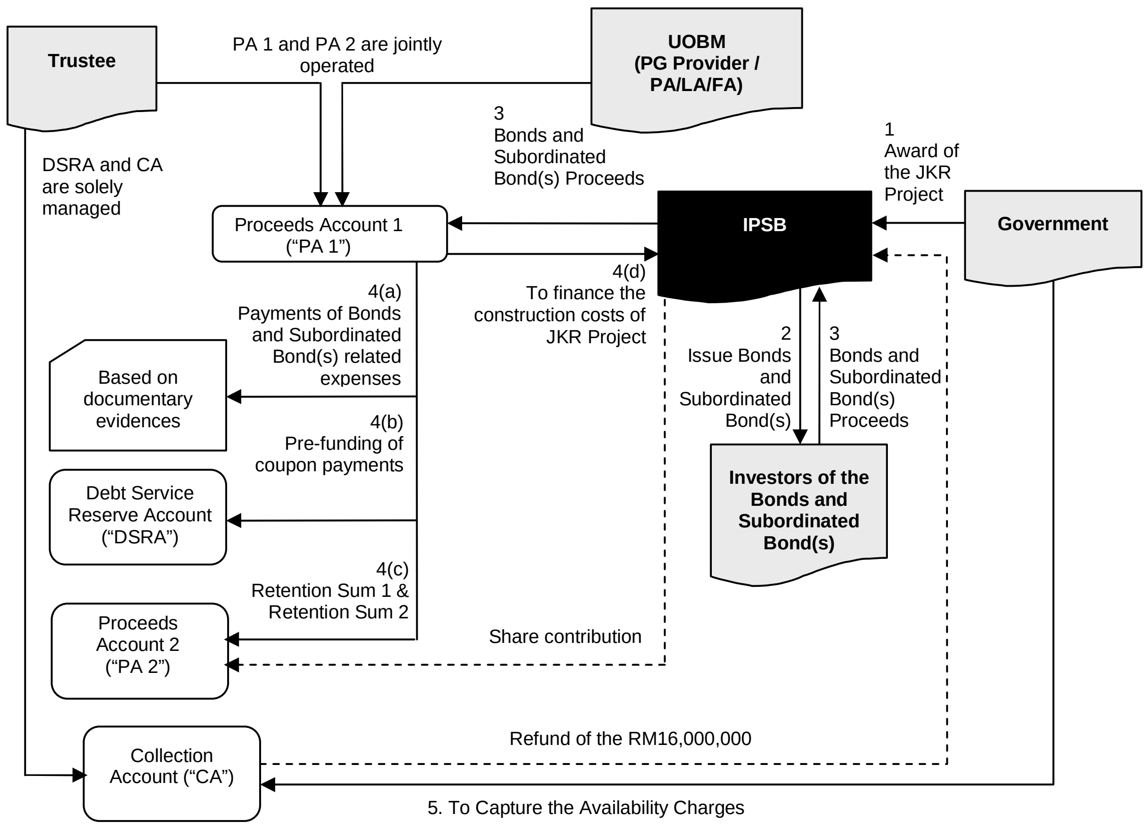
Pusat Kecemerlangan Teknologi Nasional Malaysia
Institut Latihan JKR Malaysia

Masterplan

01. Pusat Pentadbiran, Perpustakaan &Latihan Akademik
02. Dewan Serbaguna
03. Blok Makmal Struktur
04. Blok Makmal Elektrikal
05. Blok Makmal Mekanikal
06. Blok Makmal Geoteknik, Ukurbahan & Senibina
07. Blok Makmal Jalan & Pavement
08. Dewan Makan
09. Surau
10. Penginapan Pelatih L / P
11. Penginapan Pengawai Kanan
12. Kuarters Kelas E - Semi-D
13. Kuarters Kelas D - Banglo

1.10 A description of the transaction and structure of the proposed issuance of the Bonds and the Subordinated Bond(s)

Diagram to illustrate the transaction and structure of the proposed issuance of Bonds and the Subordinated Bond(s):



Description of the transaction and structure of the proposed issuance of the Bonds and the Subordinated Bond(s):

(1) IPSB has been awarded the JKR Project by the Government.

(2) The Bonds and the Subordinated Bond(s) will be issued to finance the JKR Project. A PG will be provided by the PG Provider to the Trustee during the Construction Period of the JKR Project.

(3) The proceeds from the issuance of the Bonds and the Subordinated Bond(s) shall be deposited into the Proceeds Account 1 ("PA 1") (as defined in item (k)(1) of the PTC set out in Section 2.0 herein), which will be opened and maintained with UOBM. PA 1 shall at all times be jointly operated by the PG Provider and the Trustee during the Construction Period of the JKR Project.

(4) The proceeds from the issuance of the Bonds and the Subordinated Bond(s) deposited in PA 1 shall be utilized as follows:-

a) firstly, for the payment of fees, PG commission and expenses relating to the issuance of the Bonds and the Subordinated Bond(s);

b) secondly, to pre-fund the Debt Service Reserve Account ("DSRA") (as defined in item (k)(3) of the PTC set out in Section 2.0 herein) at the point of Bonds and the Subordinated Bond(s) issuance as follows:-

   i) To set aside an amount equivalent to 48 months of coupon payments in the DSRA for the purpose of meeting the coupon payments during the Construction Period of 36 months; and

   ii) To set aside and maintain a minimum amount equivalent to the next immediate coupon payment at all times after the 36 months;

c) thirdly, to transfer and set aside in the Proceeds Account 2 ("PA 2") (as defined in item (k)(2) of the PTC set out in Section 2.0 herein) the Retention Sum 1 (as defined in item (j)(3) of the PTC set out in Section 2.0 herein) and the Retention Sum 2 (as defined in item (j)(3) of the PTC set out in Section 2.0 herein) (collectively, the Retention Sum 1 and the Retention Sum 2 shall be referred to as "**Retention Sums**"); and

d) fourthly, to finance the construction costs of the JKR Project based on the amount stated in the certificates of work done less the Retention Sums in the form and substance acceptable to the PG Provider and the FA.

Retention Sum 1 refers to an amount equivalent to 5% of the Construction Cost of the JKR Project (up to RM12,000,000) to be built up progressively. In the event the JKR Project is not completed during the agreed timeline of 3 years, the shareholders of IPSB will top up to the full equity amount equivalent to RM12,000,000.

Retention Sum 2 refers to an amount equivalent to RM16,200,000 million to be built up progressively from the cost of the JKR Project.

The said Retention Sum 1 and Retention Sum 2 shall be set aside and kept in the PA 2.

(5) The Availability Charges received by the Issuer in relation to the JKR Project with notice of assignment to be acknowledged by the Government shall be captured under the CA. The CA shall be solely operated by the Trustee at all times.

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Details of the proposed issuance of Bonds.

Issue Size

The Bonds will be issued up to RM280.0 million in aggregate nominal value comprising eleven (11) tranches as follows:-

Bonds Tranche No.	Nominal Value (RM million)
1	60.0
2	25.0
3	20.0
4	20.0
5	20.0
6	20.0
7	20.0
8	20.0
9	20.0
10	25~~0~~.0
11	30.0
Total	**280.0**

The Bonds will be issued at par, at premium or at a discount to face value.

Note: For the avoidance of doubt, the Issuer may issue subordinated bond(s) of up to RM15.0 million in nominal value. Such issuance would not require the approval from the SC as it falls under Schedule 5 of Capital Market and Services Act 2007.

Tenure

The Bonds are to be fully redeemed on the maturity date in accordance to the following tenure of the respective tranches:-

Bonds Tranche No.	Tenure (years)
1	5
2	6
3	7
4	8
5	9
6	10
7	11
8	12
9	13
10	14
11	15

The maturity dates of the respective tranches shall be determined prior to the issue date. The SC will be notified accordingly.

Mode of Issue

Private placement, bought deal or book building basis, all without prospectus.

The Bonds shall be issued in accordance to the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") and will be issued and traded through Real Time Electronic Transfer of Funds and Securities ("**RENTAS**").

Security/Collateral

(A) During construction stage

The principal amount of the Bonds shall be secured by the PG from the PG Provider during the Construction Period of the JKR Project.

During the Construction Period, the Issuer shall enter into a priority and security sharing agreement with, inter alia, the Security Trustee acting on behalf of the PG Provider (as first legal chargee) and the Bondholders and the Subordinated Bondholders (as second legal chargee) in respect of the following security:

a) First ranking fixed charge over PA 1, PA 2 and DSRA;

b) First priority assignment of the Issuer's contractual rights, interest, title and benefits in and to the performance bonds/guarantees, if any, in respect of the JKR Project and all proceeds arising therefrom to the extent assignable and permitted by prevailing laws;

c) First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of:-

    (i) the Availability Charges and Maintenance Services Charges (as defined in item 2.0(v)(s) below);

    (ii) the amount payable to the Issuer as a result of early termination of the Concession Agreement;

    (iii) the appointment of a substituted entity to carry out the concession;

    with notice of assignment to be acknowledged by the Government;

d) First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of any reimbursement cost (which shall not exceed 2.5% of the Construction Cost as defined in item (v)(l) of the PTC set out in section 2.0 herein) incurred in relation to or for the purpose of implementation of the Concession Agreement;

e) Debenture over all of the Issuer's present and future assets, fixed and floating, save for the Asset Management Programme Account (as defined in item 2.0(v)(s) below);

f) Negative pledge by PSSB and MMHSB respectively not to pledge the Shares held by it to any parties during the tenure of the Bonds and the Subordinated Bond(s) and the deposit of the share certificates evidencing such Shares with the Security Trustee;

g) Negative pledge by KMB not to pledge the Shares held by it to any parties during the tenure of the Bonds and the Subordinated Bond(s);

h) First priority assignment of insurance policies, if any, required to be undertaken under the JKR Project with the Security Trustee designated as the loss payee/mortgagee, to the extent permitted by prevailing laws; and

i) Deed of subordination of shareholder's present and future advances.

The following security will also be provided to the Security Trustee for the benefit of the Bondholders as the first legal chargee:-

a) First ranking fixed charge over the CA and MSCA; and

b) any other security as may be advised by the solicitors to the Lead Arranger and agreed with the Issuer.

(B) Post completion stage

Upon expiry or cancellation of the PG after the construction of the JKR Project has been completed, the Bonds and the Subordinated Bond(s) shall be secured by the abovementioned securities whereby the first right / charge will be transferred from the PG Provider to the Security Trustee for the benefit of Bondholders and Subordinated Bondholders save and except for item 1.10(A)(a) whereby the PA 1 and PA 2 shall be closed.

For the avoidance of doubt, upon expiry or cancellation of the PG after the construction of the JKR Project has been completed, the following securities will be secured for the benefit of the Bonds and the Subordinated Bond(s) (until the Bonds and Subordinated Bond(s) are fully redeemed) whereby the Security Trustee will be holding for the benefit of the Bondholders and Subordinated Bondholders as the first legal chargee:-

1. First ranking fixed charge over the DSRA, CA and MSCA;

2. First priority assignment of the Issuer's contractual rights, interest, title and benefits in and to the performance bonds/guarantees, if any, in respect of the JKR Project and all proceeds arising therefrom to the extent assignable and permitted by prevailing laws;

3. First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of:

    (i) the Availability Charges and Maintenance Services Charges; and

    (ii) the amount payable to the Issuer as a result of early termination of the Concession Agreement with notice of assignment to be acknowledged by the Government;

4. First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of any reimbursement cost (which shall not exceed 2.5% of the Construction Cost as defined in item (v)(l) of the PTC set out in section 2.0 herein) incurred in relation to or for the purpose of implementation of the Concession Agreement;

5. Debenture over all of the Issuer's present and future assets, fixed and floating, save for the Asset Management Programme Account;

6. Negative pledge by PSSB and MMHSB respectively not to pledge the Shares held by it to any parties during the tenure of the Bonds and the Subordinated Bond(s) and the deposit of the share certificates evidencing such Shares with the Security Trustee;

7. Negative pledge by KMB not to pledge the Shares held by it to any parties during the tenure of the Bonds and the Subordinated Bond(s);

8. First priority assignment of insurance policies, if any, required to be undertaken under the JKR Project with the Trustee designated as loss payee/mortgagee, to the extent permitted by prevailing laws;

9. Deed of subordination of shareholder's present and future advances; and

any other security as may be advised by the solicitors to the Lead Arranger and agreed with the Issuer.

Rating

The Bonds has been accorded a rating of AA1 by the Rating Agency. The Subordinated Bond(s) do not need to be rated.

Please refer to Section 2.0 of this Information Memorandum for the principal terms and conditions of the Bonds.

1.11 Securities Commission's Approval

The issuance of the Bonds has been approved by the SC via its letter dated 10 July 2013 pursuant to section 212 of the CMSA. The Subordinated Bond(s) do not require SC's approval as it falls within Schedule 5 of CMSA.

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2.0 PRINCIPAL TERMS AND CONDITIONS OF THE BONDS

Words and expressions used and defined in this section shall, in the event of an inconsistency with the definition section of this Information Memorandum, only be applicable for this section.

a. Names of parties involved in the Proposed Bonds Issuance

i.	**Principal Adviser**	:	United Overseas Bank (Malaysia) Bhd ("**UOBM**")
ii.	**Lead Arranger**	:	UOBM
iii.	**Co-arranger**	:	Not applicable
iv.	**Solicitor**	:	Adnan Sundra & Low
v.	**Financial Adviser**	:	Not applicable
vi.	**Technical Adviser**	:	Not applicable
vii.	**Trustee**	:	Pacific Trustees Berhad
viii.	**Guarantor**	:	UOBM ("**PG Provider**", as defined in item 2.0(v)(r) below)
ix.	**Valuer**	:	Not applicable
x.	**Facility Agent**	:	UOBM
xi.	**Primary Subscriber(s) and Amount Subscribed**	:	To be determined, if applicable, at the point of issuance.
xii.	**Underwriter(s) and Amount Underwritten**	:	Not applicable.
xiii.	**Central Depository**	:	Bank Negara Malaysia ("**BNM**")
xiv.	**Paying Agent**	:	BNM
xv.	**Reporting Accountant**	:	Not applicable
xvi.	**Calculation Agent**	:	Not applicable. The calculation of the DSCR (as defined in item 2.0(k) below) and all necessary calculation in relation to the Bonds (as defined in item 2.0(b) below) will be undertaken by the Facility Agent.
xvii.	**Others**	:	**Security Trustee** Pacific Trustees Berhad

b. Facility description	:	Fixed Rate Serial Bonds of up to RM280.0 million in aggregate nominal value ("**Bonds**").

c. Issue/programme size : Up to RM280.0 million in aggregate nominal value comprising eleven (11) tranches as follows:-

Bonds Tranche No.	Nominal Value (RM million)
1	60.0
2	25.0
3	20.0
4	20.0
5	20.0
6	20.0
7	20.0
8	20.0
9	20.0
10	25.0
11	30.0
Total	**280.0**

The Bonds will be issued at par, at premium or at a discount to face value.

d. Tenure of issue/debt programme : The Bonds are to be fully redeemed on the maturity date in accordance with the following tenure of the respective tranches:-

Bonds Tranche No.	Tenure (years)
1	5
2	6
3	7
4	8
5	9
6	10
7	11
8	12
9	13
10	14
11	15

The maturity dates of the respective tranches shall be determined prior to the issue date. The Securities Commission of Malaysia ("**SC**") will be notified accordingly.

e. Availability period of debt programme : Not applicable.

f. Interest/coupon rate (%) : The coupon rates for each tranche of the Bonds are as follows:-

Bonds Tranche No.	Coupon Rates (%pa)
1	4.00%
2	4.10%
3	4.20%
4	4.30%
5	4.40%
6	4.50%
7	4.60%
8	4.70%
9	4.80%
10	4.90%
11	5.00%

The coupon rates above are indicative rates and the final coupon rates shall be determined prior to the issue date. The SC will be notified accordingly.

g. Interest/coupon Payment frequency : Semi-annually in arrears.

h. Interest/coupon Payment basis : On basis of Actual/365 days.

i. Security/collateral : **<u>During construction stage</u>**

The principal amount of the Bonds shall be secured by the PG from the PG Provider during the Construction Period of the JKR Project.

During the Construction Period, the Issuer shall enter into a priority and security sharing agreement with, inter alia, the Security Trustee acting on behalf of the PG Provider (as first legal chargee) and the holders of the Bonds ("**Bondholders**") (as second legal chargee) in respect of the following security:

a) First ranking fixed charge over the Proceeds Account 1 ("**PA 1**") (as described in item 2.0(k)(1) below), Proceeds Account 2 ("**PA 2**") (as described in item 2.0(k)(2) below) and Debt Service Reserve Account ("**DSRA**") (as described in item 2.0(k)(3) below);

b) First priority assignment of the Issuer's contractual rights, interest, title and benefits in and to the performance bonds/guarantees, if any, in respect of the JKR Project and all proceeds arising therefrom to the extent assignable and permitted by prevailing laws;

c) First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of:

   I) the Availability Charges (as defined in item 2.0(v)(h) below) and Maintenance Services Charges (as defined in item 2.0(v)(m) below);

   II) the amount payable to the Issuer as a result of early termination of the Concession Agreement; and

   III) the appointment of substituted entity to carry out the concession;

   with notice of assignment to be acknowledged by the Government;

d) First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of any reimbursement cost (which shall not exceed 2.5% of the Construction Cost (as defined in item 2.0(v)(k) below)) incurred in relation to or for the purpose of implementation of the Concession Agreement;

e) Debenture over all of the Issuer's present and future assets, fixed and floating, save for the Asset Management Programme Account (as defined in item 2.0(v)(s) below);

f) Negative pledge by Pembinaan Sujaman Sdn Bhd ("**PSSB**") and Matang Makmur Holdings Sdn Bhd ("**MMHSB**") respectively not to pledge the shares of the Issuer ("**Shares**") held by it to any parties during the tenure of the Bonds and the deposit of the share certificates evidencing such Shares with the Security Trustee;

g) Negative pledge by Kumpulan Melaka Berhad ("**KMB**") not to pledge the Shares held by it to any parties during the tenure of the Bonds;

h) First priority assignment of insurance policies, if any, required to be undertaken under the JKR Project with the Security Trustee designated as the loss payee/mortgagee, to the extent permitted by prevailing laws; and

i) Deed of subordination of shareholder's present and future advances;

The following security will also be provided to the Security Trustee for the benefit of the Bondholders as the first legal chargee:-

a) First ranking fixed charge over the Collection Account ("**CA**") (as defined in item 2.0(k)(4) below) and Maintenance Services Charges Account ("**MSCA**") (as described in item 2.0(k)(5) below); and

b) Any other security as may be advised by the solicitors to the Lead Arranger and agreed with the Issuer.

Post completion stage

Upon expiry or cancellation of the PG after the construction of the JKR Project has been completed, the Bonds shall be secured by the abovementioned securities whereby the first right / charge will be transferred from the PG Provider to the Security Trustee for the benefit of the Bondholders save and except for Item 2.0(i)(a) whereby the PA 1 and PA 2 shall be closed.

For the avoidance of doubt, upon expiry or cancellation of the PG after the construction of the JKR Project has been completed, the following securities will be secured for the benefit of the Bonds (until the Bonds are fully redeemed) whereby the Security Trustee will be holding for the benefit of the Bondholders as the first legal chargee:-

1. First ranking fixed charge over the DSRA, CA and MSCA;

2. First priority assignment of the Issuer's contractual rights, interest, title and benefits in and to the performance bonds/guarantees, if any, in respect of the JKR Project and all proceeds arising therefrom to the extent assignable and permitted by prevailing laws;

3. First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of (i) the Availability Charges and Maintenance Services Charges; and (ii) the amount payable to the Issuer as a result of early termination of the Concession Agreement; with notice of assignment to be acknowledged by the Government;

4. First priority assignment of the Issuer's contractual rights, interest, title and benefits under the Concession Agreement in respect of any reimbursement cost (which shall not exceed 2.5% of the Construction Cost) incurred in relation to or for the purpose of implementation of the Concession Agreement;

5. Debenture over all of the Issuer's present and future assets, fixed and floating, save for the Asset Management Programme Account:

6. Negative pledge by PSSB and MMHSB respectively not to pledge the Shares held by it to any parties during the tenure of the Bonds and the deposit of the share certificates evidencing such Shares with the Security Trustee;

7. Negative pledge by KMB not to pledge the Shares held by it to any parties during the tenure of the Bonds;

8. First priority assignment of insurance policies, if any, required to be undertaken under the JKR Project with the Security Trustee designated as loss payee/mortgagee, to the extent permitted by prevailing laws; and

9. Deed of subordination of shareholder's present and future advances.

And any other security as may be advised by the solicitors to the Lead Arranger and agreed with the Issuer.

j. Details of utilisation of proceeds by the Issuer : The proceeds from the Bonds shall be deposited into PA 1 and utilised as follows:-

Purpose of Utilization	Amount (RM)
1. For the payment of fees, PG commission and expenses relating to the issuance of the Bonds.	Up to 26,200,000
2. To pre-fund into the DSRA at the point of Bonds issuance with the amount equivalent to meet and redeem up to the next forty eight (48) months of coupon payments of the Bonds.	49,800,000
3. To transfer and set aside in the PA 2 the Retention Sum 1 (as described in item 2.0(k)(2)(2) below).	12,000,000
4. To finance the construction cost of the JKR Project based on the amount stated in the certificates of work done less Retention Sum 1 and Retention Sum 2 (as described in item 2(k)(2)(3) below) (collectively, the Retention Sum 1 and the Retention Sum 2 shall be referred to as "**Retention Sums**") in the form and substance acceptable to the PG Provider and Facility Agent. *(Note (1))*	192,000,000
Total	Up to 280,000,000

Note (1): Retention Sum 2 of RM16,200,000 is also utilized as part of the construction cost under item 4.

k. Sinking Fund and Designated Accounts : No sinking fund.

<u>Designated Accounts:-</u>

1. Proceeds Account 1 ("PA 1");
2. Proceeds Account 2 ("PA 2");
3. Debt Service Reserve Account ("DSRA");
4. Collection Account ("CA"); and
5. Maintenance Services Charges Account ("MSCA").

1) PA 1

The Issuer shall open and maintain a PA 1 with UOBM and ensure that the proceeds raised from the issuance of the Bonds are deposited therein.

The funds in the PA 1 shall be utilised in the following manner in terms of priority:-

1. To make payment of fees, PG commission and expenses relating to the issuance of the Bonds;

2. To pay annual operating costs and expenses of IPSB based on documentary evidences in the form and substance acceptable by the PG Provider and Facility Agent:

3. To pre-fund DSRA at the point of Bonds issuance as follows:-

    a) To set aside an amount equivalent to 48 months' of coupon payments in the DSRA for the purpose of meeting the coupon payments during the Construction Period of 36 months; and

    b) To set aside and maintain a minimum amount equivalent to the next immediate coupon payment at all times after the 36 months;

4. To transfer and set aside the Retention Sums in PA 2;

5. To finance the construction costs of the JKR Project based on the certificates of work done less Retention Sums in the form and substance acceptable by the PG Provider and Facility Agent;

6. To make payment of tax; and

7. To transfer to the CA in the event there are any remaining funds upon completion of construction works and upon expiry or cancellation of the PG.

PA 1 shall at all times be jointly operated by the PG Provider and the Trustee. PA 1 shall be closed upon the expiry or cancellation of the PG.

2) PA 2

The Issuer shall open and maintain a PA 2 with UOBM and shall ensure the following are deposited into the PA 2:-

1. an amount equivalent to RM5,000,000 as paid up capital contribution to IPSB;

2. an amount equivalent to 5% of the Construction Cost of the JKR Project (up to RM12,000,000) to be built up progressively as Retention Sum 1. In the event the JKR Project is not completed during the agreed timeline of 3 years, the shareholders of IPSB will top up the full equity amount equivalent to RM12,000,000 as Retention Sum 1; and

3. an amount equivalent to RM16,200,000 to be built progressively from the cost of the JKR Project as Retention Sum 2;

The funds in the PA 2 shall be utilised in the following manner in terms of priority:-

1. To part finance the construction costs of the JKR Project based on the certificates of work done, in the form and substance acceptable by the PG Provider and Facility Agent; and

2. To transfer to the CA of the remaining funds.

PA 2 shall at all times be jointly operated by the PG Provider and the Trustee. PA 2 shall be closed upon the expiry or cancellation of the PG.

3) DSRA

The Issuer shall open and maintain the DSRA with UOBM at all times. Upon issuance of the Bonds, the Issuer shall ensure that the DSRA is pre-funded with the amount equivalent to meet and redeem up to the next forty eight (48) months of coupon payments for the Bonds.

After the Issuer has pre-funded the forty eight (48) months' coupon payments for the Bonds, the Issuer shall be permitted to withdraw and transfer from DSRA to PA 1 any interest income earned from the Permitted Investments (as defined in item 2.0(v)(a) below) during the Construction Period of the JKR Project, for the purpose of financing the Construction Cost of the JKR Project.

After the first 36 months, the Issuer shall set aside and maintain a minimum amount equivalent to the next immediate coupon payment at all times until the Bonds are fully redeemed. In respect of principal redemption, Issuer shall credit or cause to be credited into the DSRA an amount equivalent to the principal payment falling due on the next principal payment date. Such credit is to be made no later than six (6) months prior to such principal payment date (collectively to be known herein as the "**Minimum Balance**").

In the event any amount in the DSRA is utilised for the servicing of any coupon payment, the amount in the DSRA shall be replenished up to an amount equivalent to the next immediate coupon payment of the Bonds within 14 days from the date of the said utilisation. Failing which, it is an Event of Default.

The Issuer shall be permitted to withdraw and transfer from DSRA to CA any monies in excess of the Minimum Balance including any interest income earned from the Permitted Investments during the post-Construction Period of the JKR Project provided that the Minimum Balance is met or in the event the Minimum Balance is not applicable yet, the DSRA contains an amount equivalent to the Minimum Balance. The DSRA shall at all times be solely operated by the Trustee.

4) CA

The Issuer shall open and maintain a CA and ensure that the Availability Charges and other payments received including the One-off Payment (as defined in item 2.0(v)(q) below and any reimbursement cost (which shall not exceed 2.5% of the Construction Cost) incurred in relation to or for the purpose of implementation of the Concession Agreement are deposited therein.

For avoidance of doubt, all Maintenance Service Charges (as defined in item 2.0(v)(s) below) shall be deposited into the MSCA and all monies in relation to the Asset Management Programme (as defined in item 2.0(v)(s) below) shall be deposited into an escrow account in accordance with the Concession Agreement.

Prior to a declaration of an Event of Default, all monies in the CA shall be permitted to be withdrawn and utilised in the following order of priority during the post-completion period of the JKR Project:-

1. first, in or towards the payment of fees and expenses of the Issuer relating to the Bonds including the annual operating costs and expenses incurred by the Issuer based on documentary evidence in the form and substance acceptable to the Trustee;

2. second, pro rata towards payment of coupons due and payable on the Bonds;

3. third, pro rata towards redemption of the principal due and payable on the Bonds;

4. fourth, to top up the differential amount in the DSRA in the event the Minimum Balance is not met;

5. fifth, to refund RM16,000,000 as instructed by the PG Provider and the Facility Agent, provided that the Debt Service Cover Ratio ("**DSCR**") of at least 1.50 times is maintained at all times during the tenure of the Bonds;

6. sixth, pro rata towards payment of coupons due and payable on any subordinated bond provided that the DSCR of at least 1.50 times is maintained at all times during the tenure of the Bonds;

7. seventh, pro rata towards redemption of the principal due and payable on any subordinated bond;

8. eighth, to pay/distribute dividends which shall only be paid/distributed one (1) year after the Certificate of Availability (as defined in item 2.0(v)(s) below) has been issued provided that:-

   a) the DSCR is maintained at least 1.50 times at all times during the tenure of the Bonds; and

   b) no Event of Default has been occurred or would occur after the payment / distribution of the Expected Dividend Payout.

   "**Expected Dividend Payout**" is the dividend that the Issuer intends to pay.

9. ninth, to make payment of tax.

For the avoidance of doubt, the Issuer may issue subordinated bond(s) of up to RM15.0 million in nominal value. Such issuance would not require the approval from the SC as it falls under Schedule 5 of Capital Market and Services Act 2007.

The CA shall at all times be solely operated by the Trustee.

5) MSCA

The Issuer shall open and maintain a MSCA with UOBM and ensure that all Maintenance Services Charges (as defined in item 2.0(v)(s) below) payable by the Government to the Issuer in accordance with the Concession Agreement are deposited therein.

The funds in the Maintenance Services Charges Account may be utilised by the Issuer in accordance with the Concession Agreement.

The MSCA shall at all times be solely operated by the Issuer, save for an Event of Default, whereby the Maintenance Services Charges Account shall be solely operated by the Security Trustee.

l.	**Rating**	:	Credit Rating Assigned : Preliminary rating of AA1 for the Bonds. Name of Rating Agency : RAM Rating Services Berhad ("**RAM**")
m.	**Mode of issue**	:	Private placement, bought deal or book building basis, all without prospectus. The Bonds shall be issued in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") and will be issued and traded through Real Time Electronic Transfer of Funds and Securities ("**RENTAS**").
n.	**Selling restriction, including tradability, i.e. tradable or non-tradable**	:	**Selling Restrictions at Issuance** The Bonds may only be 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 Companies Act 1965, as amended from time to time, and persons to whom an offer or invitation to subscribe the Bonds may be made and to whom the Bonds are issued would fall within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 ("**CMSA**"). **Selling Restrictions Thereafter** The Bonds may only be 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 Companies Act 1965, as amended from time to time and persons to whom an offer or invitation to purchase the Bonds would fall within Schedule 6 or Section 229(1)(b) and read together with Schedule 9 or Section 257(3) of the CMSA.
o.	**Listing status and type of listing**	:	The Bonds will not be listed on any exchange.
p.	**Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained**	:	None.
q.	**Conditions precedent**	:	The issuance of the Bonds shall be subject to the following conditions which is including but not limited to: 1. The Issuer and the Security Parties (as defined in item 2.0(v)(o) below) respectively shall have furnished certified true copies of each of their latest Forms 24, 44 and 49, memorandum and articles of association and a list of authorised signatories and their specimen signatures;

2. Approvals or resolutions from the Issuer's Board of Directors authorising, amongst others, the issuance of the Bonds and the execution of all relevant documents to which it is a party;
3. Approvals or resolutions from the Security Parties' board of directors authorising, amongst others, the execution of all relevant documents to which it is a party;
4. Satisfactory completion of the due diligence exercise, in the form and substance acceptable to the Lead Arranger;
5. Evidence of the approval of the SC in respect of the Bonds has been obtained;
6. Confirmation of a minimum rating of AA1 by RAM for the Bonds;
7. Satisfactory legal opinion from the Solicitors as to the validity and enforceability of all legal documentation ("**Transaction Documents**"), including the letter referred to under item 2.0(q)(23) and that all conditions precedent have been duly fulfilled;
8. The Transaction Documents have been executed, stamped or endorsed as exempt from stamp duty, as applicable and presented for registration;
9. Evidence of approval from the relevant authority including the Government of the designs, drawing, specifications, layout and building plans under the JKR Project in accordance with the Concession Agreement;
10. Notice by the Government confirming the fulfillment of all conditions precedent stipulated in the Concession Agreement and the Effective Date (as defined in item 2.0(v)(s) below);
11. Evidence that all the representations and warranties contained in the Concession Agreement has been met and fully complied;
12. Evidence that the Designated Accounts have been opened with UOBM;
13. Receipt by the Trustee of the certified true copy of the Concession Agreement duly stamped or endorsed as exempted from stamp duty;
14. Receipt of the due acknowledgement by the Government of the notice of assignment issued by the Issuer to the Government in relation to the crediting of all Availability Charges due under the JKR Project into the CA;
15. Letter of authorization from the Issuer to the Facility Agent to make payment of all fees and expenses pertaining to the Bonds from the issue proceeds of the Bonds;
16. Receipt of PG from PG Provider pertaining to the Bonds;
17. All relevant notices and acknowledgements (where applicable) shall have been made or received as the case may be;
18. A report of the relevant company searches conducted on each of the Issuer and the Security Parties;
19. A report of the winding up searches conducted on each of the Issuer and the Security Parties;

20. The design and build agreement or a similar document in form and substance acceptable to the Lead Arranger has been executed and stamped;
21. Receipt by the Lead Arranger from the Issuer of an opinion issued by the Issuer's tax adviser in relation to the tax position of the Issuer for the JKR Project;
22. Receipt of an acknowledgement from the Government that it shall deposit the Maintenance Service Charges into the MSCA only and it shall deposit monies payable pursuant to the terms of the Concession Agreement in relation to the Asset Management Programme into the Asset Management Programme Account only;
23. Receipt of a letter from the Issuer to the Government confirming that the Availability Charges will remain the same as per the Concession Agreement throughout the Concession Period (as defined in item 2.0(v)(i) below) and such letter has been acknowledged receipt by the Government;
24. Satisfactory legal opinion from a firm of solicitors acceptable to the Lead Arranger as to the validity and enforceability of the Concession Agreement; and
25. Such other conditions as may be mutually agreed between the Lead Arranger and the Issuer.

r. Representations and Warranties : Representations and warranties shall include but not limited to the following:-

1. 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 property and assets;
2. 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;
3. all necessary actions, authorisations and consents required under the Transaction Documents by the Issuer have been taken, fulfilled and obtained and remain in full force and effect;

4. neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets other than those covered under the Transaction Documents;
5. the Transaction Documents are or will when executed be in full force and effect and constitute valid, binding and enforceable obligations of the Issuer in accordance with its terms;
6. no Event of Default has occurred and there is no encumbrance on the assets of the Issuer except as permitted under the Transaction Documents;
7. neither the Issuer nor any of its assets are entitled to immunity from process, execution, attachment or legal process;
8. the Issuer is in compliance and will comply with any applicable laws and regulations;
9. there is no litigation or arbitration that will materially and adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents;
10. the Issuer's audited financial statements will be and are prepared in accordance with approved accounting principles and standards in Malaysia and fairly represent its financial position as at the date of the financial statements; and
11. other representations and warranties typical and customary for similar financings at the recommendation of the solicitors.

s. Events of Default : Events of default shall include but not limited to the following:-

1. Failure to redeem the Bonds and/or pay any amount due under any of the Transaction Documents on the relevant due dates;
2. Non-compliance of the Minimum Balance and/or the DSCR and such failure has not been remedied as set out in the Transaction Documents;
3. Where a winding-up order has been made against the Issuer, or a resolution to wind-up the Issuer has been passed;

4. Where the Issuer convenes a meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors under section 176 of the Companies Act, 1965;
5. Where an encumbrance takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or any part of the business or assets of the Issuer and is not paid out, withdrawn or discharged within thirty (30) days of such appointment;
6. Where the Issuer fails to observe or perform any of its obligations (other than the non-payment obligations referred to in paragraph 1), terms and conditions or provisions under the Transaction Documents or any other related documents or under any undertaking arrangement entered into in connection herewith, and if capable of remedy, has not been remedied within thirty (30) days upon the Issuer being aware of the same or after receipt by the Issuer of a written notice from the Trustee to do so;
7. Where any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;
8. Where there is a revocation, withholding or modification of a licence, authorisation or approval that impairs or prejudices the Issuer's ability to comply with the terms and conditions or the provisions of the Transaction Documents or any other related documents;
9. Termination of the Concession Agreement due to non-compliance by the Issuer of the terms and conditions pertaining to the Concession Agreement;
10. The Issuer fails to complete the construction of the JKR Project by the date falling thirty six (36) months from the date of commencement of the construction works of the JKR Project or any extension allowed by the Government pursuant to the Concession Agreement;
11. Any representation or warranty by the Issuer under the Transaction Documents that prove to have been untrue in any material respect;
12. Material adverse change in the financial condition of the Issuer which may have a material adverse effect on its ability to comply with its obligations under Transaction Documents;
13. The Lease Agreement (as defined in the Concession Agreement) and/or the Sub-lease Agreement (as defined in the Sub-lease Agreement) have not been executed in accordance with the Concession Agreement or have been terminated pursuant to a default therein by the Company;

14. An event of total loss occurs on any of the facilities and infrastructure which in the opinion of the Trustee would significantly impair the ability of the Bonds to be serviced (for example, earthquake, fire, war, etc); and
15. Any other such events of default as may be advised by the solicitors.

Upon the occurrence of an Event of Default, the Trustee may, and shall if directed to do so by a special resolution by the Bondholders declare that the Bonds is immediately due and payable.

t. Covenants : **Financial Covenants**

The Issuer shall maintain the DSCR of at least 1.50 times during the tenure of the Bonds.

In the event that the DSCR is not maintained, the Issuer shall rectify it within 60 days from the date of the said occurrence. Failing which, it shall constitute an Event of Default.

A) Computation of DSCR for coupon payments and principal redemption of Bonds in the same financial year:-

DSCR = (Total Opening Cash Balances + Incoming Cash Flow in the Financial Year – Operating Expenses in the Financial Year)/ (Principal Due + Coupon Payments Due on the Bonds in the Financial Year)

where :-

Financial Year means the period starting from 1 of January to 31 December of any year.

Total Opening Cash Balances is the total cash balances of Issuer in the Designated Accounts (as defined in item 2.0(k) above) at the beginning of the Financial Year.

Incoming Cash Flow in the Financial Year are the:-

1. Availability Charges;
2. Other payments received including any reimbursement cost (if any); and
3. Interest income earned from the Permitted Investments.

Operating Expenses in the Financial Year are the:-

1. SPV running costs;
2. Insurance payment;
3. Tax payment;
4. Bonds fees and expenses;
5. The one-off payment of the refund set out in paragraph 7 of item 2.0(k)(4) above, which is only payable after the Certificate of Acceptance (as defined in item 2.0(v)(s) below) has been issued;

6. Coupon payment of any subordinated bond; and
7. Dividends payout.

Principal Due and Coupon Payments Due in the Financial Year are the total repayments (principal and coupon payments) pertaining to the Bonds paid by the Issuer during the Financial Year.

For avoidance of doubt, the DSCR shall be computed at the beginning of every Financial Year of the Issuer. The computation of which must be verified by the Facility Agent and the Trustee.

B) Computation of DSCR for coupon payments and principal redemption of the Bonds in the next financial year Before the expected coupon payment for any subordinated bond and Expected Dividend Payout:-

DSCR = (Total Cash Balances + Incoming Cash Flow for the past twelve (12) months period – Operating Expenses for the past twelve (12) months period)/ (Principal Due + Coupon Payments Due on the Bonds for the next twelve months period)

where:-

Total Cash Balances is the total cash balances of Issuer in the Designated Accounts as at 365 days prior to the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

Expected Dividend Payout is the dividend that the Issuer is intended to pay.

Incoming Cash Flow for the past twelve (12) months period are the:-

1. Availability Charges;
2. Other payments received including any reimbursement cost (if any); and
3. Interest income earned from the Permitted Investments,

prior to the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

Operating Expenses in the Financial Year are the:-

1. Construction costs (if any);
2. SPV running costs;
3. Insurance payment;
4. Tax payment;
5. Bonds fees and expenses; and
6. The one-off payment of the refund set out in paragraph 7 of item 2.0(k)(4) above, which is only payable after the Certificate of Acceptance has been issued;
7. Coupon payment of any subordinated bond; and
8. Dividends payout,

prior to the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

Principal Due and Coupon Payments Due in the Financial Year are the total repayments (principal and coupon payments) pertaining to the Bonds paid by the Issuer for the next twelve months period from the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

<u>C) Computation of DSCR for coupon payments and principal redemption of the Bonds in the next financial year After the expected coupon payment for any subordinated bond and Expected Dividend Payout:-</u>

DSCR = (Total Cash Balances + Incoming Cash Flow for the past twelve (12) months period – Operating Expenses for the past twelve (12) months period – Expected Dividend Payout – expected coupon payment for any subordinated bond) / (Principal Due + Coupon Payments Due on the Bonds for the next twelve months period)

where:-

Total Cash Balances is the total cash balances of Issuer in the Designated Accounts as at 365 days prior to the date of the expected coupon payment of any subordinated bond and Expected Dividend Payout.

Expected Dividend Payout is the dividend that the Issuer is intended to pay.

Incoming Cash Flow for the past twelve (12) months period are the:-

1. Availability Charges;
2. Other payments received including any reimbursement cost (if any); and
3. Interest income earned from the Permitted Investments.

prior to the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

Operating Expenses in the Financial Year are the:-

1. Construction costs (if any);
2. SPV running costs;
3. Insurance payment;
4. Tax payment;
5. Bonds fees and expenses;
6. The one-off payment of the refund set out in paragraph 7 of item 2.0(k)(4) above, which is only payable after the Certificate of Acceptance has been issued;
7. Coupon payment of any subordinated bond; and
8. Dividends payout.

prior to the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

Principal Due and Coupon Payments Due in the Financial Year are the total repayments (principal and coupon payments) pertaining to the Bonds paid by the Issuer's for the next twelve months period from the date of the expected coupon payment for any subordinated bond and Expected Dividend Payout.

For the avoidance of doubt, computation of DSCR as defined in item (B) and (C) above have to be first computed and comply with the Financial Covenant of maintaining the DSCR of at least 1.50 times before any coupon payment of any subordinated bond and/or dividend payment may be disbursed. Dividends can only be distributed one (1) year after the Certificate of Availability has been issued.

Positive Covenants

The Issuer shall provide covenants, including but not limited to the following:-

1. Deliver to the Trustee a copy of (a) the annual audited financial statements of the Issuer within 180 days from the end of the relevant Financial Year and (b) the unaudited semi-annual financial statements of the Issuer within 90 days from the end of the relevant semi-annual period, prepared in accordance with Malaysian generally accepted accounting principles (GAAP) and including compliance certificates signed by an authorised signatory evidencing compliance with the covenants imposed herein and details of calculation thereof;
2. Deliver to the Trustee and the rating agency a copy of (a) the quarterly statement of the Designated Accounts and (b) the monthly progress reports during the Construction Period;
3. Carry on and operate its business and affairs with due diligence, in proper and efficient manner which should ensure, amongst others, that all necessary approvals or relevant licences are obtained and/or being obtained;
4. Comply with all provisions of the Transaction Documents and Concession Agreement to which it is a party;
5. Preserve and keep in force and effect all licenses, consents and rights (where applicable) necessary for the conduct of its business;
6. Maintain all insurance necessary for its business in accordance with common industry practice (where applicable);
7. Comply with its obligations under the Central Securities Depository and Paying Agency Rules issued by MyClear and, without prejudice to the generality of the foregoing, at all times maintain a Paying Agent with a specified office in Malaysia;

8. Comply with the provisions of the CMSA, the SC's Guidelines and all relevant laws and regulations with regards to the Bonds;
9. A copy of the minutes (if any) of the Project Monitoring Committee (as defined in item 2(v)(s) below) meeting(s) is to be furnished to the Trustee;
10. Perform all its obligations under the Concession Agreement and will immediately notify the Trustee of any breach or default under the Concession Agreement and ensure that all consents, approvals, licenses and other authorisations required to ensure the validity and enforceability of the Concession Agreement are obtained and kept in full force and effect;
11. Execute the Lease Agreement immediately upon the issuance of the Certificate of Acceptance and simultaneously, execute the Sub-lease Agreement and ensure that the sub-lease shall commence one (1) day after the date of the Lease Commencement Date (as defined in item 2(v)(s) below). Following the execution of the Sub-lease Agreement, the Issuer shall procure a legal opinion to be issued to the Trustee within 14 days from the date of the Sub-lease Agreement confirming the legality, validity and enforceability of the Sub-lease Agreement. In the event the Government is unable to enter into the Sub-lease Agreement within the aforesaid timeframe for any reason whatsoever, the Issuer shall forthwith issue a notice to the Government to terminate the Concession Agreement;
12. Immediately upon its receipt from the Government of the One-off Payment, deposit the same into the CA; and
13. Any other covenants as may be advised by the Solicitors.

Negative Covenants

The Issuer shall, without the prior written consent of the Trustee, not do the following, which are including but not limited to:

1. Amend its memorandum and articles of association, save for amendments required by law, regulation and for increase in share capital;
2. Undertake any business other than the concession for the JKR Project;
3. Enter into any amalgamation, consolidation, merger, reconstruction, dissolution or winding up of itself which may materially affect its ability to perform its obligation;
4. Assign its rights or transfer its obligations under the Transaction Documents and Concession Agreement;
5. Dispose of major assets that contribute substantially to its revenue unless in the ordinary course of business and on an arm's length basis or which are neither obsolete or worn out;

6. Surrender, transfer, assign, relinquish, dispose or create any security interest over any of its rights and interest under the Concession Agreement;
7. Do or suffer to be done any act, matter or thing whereby any insurance may be rendered void, voidable or incapable of being effected, maintained or renewed;
8. Reduce its authorized and issued paid-up capital;
9. Pay any dividend during the Construction Period;
10. Pay any dividend after the Construction Period:-
    a) During the period of one (1) year after the Certificate of Availability (as defined in item 2(v)(s) below) has been issued;
    b) If DSCR is less than 1.50 times at the point of the Expected Dividend Payout and less than 1.50 times after the Expected Dividend Payout; and
    c) If an Event of Default has occurred, is continuing and has not been waived.
11. Grant any loans, advances, guarantees, indemnities or similar assurances against financial loss in respect of any indebtedness of any affiliate or third party, other than in the normal course of business;
12. Incur, assume, guarantee or permit to exist any further financial indebtedness save for debt raised for the purposes of refinancing the Bonds;
13. Close the MSCA;
14. Terminate, suspend, or enter into negotiations to, in any way, alter, amend, change, vary, delete, waive or relinquish any of the terms or conditions of the Concession Agreement or grant any time or indulgence to or release or vary the liability of any person under the Concession Agreement; and
15. Any other undertakings as may be advised by the solicitors.

u. Provisions on buy-back and early redemption of bonds :

Buy-back

The Issuer or any of its subsidiaries, agent(s) or interested persons may at any time purchase the Bonds at any price in the open market or by private treaty, but these repurchased Bonds shall, if purchased by the Issuer or by its subsidiaries or by agent(s) of the Issuer who is acting for the purchase, be cancelled and cannot be reissued or, if purchased by the Issuer's interested persons, the Bonds need not be cancelled but they will not entitle such interested persons to vote at any meeting of the holders of the Bonds.

Early redemption

The Issuer may not early redeem the Bonds prior to its maturity unless approved by the Bondholders.

v. Other principal terms and conditions for the proposal

(a) Permitted Investments : The Issuer shall be permitted from time to time to utilise the funds held in the Designated Accounts to make Permitted Investments subject to the consent of the Trustee and PG Provider, provided that such funds utilised for Permitted Investments shall be remitted to the relevant Designated Accounts, five (5) business days before any payment obligations of the Issuer is due and payable.

"**Permitted Investments**" shall mean:-

1. Securities the interest of which is issued or guaranteed by the Government;

2. Fixed income securities issued in Malaysia with the approval of the Government by any authority established under federal or state law with minimum rating of AA1 / AA+ or P1 / MARC 1 or its equivalent.

3. Investment in money market instruments where there is the flexibility of early withdrawal without incurring any penalty such as bankers' acceptance or promissory notes or certificates of deposit issued by any bank licensed pursuant to the Banking and Financial Institutions Act 1989 and Islamic Banking Act 1983 and having a minimum long term rating of AA1 / AA+ and short term rating of P1 / MARC 1 or its equivalent.

(b) Ranking : The Bonds will constitute direct, secured and unconditional obligations of the Issuer.

The Bonds 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 secured and unsubordinated obligations of the Issuer, subject to those preferred by law and the transaction documents.

(c) Fees & Expenses : All costs and expenses in relation to the Bonds (including legal fees, out of pocket expenses, reasonable traveling expenses and all goods and services, value added and other duties or taxes payable on such cost and expenses) whether on an abortive basis or otherwise shall be for the account of the Issuer.

(d)	**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.
(e)	**Clear Market**	:	From the date of acceptance of the Lead Arranger's mandate letter until ninety (90) days after issuance of the Bonds, the Issuer shall ensure that there are no other financing facilities or debt instruments or securities issued by the Issuer or its subsidiaries or associated companies which are mandated, placed or syndicated directly or on its behalf without the prior consent of the Lead Arranger.
(f)	**Market Flex**	:	The Lead Arranger has the right at any time to be entitled to changes in structure and terms, including pricing of the Bonds subject to the consent of the Issuer, if such changes are advisable in the Lead Arranger's reasonable opinion to ensure a successful placement of the Bonds. The Lead Arranger shall consult with the Issuer on such changes and the Issuer shall consider such changes in good faith and shall not unreasonably withhold its consent.
(g)	**Material Adverse Change**	:	The obligations of the Lead Arranger under these principal terms and conditions are subject to the absence of, in their reasonable opinion, any events or circumstances (including any material adverse change or the continuation of any circumstances) which have adversely affected or could reasonably be expected to materially or adversely affect : 1. The financial condition of the Issuer since the date as at which its latest audited financial statements were prepared; 2. The ability of the Issuer to perform its obligations under these principal terms and conditions or Transaction Documents; or 3. The domestic bond market which in the reasonable opinion of the Lead Arranger could prejudice successful placement of the Bonds; during the period from the date of these principal terms and conditions to the date of signing the Transaction Documents.

(h)	**Availability Charges**	:	The "**Availability Charges**" are the sub-lease rentals payable to the Issuer by the Government for the availability of the facilities and infrastructure of the JKR Project. After the completion of the construction of the facilities and infrastructure of the JKR Project, the Government will grant a sub-lease of the land on which the JKR Project is situated to the Issuer and the Issuer will in turn grant a sub-lease to the Government. The Availability Charges are payable until the expiry of the Concession Period. The Availability Charges are payable monthly after the completion of the construction of the facilities and infrastructure of the JKR Project for an annual amount of RM29,704,248.
(i)	**Concession Period**	:	Subject to the terms and conditions of the Concession Agreement, the Concession Period shall be for a period of eighteen (18) years commencing from the date of the construction commencement date.
(j)	**Construction Period**	:	The period of construction and completion of the facilities and infrastructure of the JKR Project within thirty six (36) months from the date of commencement of the construction works of the JKR Project or any extended period thereof as per the Concession Agreement.
(k)	**Construction Cost**	:	The total construction cost for the construction works of the JKR Project is Ringgit Two Hundred Forty Million (RM240,000,000).
(l)	**Reimbursement Costs**	:	Subject to the terms and conditions of the Concession Agreement, the Government shall reimburse the Issuer the cost of stamp duties relating to the Concession Agreement, the sub-lease agreements and financing agreement and any other cost incurred in relation to or for the purpose of implementation of the Concession Agreement, consisting of the Issuer's solicitors' legal fees, cost of obtaining the loan, financial and tax advisory fees, the independent consultant engineer fees and project management consultant fees. PROVIDED ALWAYS the total reimbursable cost shall not exceed 2.5% of the Construction Cost.
(m)	**Maintenance Services Charges**	:	Subject to the terms and conditions of the Concession Agreement, in respect of the maintenance of the facilities and infrastructure of the JKR Project, the Issuer will be paid the maintenance services charges by way of monthly payments in arrears. The Maintenance Services Charges are payable until the expiry of the Concession Period.
(n)	**Governing Law**	:	Laws of Malaysia.
(o)	**Security Parties**	:	Parties other than the Issuer who are providing Security / Collateral (as detailed in item 2.0(i) above) for the Bonds.

(p)	**Application of Proceeds following Events of Default**	:	All monies in the CA and the DSRA following the declaration of an Event of Default shall be applied in the following manner: (i) first, in or towards the payment of fees and expenses of the Issuer relating to the Bonds including the annual operating costs and expenses incurred by the Issuer based on documentary evidence in the form and substance acceptable to the Trustee; (ii) second, pro rata towards payment of coupons due and payable on the Bonds; (iii) third, pro rata towards redemption of the principal due and payable on the Bonds; (iv) fifth, pro rata towards payment of coupons due and payable on any subordinated bond; and (v) sixth, pro rata towards redemption of the principal due and payable on any subordinated bond.
(q)	**One-off Payment**	:	The one-off payment of RM66,000,000 from the Government to the Issuer for the acquisition of the ICT and Training Equipment (as described in the Concession Agreement)
(r)	**Performance Guarantee (“PG”)**		An irrevocable and unconditional PG will be provided by UOBM (“**PG Provider**”) in favour of the Trustee acting on behalf of the Bondholders to guarantee the repayment of the principal amount of the outstanding Bonds in the event an Event of Default (as defined in item 2.0(s) above) is declared by the Trustee during the Construction Period (as defined in item 2.0(v)(j) above) of the JKR Project. In the event that no Event of Default has been declared and the Construction Period is extended, the Issuer shall procure new performance guarantee from the PG Provider for any such extension of the Construction Period. The guaranteed amount of the PG shall be up to Ringgit Two Hundred and Eighty Million (“**Guaranteed Amount**”). The Guaranteed Amount shall not at anytime exceed Ringgit Two Hundred and Eighty Million. Upon the occurrence of an Event of Default during the Construction Period the Trustee may, and shall if directed to do so by a special resolution of the Bondholders make a demand on the PG.

(s)	**The following terms as used in this Principal Terms and Conditions are extracted from the definitions in the Concession Agreement**	:	Asset Management Programme means a programme as set out in the Asset Management Services Manual for the management of the Facilities and Infrastructure in order to maintain their functionality, objective and intent within their expected life span in the most cost effective manner during the Asset Management Services Period in accordance with the Concession Agreement; Asset Management Programme Account means an account established under Clause 17.2 and particularly described in Appendix E5 to the Concession Agreement; Certificate of Acceptance means the certificate to be issued by the Government to the Concession Company pursuant to Clause 12.8 and substantially in the form as set out in Appendix L to the Concession Agreement; Certificate of Availability means the certificate to be issued by the Concession Company to the Government pursuant to Clause 12.7 notifying the Government of the availability of the Facilities and Infrastructure and substantially in the form as set out in Appendix K to the Concession Agreement; Effective Date means the date of the fulfilment of the conditions precedent to this Agreement as stipulated in Clause 2.2 to the Concession Agreement; Lease Agreement means the lease agreement entered into by the Federal Lands Commissioner on behalf of the Government and the Concession Company pursuant to Clause 9.2.1 and substantially in the form and substance as set out in Appendix H to the Concession Agreement; Lease Commencement Date means the date of the Certificate of Acceptance; Maintenance Service Charges as particularly described in Appendix G1 to the Concession Agreement; Project Monitoring Committee means the committee referred to in Clause 32 to the Concession Agreement.

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3.0 INVESTMENT CONSIDERATIONS

Prospective investors of the Bonds and the Subordinated Bond(s) should consider carefully all information set out in this Information Memorandum and, in particular, the risks highlighted in this section. The Bonds and the Subordinated Bond(s) are subject to certain risks that could adversely affect the business of the Issuer. The following section does not purport to be complete or exhaustive. Prospective investors should undertake their own investigation and analysis on the Issuer, their businesses and risks associated with the Bonds and the Subordinated Bond(s).

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

Each recipient of this Information Memorandum is strongly encouraged to perform its own independent evaluation of the Issuer and its risk profile, which may change over time. Each Bond and the Subordinated Bond(s) issue will carry different risks and all potential investors are strongly encouraged to evaluate each Bond and the Subordinated Bond(s) issue on its own merit.

The Issuer is subject to certain risks inherent in the industry its businesses are involved in. Although these risks are sought to be minimised, where possible, no assurance can be given that any changes to these factors will not have a material effect on the Issuer's businesses.

3.1 General Considerations

3.1.1 Regulatory

Changes in law and regulations are unpredictable and beyond the Issuer's control and may affect the way the Issuer conducts its businesses and the products it offers. 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.

3.1.2 Political and Economic Considerations

As in any other business, the Issuer is subject to risks inherent in the construction industry. Any adverse developments in the political and economic conditions in Malaysia and other countries where the Issuer sources its suppliers or markets its products may materially and adversely affect the prospects and future performance of the Issuer and the market value of the Issuer's Bonds and the Subordinated Bond(s). Such uncertainties may include risk of war, expropriation, nationalisation or nullification of existing contract, changes in interest rates, taxation, currency exchange controls, inflation and/or other political, economic or social developments. There is no assurance that such adverse political and economic factor will not materially affect the Issuer.

Although measures will be taken by the Issuer to address and/or mitigate such developments, no assurance can be given that such measures would be sufficient of effective and that adverse political and economic conditions will not materially adversely affect the Issuer.

3.1.3 Forward Looking Statements

Certain statements in this Information Memorandum are forward-looking in nature. These statements include, among other things, discussions of the Issuer's business strategy and expectation concerning its position in the Malaysian economy and future operations. All forward-looking statements are based on estimates and assumptions made by the Issuer and third party consultants (if any), that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

3.2 Risk Associated with the Bonds and the Subordinated Bond(s)

3.2.1 The Issuer's ability to meet payment obligations under the Bonds and the Subordinated Bond(s)

The Bonds and the Subordinated Bond(s) represent the direct and secured and unconditional obligations of the Issuer and shall be payable out of the Availability Charges to be received by the Issuer from the Government for making available the facilities and infrastructure of the JKR Project. The Availability Charges are the sole source of repayment of the Bonds and the Subordinated Bond(s) and the Government is the sole paymaster of the monthly Availability Charges. In this regard, the principal and coupon payment obligations under the Bonds and the Subordinated Bond(s) shall depend on the timely payment of the monthly Availability Charges by the Government. Any material delay in the payment of the Availability Charges by the Government to the Issuer will affect the Issuer's cashflow and repayment ability. Notwithstanding the aforesaid, the ultimate obligor is the Government.

Other than the Issuer, the Bonds and the Subordinated Bond(s) shall not be the obligations or responsibilities of any other person involved or interested in the transaction envisaged under the Bonds and the Subordinated Bond(s). None of such persons will accept any liability whatsoever to the Bondholders and the Subordinated Bondholders in respect of any failure by the Issuer to pay any amount due under the Bonds and the Subordinated Bond(s).

An irrevocable and unconditional PG will however be provided by the PG Provider in favour of the Trustee acting on behalf of the Bondholders to guarantee the repayment of the principal amount of the outstanding Bonds of up to the Guaranteed Amount in the event an Event of Default occurs during the Construction Period of the JKR Project. In the event that the Construction Period is extended, the Issuer shall also be required to procure new performance guarantee from the PG Provider for such extended Construction Period. Upon the occurrence of an Event of Default during the Construction Period the Trustee may, and shall if directed to do so by a special resolution by the Bondholders make a demand on the PG.

3.2.2 No track record of payment from the Government/JKR

The JKR Project is a greenfield project whereby there is no track record of payments from the Government to the Issuer. However, the risk of payment delays will be partly mitigated by a pre-funded DSRA of 48 months coupon payments. Additionally, the principal of the Bonds and the Subordinated Bond(s) will only be amortised from the 5^{th} year of the Bonds and the Subordinated Bond(s) onwards which should provide sufficient build-up of cash reserves after the expected completion of the construction of the facilities and infrastructures of the JKR Project.

3.2.3 No prior market for the Bonds and the Subordinated Bond(s)

The Bonds and the Subordinated Bond(s) comprise a 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 Bonds and the Subordinated Bond(s) or that it will continue for the entire tenure of the Bonds and the Subordinated Bond(s). Furthermore, there can be no assurance as to the ability of investors to sell, or the prices at which investors would be able to sell their Bonds.

3.2.4 The market value of the Bonds may be subject to fluctuation

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

3.2.5 An investment in the Bonds is subject to interest rate risk

Bondholders may suffer unforeseen losses (both realized and unrealised) due to fluctuations in interest rates. The Bonds are fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rate may cause a fall in the prices of the Bonds. The market value of the Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Bonds and the prices at which the Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested for lower returns.

3.2.6 The Issuer may in certain circumstances repurchase the Bonds in the open market

The Issuer or any of its subsidiaries (if any), agent(s) or interested persons may at any time purchase the Bonds at any price in the open market or by private treaty, but these repurchased Bonds shall, if purchased by the Issuer or by its subsidiaries or by agent(s) of the Issuer who is acting for the purchase, be cancelled and cannot be reissued.

3.2.7 The rating on the Bonds may be changed at any time and this may adversely affect the market value of the Bonds

The Bonds have been accorded a preliminary rating of AA1 by the Rating Agency. The rating addresses the high likelihood of full and timely payment of interest and principal to Bondholders. A rating is not a recommendation to purchase, hold or sell the Bonds 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.

3.2.8 Performance Guarantee

The payment under the PG will be dependent upon the financial strength of the PG Provider and subject to the risks inherent to the business and operations of the PG Provider. The PG Provider is currently rated AAA by the Rating Agency.

The information on the PG Provider has been extracted or taken from public sources. No due diligence inquiries or independent investigations have been made on the PG Provider. As such, prospective investors are requested to conduct their own independent assessment and evaluation of the format and terms of the PG and to assume that all necessary actions and authorisations have been taken or made by the PG Provider in respect of the issuance of the PG.

3.3 Risk Related to the Issuer

3.3.1 The Issuer is a special purpose vehicle

The Issuer is a special purpose vehicle incorporated in Malaysia under the Companies Act for the purpose of undertaking the JKR Project and raising funds in respect thereof. The Issuer is restricted by the terms of the Bonds and the Subordinated Bond(s) and the Concession Agreement where it will not engage in any business activity other than in connection to the issuance of the Bonds and the Subordinated Bond(s) and the JKR Project respectively.

The Issuer’s principal source of funds will be its entitlement to receive the Availability Charges and amounts payable under the terms of the Concession Agreement.

3.3.2 Delays in Project Completion

The timely completion of the JKR Project is dependent on many external factors, including obtaining the necessary approvals as scheduled, securing construction materials in adequate amounts and satisfactory performance by building contractors appointed to complete its development projects. The JKR Project is subject to the various approvals from the district and state land offices, including the planning authorities and local councils in the relevant countries. There can be no assurance that there will not be any delays in completion of the JKR Project. Any prolonged delay in the completion of the JKR Project could adversely affect the Issuer’s business, financial condition, results of operations and prospects.

3.3.3 Environmental Considerations

Digistar Holdings as the main contractor for the JKR Project is required to comply with the various environmental laws relating to, amongst others, water, air, noise, pollution and the disposal of waste materials. Although environmental protection procedures and mitigation measures are implemented, there is no assurance that material costs and liabilities in relation to any environmental laws will not be incurred in the future.

3.3.4 Termination of the Concession Agreement

The Government has the right to terminate the Concession Agreement pursuant to the occurrence of several events of default. Upon such termination, the Issuer shall not be entitled to the payment of Availability Charges which is the primary source of repayment of the Bonds and the Subordinated Bond(s). Please see Section 5.9 herein on termination of the Concession Agreement.

Notwithstanding the above, if the Concession Agreement is terminated due to the default by the Issuer during the Construction Period, the Bondholders may make a demand on the PG and in the event the Concession Agreement is terminated after the Construction Period, the Government will be required to pay the Issuer the outstanding amount relating to the loan obtained by the Issuer for the purpose of financing the Construction Works of the JKR Project.

3.3.5 Adequacy of Insurance Coverage

The Issuer's board of directors believes that the Issuer's assets are adequately insured against unforeseen events such as fire and accidents by employees. Although the Issuer has taken the necessary measures to ensure that its business and assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of all its assets, business or any consequential costs arising therefrom. In addition, such insurance policies may no longer be available or the policy cost may significantly increase in the future. The materiality of this risk shall depend on the nature of the insurance contract that it currently holds, the insured sum and the cost of such policies.

3.3.6 Termination of the Lease & Sub-Lease in relation to the Project Land ("Lease")

In the event the Lease is terminated during the Asset Management Services Period, the Sub-lease Agreement would also be terminated. If the Lease is terminated due to the default by the Concession Company, the consequences of termination during Asset Management Services Period due to default by the Concession Company as set out in Section 5.9.3 herein shall be applicable. If the Lease is terminated due to any reason other than the default by Concession Company, the consequences of termination due to the default by the Government as set out in Section 5.11 herein shall be applicable.

3.3.7 Cash Flow Projections

The cash flow projections of the Issuer are based on reasonable assumptions made by the Issuer that are nevertheless subject to uncertainties and contingencies. Owing to the subjective judgments and inherent uncertainties of the forecast/projections and given that events and circumstances may not occur as expected, there can be no assurance that the forecast/projections contained herein will be achieved, or, that actual results may be materially different from those forecast/projected.

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4.0 INFORMATION ON THE ISSUER

Name	:	Indera Persada Sdn Bhd (“**IPSB**” or “**the Company**” or “**the Issuer**”)
Address	:	**<u>Registered Address:</u>** No. 29-3 (Suite 3), Block F2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan **<u>Business Address:</u>** B5/5/5 One Ampang Business Avenue Jalan Ampang Utama ½ 68000 Ampang Selangor
Business Registration No.	:	955495-T
Date/Place of incorporation	:	2 August 2011/Malaysia
Date of Listing	:	Not applicable
Status	:	Resident controlled company
Principal activities	:	IPSB is a single purpose vehicle incorporated in Malaysia under the Companies Act and owned by KMMB, PSSB and MMHSB for the sole purpose of:- i. carrying out the JKR Project; and ii. to carry out the management and maintenance of the facilities and infrastructure of the JKR Project in order to maintain their functionality, objective and intent, in accordance to the terms and conditions of the Concession Agreement.

Board of Directors as at 23 May 2013 :

Name	**NRIC No**
Khalid Bin Habib	660201-10-8039
Lee Wah Lian	660326-04-5019
Aziz Bin Hamid	560717-04-5333
Tan Sri Mohd Zaman Khan @ Hassan B Rahim Khan	421231-03-6031
Datuk Wira Lee Wah Chong	580709-04-5219
Lee Mely	611117-04-5070

Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders as at 23 May 2013 :

KMB	1,500,000
PSSB	1,500,000
MMHSB	2,000,000

Authorised and paid-up share capital as at 23 May 2013 :

<u>Authorised:</u>	
Ordinary shares of RM1.00 each	RM5,000,000

		Issued and fully paid-up: Ordinary shares of RM1.00 each RM5,000,000
Disclosure of the following	:	IPSB and its directors 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 past five (5) years prior to the date of application.

4.1 Profile of Directors of Issuer

As at 23 May 2013, the Issuer's Board of Directors comprise of six (6) directors and their profiles are as follows:-

Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan (421231-03-6031)

Tan Sri Datuk Mohd Zaman Khan @ Hassan B Rahim Khan, a Malaysian aged 70, was appointed as Director of IPSB on 11 March 2013.He graduated from Royal College of Defence Studies, United Kingdom and also holds a Graduate Certificate in Management from Monash Mt. Eliza Business School. Tan Sri Datuk Mohd Zaman Khan served the Malaysian Police Force for 35 years and had held several key positions, namely as Commissioner of Police, Director of Criminal Investigation and Director-General for the Prisons Department. On his retirement, he became active in prevention and rehabilitation with PEMADAM. He was inducted into the Harm Reduction Working Group with the Malaysian Aids Council and subsequently inducted into the National Task Force on Harm Reduction. He is currently the President of Malaysian Aids Council and Trustee of Malaysian Aids Foundation.

His present directorship in public companies includes Digistar Corporation, Tricubes Berhad and RCE Capital Berhad.

Datuk Wira Lee Wah Chong (580709-04-5219)

Datuk Lee Wah Chong, a Malaysian aged 55, was appointed as the Managing Director of IPSB on 11 March 2013. He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. He is also the Managing Director of Digistar Corporation, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. He is the founder of Digistar Group which started as an audio visual system provider in 1982 and expanded to a total solution provider in design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems. As the Managing Director of Digistar Group, Datuk Lee has been the main driving force of the Digistar Group since 1982. His sound technical background and management skills have taken the Digistar Group to the forefront of the system integration industry.

He also sits on the board of directors of various other private companies and does not have any directorship in other public companies.

Lee Mely (611117-04-5070)

Lee Mely, a Malaysian aged 52, was appointed as Director of IPSB on 11 March 2013. She is also an Executive Director of Digistar Corporation since 2 March 2012. She is a Licensed Company Secretary under Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") since 1997. She graduated with a Certificate in Business Studies from Goon Institute, Petaling Jaya in 1981. She served with Hagemeyer Industries (M) Sdn Bhd as an Assistant Accountant for two (2) years and left in 1986 to join Segabina Sdn Bhd as an Accounts Executive. She was promoted to the position of Administration Manager in 1992, a position she held for six (6) years before being promoted to the position of General Manager.

Save for Digistar Corporation, she does not have any directorship in other public companies.

Khalid Bin Habib (660201-10-8039)

Khalid Bin Habib, a Malaysian aged 47, was appointed as Director of IPSB on 18 May 2012. He, is also a Director of PSSB since 2002. Prior to joining PSSB, he served with Akitek Supra as a Project Architect for ten (10) years since 1992. He graduated with a Degree of Bachelor of Science in Architecture from Polytechnic of East London in 1989.

He does not have any directorship in any public companies.

Lee Wah Lian (660326-04-5019)

Lee Wah Lian, a Malaysian aged 47, was appointed as Director of IPSB on 5 October 2011. He is also a Director of PSSB since 1998. Prior to joining PSSB, he was working as Project Manager with Hartajaya Sdn Bhd since 1992. He graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College in 1990.

He does not have any directorship in any public companies.

Aziz Bin Hamid (560717-04-5333)

Aziz Bin Hamid, a Malaysian aged 57, was appointed as Director of IPSB on 5 October 2011. He is currently a businessman and has previously worked with Majlis Amanah Rakyat ("MARA") as a MARA Officer for 25 years. He graduated with a Diploma in Public Administration from Goon Institute in 1979.

His present directorship in public companies includes KMB.

Senior Management

Lye Siang Long (700723-07-5143)

Lye Siang Long, a Malaysian aged 43, was appointed as Chief Financial Officer of IPSB in 2013. He is also an Executive Director of Digistar Corporation since 12 April 2006. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He served with an international public accounting firm for five (5) years. He left the said accounting firm in year 1999 as Audit Supervisor to join a local computer peripheral distributor as Finance and Administration Manager. He stayed with the company for three (3) years before joining Digistar Corporation in year 2002.

Save for Digistar Corporation, he does not have any directorship in other public companies.

4.2 Issuer and its subsidiary

The Issuer has no subsidiary.

4.3 Directors' Shareholding

The Directors do not hold any shares of the Issuer.

4.4 Bank Borrowings

There are no borrowings or other indebtedness incurred by the Issuer.

4.5 Other Material Information

The Issuer has not incurred any material commitments or contingent liabilities.

4.6 Material Contracts

Please see the details of the Concession Agreement and the DB Agreement in sections 5 and 6 below respectively.

4.7 Material Litigation

There are no claims, demands, lawsuits or litigation (including those pending or threatened) by or against the Issuer or any proceedings pending or threatened which might materially and adversely affect the position or business of the Issuer and in particular, any injunctions, winding up orders, any orders relating to the enforcement of judgements or other remedies which may if granted by the court, effectively cause the Issuer to have to cease all or parts of the Issuer's business.

4.8 Cash Flow Projections

The cash flow of the Issuer is mainly derived from the Availability Charges to be received from the Government. Please refer to Annexure 2 herein in respect of the cash flow projection during the Construction Period and Annexure 3 in respect of the cash flow projection post Construction Period.

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5.0 CONCESSION AGREEMENT

5.1 Summary of the Concession Agreement

The following sections are a summary of the key terms and conditions contained in the Concession Agreement.

5.2 Grant of Concession

Subject to the terms and conditions of the Concession Agreement, the Government grants to the Concession Company, the rights and authorities:-

(a) to carry out the JKR Project; and

(b) to carry out the Asset Management Services,

and the Concession Company accepts the grant of the Concession at its own risk, cost and expense.

5.3 Concession Period

Subject to the terms and conditions of the Concession Agreement, the Concession Period shall be for a period of eighteen (18) years commencing from the Construction Commencement Date or the Effective Date whichever is later and expires on the eighteenth (18^{th}) anniversary of that date.

5.4 Construction Costs

The parties to the Concession Agreement agree that the Construction Cost is Ringgit Two Hundred and Forty Million (RM240,000,000).

5.5 Construction Period

The Concession Company shall commence the Construction Works on the Construction Commencement Date and complete the same with due diligence by the Construction Completion Date.

5.6 Asset Management Services

The Concession Agreement provides that upon the issuance of the Certificate of Acceptance by the Government, the Concession Company shall, throughout the Asset Management Services Period, carry out the Asset Management Services in accordance with the Asset Management Services Manual.

5.7 Consideration and Payments

In consideration of the Concession Company completing and making available the Facilities and Infrastructure and subject to the terms and conditions of the Concession Agreement, the Government shall pay to the Concession Company:

(a) the Availability Charges. The Concession Company shall be entitled to the Availability Charges by way of monthly payments in arrears for an annual amount of RM29,704,248. For the avoidance of doubt, the first Availability Charges is due from the Government to the Concession Company one (1) month after the Asset Management Services Commencement Date and thereafter on the same date of each month throughout the Asset Management Services Period, with the last payment being due one (1) month after the last day of the Concession Period.

Each monthly payment of the Availability Charges shall be made by the Government within thirty (30) days from the date of receipt of the invoice submitted by the Concession Company.

The Government shall have the absolute discretion to review the Availability Charges in case the Concession Company enjoys capital allowances and industrial building allowances in relation to the Construction Cost other than as stated in the Concession Agreement.

(b) the Asset Management Services Charges. Further details of the Asset Management Services Charges are set out in section 5.12 below.

There shall also be a one-off payment by the Government to the Concession Company for the acquisition of the ICT and Training Equipment which shall be payable within one (1) month from the date of issuance of the Certificate of Acceptance for ICT and Training Equipment.

5.8 The Obligations of the Concession Company under the Concession Agreement

The Concession Company shall at its own risk, costs and expenses:

(a) carry out and complete the Facilities and Infrastructure: –

 (i) in accordance with the terms and conditions of the Concession Agreement by the Construction Completion Date; and

 (ii) in strict compliance with all applicable laws, rules and regulations of all the Authority having jurisdiction over the Facilities and Infrastructure;

(b) obtain necessary permits or approval for the carrying out of the Asset Management Services;

(c) throughout the Asset Management Services Period, be responsible to carry out the Asset Management Services in accordance with the terms and conditions of the Concession Agreement;

(d) submit monthly progress reports of the Construction Works to the Government throughout the Construction Period; and

(e) submit monthly progress reports of the Asset Management Services to the Government throughout the Asset Management Services Period.

5.9 Termination Events

5.9.1 Default Prior to the Construction Commencement Date of the JKR Project

If the Concession Company -

(a) fails to commence the Construction Works on the Construction Commencement Date; or

(b) breaches any of its obligations or fails to comply with any other provisions under the Concession Agreement,

then the Government shall be entitled to give notice in writing to the Concession Company, specifying the relevant default and requiring the Concession Company to remedy the default within a period specified in the said default notice taking into account the nature of the remedy to be carried out.

If the Concession Company fails to remedy the relevant default within the said remedy period or such other period as may be determined by the Government, the Government shall have the right to terminate the Concession Agreement with immediate effect by giving notice to that effect to the Concession Company.

In the event the Concession Agreement is terminated by the Government pursuant to the above -

(a) the right and licence granted to the Concession Company to enter upon the Project Land shall expire;

(b) the Government shall be entitled to complete the Construction Works on its own or to appoint another party for the purpose of carrying out and completing the Construction Works on such terms and conditions as the Government may deem fit; and

(c) the Concession Company shall-

  (i) at no cost and expense to the Government, vacate and remove all of its employees, servants, agents and its equipment, machinery, plants and materials from the Project Land within thirty (30) days from the date of the termination the Concession Agreement;

  (ii) hand over vacant possession of the Project Land, in a well-maintained condition, fair wear and tear excepted;

  (iii) reimburse the Government for any cost and expense (including any incidental cost and expense) paid, incurred or reimbursed by the Government arising from such default including the actual costs and expenses incurred by the Government in having to complete the Construction Works in excess of the cost and expenses which would have been incurred by the Concession Company in completing the Construction Works;

  (iv) hand-over to the Government all plans, designs and drawings for the Facilities and Infrastructure, including its intellectual property right in respect thereof and any other relevant documents at no cost and expense to the Government; and

  (v) not be entitled to any compensation or any other form of losses including loss of profits, damages, claims or whatsoever.

5.9.2 Default During the Construction Period

If at any time during the Construction Period the Concession Company:

(a) fails to carry out the Construction Works in accordance with the terms and conditions of the Concession Agreement;

(b) suspends or abandons the whole Construction Works or any part thereof for a continuous period of thirty (30) days;

(c) fails to complete the Construction Works on the Construction Completion Date or any extension allowed by the Government; or

(d) is in breach of any of its obligations or fails to comply with or perform any of the terms and conditions of the Concession Agreement, then the Government shall be entitled to give notice in writing to the Concession Company specifying the relevant default and requiring the Concession Company to remedy the default within a period specified in the said default notice taking into account the nature of the remedy to be carried out.

If the Concession Company fails to remedy the relevant default within the said remedy period or such other period as may be determined by the Government and a Substituted Entity (as defined in paragraph 5.9.5 below) is not appointed, the Government shall have the right to terminate the Concession Agreement with immediate effect by giving notice to that effect to the Concession Company.

In the event the Concession Agreement is terminated pursuant to default during the Construction Period-

(a) the right and licence granted to the Concession Company to enter upon the Project Land shall expire;

(b) the rights granted by the Government to the Concession Company under the Concession Agreement shall expire and the Government shall be entitled on its own to complete the Construction Works or appoint another party for the purpose of carrying out and completing the Construction Works on such terms and conditions as the Government may deem fit;

(c) the Concession Company shall:

   (i) cease Construction Works immediately;

   (ii) within thirty (30) days of the date of termination of the Concession Agreement, vacate and remove from the Project Land all of its equipment, materials, machineries and its employees, workmen, servants, agents, contractors and subcontractor at no cost and expenses to the Government;

   (iii) hand over vacant possession of the Project Land, in a well-maintained condition, fair wear and tear excepted. If the Concession Company fails to make good any defect, the Government may do so and all expenses incurred by the Government in doing so shall be a debt due from the Concession Company to the Government;

   (iv) hand over to the Government all plans, designs and drawings, including its intellectual property rights in respect thereof, specification and other documents relating to the Construction Works at no cost and expenses to the Government;

   (v) terminate all third party contracts entered into by the Concession Company in relation to the Construction Works on or before the date of termination of the Concession Agreement and the Government shall not be liable for any termination costs arising thereby and shall be indemnified and held harmless by the Concession Company in respect thereof, and

   (vi) pay to the Government not later than six (6) months after the date of termination of the Concession Agreement, any costs and expenses (including any incidental costs and expenses) paid or incurred by the Government arising from such default including actual costs and expenses incurred by the Government in having to complete the Construction Works in excess of the costs and expenses which would have been incurred by the Concession Company in completing the Construction Works; and

(d) the Concession Company shall not be entitled to any compensation or any other form of losses including loss of profit, damages, claims or whatsoever amount upon termination of the Concession Agreement.

5.9.3 Default During the Asset Management Services Period

If, at any time during the Asset Management Services Period, the Concession Company:

(a) fails to provide any of the Asset Management Services for a continuous period of seven (7) days;

(b) fails to carry out the Asset Management Programme in accordance with the Asset Management Services Manual;

(c) fails to achieve the agreed Key Performance Indicators and the Government has deducted more than 25% of the Asset Management Services Charges each month for three (3) consecutive months;

(d) causes the Lease Agreement and the Sub-lease Agreement to be terminated; or

(e) is in breach of any of its obligations or fails to comply with any provisions under the Concession Agreement,

then the Government shall be entitled to give notice in writing to the Concession Company specifying the relevant default and requiring the Concession Company to remedy the default within a period specified in the said default notice taking into account the nature of the remedy to be carried out.

If the Concession Company fails to remedy the relevant default within the said remedy period or such other period as may be determined by the Government, the Government shall have the right to terminate the Concession Agreement with immediate effect by giving notice to that effect to the Concession Company.

In the event the Concession Agreement is terminated by the Government:

(a) the Lease Agreement and the Sub-lease Agreement shall automatically be terminated and the Project Land shall revert to the Government at no cost to the Government;

(b) the Government shall -

(i) be entitled to utilize the Facilities and Infrastructure for its own benefit;

(ii) subject to paragraph (c)(ii) below, pay to the Concession Company not later than six (6) months after the date of termination of the Concession Agreement or any further period as the Concession Company and the Government may mutually agree, all Availability Charges and Asset Management Services Charges which is due and payable to the Concession Company by the Government as at the date of termination of the Concession Agreement;

(iii) within six (6) months from the date of termination of the Concession Agreement pay to the Concession Company any outstanding amount relating to the loan obtained by the Concession Company as approved by the Government for the purpose of financing the Construction Works;

(iv) be entitled to the balance of the money in the Asset Management Programme Account calculated based on the total deposit as at the date of termination of the Concession Agreement (including profit or interest earned from the said account) less any amount incurred by the Concession Company for the purpose of the Asset Management Programme; and

(c) the Concession Company shall:

(i) cease to carry out the Asset Management Services in respect of the Facilities and Infrastructure and the Concession shall revert to and vest in the Government;

(ii) within thirty (30) days from the date of termination of the Concession Agreement, refund to the Government the balance of the money in the Asset Management Programme Account referred to in paragraph (b)(iv) above;

(iii) refund to the Government the balance of the money in the Asset Management Programme Account calculated based on the total deposit as at the date of termination of the Concession Agreement (including profit/interest earned from the said Asset Management Programme Account) less any amount incurred by the Concession Company for the purpose of the Asset Management Programme;

(iv) vacate and hand over the Facilities and Infrastructure including part of the Facilities and Infrastructure used by the Concession Company in a well-maintained and operational condition (fair wear and tear excepted) on the date of the termination of the Concession Agreement and shall at its own cost and expense, make good any defect thereto identified during the joint inspection of the Facilities and Infrastructure carried out pursuant to and in accordance with the Concession Agreement. If the Concession Company fails to make good any defect, the Government may do so and all costs and expenses incurred by the Government in doing so shall be a debt due from the Concession Company to the Government and where applicable, deductible from any amount payable by the Government to the Concession Company under the Concession Agreement PROVIDED THAT this provision shall not affect any other remedy to which the Government may be entitled for the recovery of the debt;

(v) at its own cost and expense, remove from the Facilities and Infrastructure all its workmen, employees, servants, agents and contractors and the temporary equipment and such fixtures as the Government may then specify;

(vi) hand over to the Government (where relevant and applicable) all plans, designs, updated as-built drawing (if any), computerised maintenance management system including its intellectual property right in respect thereof, specification, manuals, records, detail reports, and reports, database, licenses, source code, passwords, documents and any other information as the Government may require in relation to the Concession at no cost and expense to the Government;

(vii) terminate all third party contracts entered into by the Concession Company in relation to the Concession, on or before the date of termination of the Concession Agreement and the Government shall not be liable for any termination costs arising thereby and shall be indemnified and held harmless by the Concession Company in respect thereof;

(viii) bear all liabilities, obligations, claims, suits or proceedings whatsoever existing prior to and as at the date of termination of the Concession Agreement arising out of or in connection with -

(A) any other agreement entered into by the Concession Company in relation to its obligations under the Concession Agreement; or

(B) any act or default, omission or negligence of the Concession Company, its employee, agents or servants,

and the Government shall not be liable in respect of such liabilities, obligations, claims, suits or proceedings; and

(ix) grant to the Government wherever applicable and to the extent possible, a perpetual, non-exclusive, non-transferable, non-sub licensable, royalty free license to use and copy any third party software;

(x) pay to the Government all losses, costs, expenses, damages or penalties incurred by the Government arising directly or indirectly from such default.

(d) The Concession Company shall not be entitled to claim any cost, expense, and loss including loss of profit, damages or compensation other than those stipulated paragraphs (b)(ii) and (iii) above. The Government and the Concession Company further agree that the payment made by the Government under paragraphs (b)(ii) and (iii) above shall constitute as a full and final settlement between the Government and the Concession Company.

5.9.4 General Defaults

If, at any time after the execution of the Concession Agreement:

(a) execution is levied against a substantial portion of the Concession Company's assets, unless it has instituted proceedings in good faith to set aside such execution;

(b) the Concession Company assigns the whole or any part of the Concession Agreement, save and except as set out in the Concession Agreement;

(c) the Concession Company is subject to an order made against it or a resolution passed for the winding up of the Concession Company (except for the purpose of reconstruction, amalgamation not involving the realization of assets which the interest of creditors are protected);

(d) the Concession Company enters into liquidation or receivership whether compulsorily or voluntarily or suffers its goods to be taken in execution or becomes insolvent or compounds with or makes assignment for the benefit of its creditors or does any act which affects its ability to fulfil its obligations under the Concession Agreement,

the Government shall have the right to terminate the Concession Agreement with immediate effect by giving notice to that effect to the Concession Company.

In the event the Concession Agreement is terminated pursuant to the general defaults above and the termination takes effect:

(a) prior to the Construction Commencement Date, the consequences of termination set out in paragraph 5.9.1 above shall apply;

(b) during the Construction Period, the consequences of termination set out in paragraph 5.9.2 above shall apply;

(c) during the Asset Management Services Period, the consequences of termination set out in paragraph 5.9.3 above shall apply.

5.9.5 Default by the Government

If the Government fails:

(a) to perform or fulfil any of its obligations which adversely affects the implementation of the JKR Project; or

(b) to make payment to the Concession Company for the Availability Charges and/or Asset Management Services Charges or any part thereof when it is due and payable by the Government to the Concession Company under the Concession Agreement,

then the Concession Company may issue to the Government a notice specifying the default and requiring the Government to remedy the same within the period specified therein, taking into account the nature of the remedy to be carried out by the Government, or such other period as may be agreed by the Government and the Concession Company from the date of receipt of such notice.

If the Government fails to remedy the default specified in the said notice within the stipulated time therein or such other period as may be agreed by the Government and the Concession Company, the Concession Company may, by written notice to the Government terminate the Concession Agreement which shall take effect thirty (30) days after the date of such written notice.

In the event the Concession Agreement is terminated:

(a) the Lease Agreement and the Sub-lease Agreement shall automatically be terminated and the Project Land shall revert to the Government at no cost to the Government;

(b) the Government shall:

  (i) not later than six (6) months after the date of termination of the Concession Agreement pay to the Concession Company the present value of the Availability Charges for the remaining unexpired Concession Period discounted at the average cost of financing the Construction Works of the Concession Company in accordance with the formula set out in the Concession Agreement as at the date of termination of the Concession Agreement less the amount which may be owed by the Concession Company to the Government under the Concession Agreement as at the date of termination of the Concession Agreement;

  (ii) not later than six (6) months after the date of termination of the Concession Agreement, pay to the Concession Company the Availability Charges and/or Asset Management Services Charges which is due and payable by the Government to the Concession Company as at the date of termination of the Concession Agreement;

  (iii) be entitled to utilise the Facilities and Infrastructure for its own benefit; and

(c) the Concession Company shall:

(i) vacate and hand over the Facilities and Infrastructure including part of the Facilities and Infrastructure used by the Concession Company in a well-maintained and operational condition which shall be free from encumbrances (fair wear and tear excepted);

(ii) cease to perform any further obligations in relation to the Concession and the rights of the Concession Company in respect of the Concession shall revert to and vest in the Government;

(iii) terminate all third party contracts entered into by the Concession Company in relation to the Concession on or before the date of termination of the Concession Agreement and the Government shall not be liable for any termination costs arising thereby and shall be indemnified and held harmless by the Concession Company in respect thereof;

(iv) at its own cost and expense, make good any defect thereto identified during the joint inspection of the Facilities and Infrastructure carried out pursuant to and in accordance with the Concession Agreement. If the Concession Company fails to make good any such defect, the Government may do so and all costs and expenses incurred by the Government in doing so shall be a debt due from the Concession Company to the Government and where applicable, deductible from any amount payable by the Government to the Concession Company under the Concession Agreement PROVIDED THAT this shall not affect any other remedy to which the Government may be entitled for the recovery of the debt;

(v) at its own cost and expense remove from the Facilities and Infrastructure all it workmen, employees, servants, agents and contractors and the temporary equipment and such fixtures as the Government may then specify;

(vi) hand over to the Government (where relevant and applicable) all plans, designs including its intellectual property right in respect thereof, specification, manuals, records, detail reports, and reports, database, licenses, source code, passwords, documents, updated as-built drawing (if any), computerised maintenance management system and any other information as the Government may require in relation to the Concession at no cost and expense to the Government;

(vii) grant to the Government wherever applicable and to the extent possible, a perpetual, non-exclusive, non-transferable, non-sub licensable, royalty free license to use and copy any third party software;

(viii) be entitled to the balance of the money in the Asset Management Programme Account calculated based on total deposit as at the date of termination of the Concession Agreement (including profit or interest earned from the said Asset Management Programme Account) less any amount incurred by the Concession Company for the purpose of the Asset Management Programme; and

(d) the Concession Company shall not be entitled to claim any cost, expenses, losses including loss of profit, damages or compensation other than those stipulated in paragraphs (b)(i) and (ii) above. The Concession Company and the Government further agree that the payment made by the Government under paragraphs (b)(i) and (b)(ii) above shall constitute as a full and final settlement between the Concession Company and the Government.

5.9.6 Appointment of Substituted Entity

(a) If the Concession Company fails to remedy the relevant defaults in accordance with paragraph 5.9.2 above then and in such event without prejudice to any other rights it may possess, the Government shall give notice in writing to the Concession Company that it may terminate the Concession Agreement unless within a period sixty (60) days after the date of such notice, the lenders of the Concession Company nominate a company which satisfies the conditions set out in paragraph (b) below (such company shall hereinafter be referred to as the "**Substituted Entity**"). If the lenders of the Concession Company nominate a Substituted Entity within the period as aforesaid or within such longer period as the Government may approve, the parties to the Concession Agreement shall enter into such agreements as may be necessary to effect the substitution.

(b) A Substituted Entity shall satisfy the following conditions:

(i) the company has been approved by the Government;

(ii) the company is a credible and financially viable company;

(iii) the Government is satisfied that the shareholding of the company conforms to the requirements laid down in applicable Government policies from time to time; and

(iv) the company possesses the expertise and competency to remedy any existing defaults of the Concession Company including the expertise to carry out the JKR Project.

(c) If the lenders fail to nominate a Substituted Entity within the period stated in the Concession Agreement, the Government may terminate the Concession Agreement. Upon termination of the Concession Agreement and without prejudice to any claims which either party may have against the other prior to the date of termination of the Concession Agreement, the Government reserves the right to procure another entity to do the same and the Concession Company shall thereafter have no further rights or obligations arising out of the Concession granted under the Concession Agreement.

5.10 Assignment by the Concession Company

(a) The Concession Company may assign to and create security in favour of its lenders in respect of the following:-

(i) all its rights, interest and title under the Concession Agreement in respect of the Availability Charges and the Asset Management Services Charges;

(ii) all its rights, interest and title under the Concession Agreement in respect of the amount payable to the Concession Company by the Government as a result of early termination of the Concession Agreement;

(iii) all its rights relating to granting the lenders the right to appoint Substituted Entity; and

(iv) all its rights to the Reimbursement Costs.

(b) Save as provided in section 5.10, the Concession Company will not be able to assign, transfer or novate the Concession Agreement or any part of it or any benefit or interest conferred by the Concession Agreement to any third party without prior written consent from the Government through UKAS and upon such terms and conditions as the Government deems fit.

The Asset Management Services Charges is not a source of repayment for the Bonds and such monies are also not assigned or charged to the Trustee for the benefit of the Bondholders. Please refer to Section 2 of the Information Memorandum for further details on the security provided for the benefit of the Bonds.

5.11 Land Matters

5.11.1 Access Prior to and During Construction Period

(a) From the Effective Date until the Construction Commencement Date and subject to receipt of prior notice in writing from the Concession Company, the Government shall grant or procure the granting to the Concession Company the right and license to enter and occupy to the Project Land in order for the Concession Company to perform initial works, including, survey and soil test on the Project Land.

(b) From the Construction Commencement Date until the issuance of the Certificate of Acceptance, the Government shall grant to the Concession Company the right and license to enter and occupy the Project Land solely for the purposes of carrying out and completing the Construction Works.

(c) The rights granted under paragraphs (a) and (b) above shall not confer upon the Concession Company any proprietary right, title or interest in or over any part of the Project Land.

(d) The Concession Company shall at its own cost and expense protect and maintain the Project Land and be responsible for the maintenance (including removing debris and providing proper drainage) of the Project Land until the completion of the Construction Works to the intent that the same shall at all times be kept safe and clean.

5.11.2 Access During the Asset Management Services Period

(a) Upon the issuance of the Certificate of Acceptance, the Government shall procure the Federal Lands Commissioner, for and on behalf of the Government, within thirty (30) days from such date, to grant a lease of the Project Land to the Concession Company and the Concession Company shall accept the grant of the said lease. The Government and the Concession Company agreed that the effective date of the lease shall commence on the date of the said Certificate of Acceptance (hereinafter referred to as the "**Lease Commencement Date**").

(b) Simultaneously with the execution of the lease of the Project Land pursuant to paragraph (a) above, the Concession Company shall grant a sub-lease to the Government and the Government shall accept the grant of the said sub-lease commencing one (1) day after the Lease Commencement Date.

(c) The period of the lease under the Lease Agreement and the Sub-lease Agreement shall be co-terminus with the Concession Period. Upon the expiry of the sub-lease pursuant to paragraph (b) above, the Concession Company shall surrender the Project Land, together with the Facilities and Infrastructure, to the Government, free of encumbrances, and at no cost and expense to the Government.

(d) For the purpose of carrying out the Asset Management Services, the Government shall grant to the Concession Company the right and licence to enter upon the Facilities and Infrastructures and the Project Land.

5.12 Asset Management Services

5.12.1 Asset Management Services Charges

(a) In consideration of the Concession Company undertaking the obligation to provide the Asset Management Services under the Concession Agreement, the Government shall throughout the Asset Management Services Period, pay to the Concession Company the Asset Management Services Charges as specified in the Concession Agreement.

(b) Subject to the Concession Agreement, the Concession Company shall be entitled to the Asset Management Services Charges by way of monthly payments in arrears. For the avoidance of doubt the first Asset Management Services Charges shall be due one (1) month after the Asset Management Services Commencement Date and thereafter on the same date of each month throughout the Asset Management Services Period and the last payment shall be due one (1) month after the expiry date of the Concession.

(c) The Concession Company shall submit an invoice not later than the tenth (10th) day of every month to the Government for the payment of the Asset Management Services Charges on the due date. The Government shall forthwith certify that the invoiced Asset Management Services Charges are due under the Concession Agreement and, subject to such certification and any deduction to be made there from in accordance with any of the applicable provisions of the Concession Agreement, pay the invoiced Asset Management Services Charges within thirty (30) days after receiving the invoice from the Concession Company.

5.12.2 Obligation to maintain

(a) Upon the issuance of the Certificate of Acceptance, the Concession Company shall throughout the Asset Management Services Period:

(i) undertake the replacement of the assets under the Asset Management Programme in accordance with the Concession Agreement; and

(ii) provide the Maintenance Services of the Facilities and Infrastructure which shall include all mechanical and electrical installations and refurbishment as specified in the Asset Management Services Manual.

(b) The Concession Company shall perform the Asset Management Services to optimise the functioning, availability, capacity and efficiency of the Facilities and Infrastructure and undertake not to cause any interference, obstruction or disruption to the operations of the Government.

(c) The Government and the Concession Company shall conduct regular joint inspections of the Facilities and Infrastructure or whenever the Government deems it necessary.

(d) If, at any time during the Asset Management Services Period, any blockages, breakages and/or leakages of the water and/or sewerage pipes, faulty mechanical and/or electrical installations or other faults (save and except for fair wear and tear) shall have become apparent, such breakages, blockages, leakages or other faults shall be notified by the Government to the Concession Company. Subject to paragraph (e) below the Concession Company shall make good such breakages, blockages, leakages or other faults at the Concession Company's own costs and expenses and to be completed within the time provided in the Asset Management Services Manual.

(e) If the Concession Company thinks that any of the Facilities and Infrastructure requires repair or replacement as a result of any act of vandalism or any facilities and/or equipment being used not according to the normal accepted industry standard or manufacturer's recommendation as described in the Asset Management Services Manual, the Concession Company may refer the matter to the Project Monitoring Committee (as defined in the Concession Agreement) so as to ascertain whether the Concession Company or the Government shall be held responsible for and bear the cost of any repair or replacement required for such defective item.

(f) If the Concession Company shall fail to comply with paragraph (d) above within the time so specified, the Government may, appoint any third party to make good any such breakage, blockage, leakage or other faults as listed down in the Asset Management Services Manual and all costs and expenses in making good such breakage, leakage or other faults shall be deducted from the Asset Management Services Charges and/or as a debt due to the Government.

(g) Subject to paragraph (e) above, the Government and the Concession Company agree that any fixtures and fittings and the ICT and Training Equipment which the Concession Company is required to provide pursuant to the scope of works shall be provided on a one off basis and such fxitures and fittings shall be maintained in accordance with the Asset Management Services Manual.

5.12.3 Making Good of Defects during the Asset Management Services Period

(a) At any time during the Asset Management Services Period but subject to paragraph 5.12.2 above, if there is any defect, imperfection, shrinkages or other faults whatsoever (save and except for normal fair wear and tear) which:

(i) shall have become apparent in respect of the relevant part of the Facilities and Infrastructure; and

(ii) are due to:

(I) defective workmanship, equipment, materials or non-compliance with the drawings and specifications as approved by the Authority and/or under the Concession Agreement; or

(II) any defect, inadequacy or insufficiency in the design concept or the detailed design as required under the Concession Agreement,

then the Government shall notify in writing to the Concession Company and the Concession Company shall make good such defects, imperfection, shrinkages or other faults whatsoever which shall become apparent in the JKR Project or any part thereof during the Asset Management Services Period which the Concession Company is liable to make good under this paragraph.

The Concession Company shall within a reasonable time to be specified therein by the Government, make good such defects, imperfection, shrinkages or any other faults whatsoever at the Concession Company's own costs and expenses.

(b) If the Concession Company fails to comply with paragraph (a) above within the time so specified, the materials or works so affected may be made good in such manner as any person appointed from time to time by the Government and notified to the Concession Company ("Government's Representative") may think fit, in which case all the costs and expenses incurred shall be deducted from the Asset Management Services Charges or as a debt due to the Government.

(c) Throughout the Asset Management Services Period the Concession Company shall be responsible for any latent defect in the Construction Works of the Facilities and Infrastructure PROVIDED THAT the Government has notified the Concession Company of such defect in writing upon discovery of such event.

5.12.4 Materials, consumables, etc for the Asset Management Services

(a) All goods, equipment, consumables and materials which are to be used in the provision of the Asset Management Services shall be of satisfactory quality and the Concession Company shall ensure that the goods, equipment, consumables and materials used by the Concession Company are:

(i) maintained in a safe, serviceable and clean condition in accordance with good industry practice;

(ii) of the standard and quality specified in Asset Management Services Manual; and

(iii) in compliance with any relevant rules, regulations, codes of practice and/or Malaysian or British Standards,

and shall, as soon as practicable after receiving a request from the Government's Representative for inspection, supply to the Government's Representative proof that the Concession Company had complied with this provision.

(b) The Concession Company shall procure that sufficient goods, equipment, consumables and materials which are used in the provision of the Asset Management Services are held in order to comply with its obligations under the Concession Agreement.

5.12.5 Variation to the Scope of Asset Management Services

(a) The Government may alter or vary utilisation of the Facilities and Infrastructure at any time five (5) years after the Asset Management Services Commencement Date which may result in the substantial change to the scope of the Asset Management Services as listed down in the Asset Management Services Manual PROVIDED THAT the Government shall give written notice to the Concession Company of any such alteration and provide such information as the Concession Company may reasonably require to enable the Concession Company to evaluate the variations to the Asset Management Services and the revised operation of Asset Management Services to be carried out at the Facilities and Infrastructure so as to comply with the Concession Company's obligations under the Concession Agreement.

(b) Within thirty (30) days of receipt of a notice pursuant to paragraph (a) above, the Concession Company shall prepare a proposal at its own cost and expense setting out:

(i) the costs and expenses which shall be incurred in carrying out the alteration or variation;

(ii) the scope of the revised Asset Management Services;\

(iii) the revised Key Performance Indicators; and

(iv) the adjustment to the rate of Asset Management Services Charges, if any, to reflect the increase/decrease costs to the Concession Company in providing the revised Asset Management Services and furnishing the justification of such adjustments together with the supporting documentation thereof.

(c) The Government shall have the absolute discretion whether to consider such application.

(d) If the application under paragraph (c) above was considered by the Government, the Concession Company and the Government shall negotiate the revised scope of the Asset Management Services, the revised Key Performance Indicators and the new rate for the Asset Management Services Charges whereby any scope and rate determined thereto shall be the applicable for the new scope and rate of the Asset Management Services. Where the Concession Company and the Government agree on the revised scope of the Asset Management Services, the Concession Company shall notify the Government in writing accordingly.

(e) If the Concession Company and the Government are unable to reach agreement pursuant to paragraph (d) above, the matter shall be referred for decision to the dispute resolution committee as provided in the Concession Agreement.

5.12.6 Rights of Inspection During the Asset Management Services Period

(a) The Government's Representative shall be entitled at all times, during the Asset Management Services Period, to inspect the performance of the Concession Company in providing the Asset Management Services at the Facilities and Infrastructure to ensure due performance by the Concession Company of its obligations under the Concession Agreement, provided that the inspection carried out shall not interfere with the performance of the Asset Management Services by the Concession Company.

(b) The Concession Company shall permit the Government's Representative to inspect all books, records and documents which relates to the Asset Management Services without charge at such times as required by the Government's Representative.

(c) The Concession Company shall extend and use all endeavours to ensure that all of its sub-contractors, agents, servants and employees extend all co-operation and assistance necessary for the Government's Representative to carry out their rights and obligations herein.

5.12.7 Concession Company's right to use part of the Facilities and Infrastructure during the Asset Management Services Period

(a) The Government may, subject to the Concession Company paying any such rental as may be mutually agreed between the Government and the Concession Company and subject to the revision by the Government once (1) in every five (5) years from the Asset Management Services Commencement Date, allow the Concession Company to use part of the Facilities and Infrastructure during the Asset Management Services Period for its own purposes including for its administrative office. For the avoidance of doubt, the utilisation of storerooms, utility rooms, janitors'/cleaners' rooms within the Facilities and Infrastructure by the Concession Company shall be without charge during the Asset Management Services Period.

(b) The Concession Company shall bear all costs and expenses in the maintaining that part of the Facilities and Infrastructure including the utility charges.

5.13 Asset Management Programme

(a) Throughout the Asset Management Services Period, the Concession Company shall carry out the replacement of assets under the Asset Management Programme according to the description, frequency and within the relevant period as set out in the Asset Management Services Manual.

(b) In the event the Concession Company fails, neglects or refuses, at any time, to undertake the replacement of assets under the Asset Management Programme in accordance with the Asset Management Services Manual, the Government may, without prejudice to the demerit values penalties imposed by the Government under the Concession Agreement, but subject to the provisions in the Asset Management Services Manual, appoint a third party to carry out any part or all of the outstanding replacement works and all costs and expenses incurred by the Government in doing so up to the costs of such outstanding replacement of asset works as specified in the Asset Management Services Manual shall be a debt due to the Government and paid by the Concession Company by deducting from the next immediate or any of the subsequent payments of the Asset Management Services Charges and if the amount of deductions from the Asset Management Services Charges is not sufficient, the next immediate or any subsequent payments of the Availability Charges. PROVIDED ALWAYS that such failure, neglect or refusal by the Concession Company to undertake the replacement of assets under the Asset Management Programme in accordance with the Asset Management Services Manual arises due to the Government's failure to pay the Asset Management Services Charges or where there is a written instruction by the Government to the Concession Company not to undertake the replacement of assets in accordance with the Asset Management Programme, in which event, the Concession Company shall not be obliged to carry out such replacement of assets.

5.14 Force Majeure

5.14.1 Events

Neither the Government nor the Concession Company shall be in breach of its obligations under the Concession Agreement if it is unable to perform or fulfil any of its obligations under the Concession Agreement or any part of them as a result of the occurrence of an Event of Force Majeure. An "Event of Force Majeure" shall mean an event, not within the control of the party affected, which that party is unable to prevent, avoid or remove, and shall mean:

(a) war (whether declared or not), hostilities invasion, act of foreign enemies, insurrection, revolution, rebellion, military or usurped power, civil war or acts of terrorism;

(b) ionising radiation or contamination by radioactivity from any nuclear waste, from combustion of nuclear fuel, radioactive toxic explosive, or other hazardous properties of any explosive, nuclear assembly or nuclear thereof;

(c) pressure waves caused by aircraft or other aerial devices travelling, at sonic or supersonic speeds;

(d) natural catastrophe including but not limited to earthquakes, floods and subterranean spontaneous combustion or any operation of the force of nature, lightning and exceptionally inclement weather;

(e) riot, commotion and disorders, criminal damage, sabotage, strike, lock out, labour unrest or other industrial disturbances (affecting the performance of the Concession Agreement) which are not the fault of the Concession Company or its contractors or the Government, which causes, or can reasonably be expected to cause any party to fail to comply with its obligations,

PROVIDED THAT an Event of Force Majeure shall not include economic downturn, non-availability of or insufficient funds or lack of financing on the part of the Concession Company, to perform its obligations under the Concession Agreement.

5.14.2 Notification of Force Majeure

If any Event of Force Majeure occurs by reasons of which any of the parties to the Concession Agreement is unable to perform any of its obligations under the Concession Agreement, that party so affected shall immediately notify the other in writing of the occurrence of any Event of Force Majeure applicable to its obligations under the Concession Agreement giving full details thereof and measures being taken by the party so affected to reduce the severity of such event and subsequently the cessation of such event. If any party does not agree that an Event of Force Majeure has occurred then the dispute shall be dealt with pursuant to dispute resolutions provisions in the Concession Agreement.

5.14.3 Termination by Force Majeure

If an Event of Force Majeure has occurred and any party reasonably considers such Event of Force Majeure applicable to it to be of such severity or to be continuing for a period of more than six (6) months, then the parties to the Concession Agreement may mutually terminate the Concession Agreement.

5.14.4 Consequences of Termination due to Event of Force Majeure

If the Concession Agreement is terminated pursuant to paragraph 5.14.3 above, all rights and obligations under the Concession Agreement shall forthwith terminate and neither party shall have a claim against each other save and except in respect of any antecedent breach.

5.14.5 Delay

(a) PROVIDED THAT the party affected by the Event of Force Majeure has complied with the requirement to provide notice in accordance with paragraph 5.14.2, the party affected by the Event of Force Majeure shall not be liable for any delay in performing its obligation under the Concession Agreement to the extent that such delay has been caused by one or more of Event of Force Majeure and the time for completion of any obligation under the Concession Agreement and the Concession Period shall be extended by the amount of delay caused by such Event of Force Majeure. If the parties to the Concession Agreement do not agree as to the duration of the delay, the disagreement shall be dealt with pursuant to dispute resolutions provisions in the Concession Agreement.

(b) Notwithstanding paragraph (a) above, if the continuing occurrence of an Event of Force Majeure is of such severity that it frustrates the original intention and objective of the parties to the Concession Agreement, the parties to the Concession Agreement shall forthwith take steps to discuss the circumstances and the consequences of such event and shall consider how best to achieve the objectives and shall, if appropriate, give consideration to any amendment of the Concession Agreement and the terms and conditions of such amendments.

5.14.6 Restoration

Notwithstanding any other provision in the Concession Agreement, if an Event of Force Majeure occurs and the Concession Agreement is not terminated then in any case where the JKR Project or any thereof has been destroyed or substantially damaged, the Concession Company shall restore such damaged parts of the JKR Project to the condition in which it was immediately prior to the occurrence of that Event of Force Majeure at its own expense. Where as a result of such restoration the Concession Company is able to demonstrate that it has incurred substantial costs affecting the JKR Project, the Concession Company may apply to the Government for an extension of the Construction Completion Date or the Concession Period as the case may be.

5.14.7 Insurance

Notwithstanding any other clause in the Concession Agreement, the Concession Company may wherever reasonably practicable ensure insurance is effected to cover the occurrence of Events of Force Majeure, PROVIDED THAT such Events of Force Majeure are reasonable and practicably insurable.

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6.0 DESIGN AND BUILD AGREEMENT

6.1 Summary of the salient terms of the DB Agreement

The following sections incorporate the key terms and conditions contained in the DB Agreement to be entered into between the Issuer and Digistar Holdings.

Pursuant to the DB Agreement, the Issuer will appoint Digistar Holdings to carry out the implementation of the Project Works (as defined below) for a fixed sum of Ringgit Two Hundred and Forty Million (RM240,000,000.00) only. Digistar Holdings shall be responsible to, inter alia, plan, design, construct, complete, test and commission the Project Works and provide all design, services, labour, materials, equipment, temporary works, transport to and from and in or about the Project Land and everything whether of a temporary or permanent nature required in and for such planning, designing, construction, completion, testing and commissioning so far as the necessity for providing the same is specified in or reasonably inferred from the DB Agreement.

The “Project Works" means the development, construction and completion of the buildings, structures, equipment, plants, machinery, installation, facilities and infrastructure (together with the necessary amenities, utilities and fittings and fixtures) on the Project Land.

6.2 Completion

The DB Agreement provides that Digistar Holdings shall complete the Project Works on or before the date falling thirty six (36) months from the Construction Commencement Date or such extended time as permitted under the DB Agreement (“Completion Date").

6.3 Termination

6.3.1 **Default of obligations**

If Digistar Holdings:

(a) fails to commence the Project Works at the Project Land within two (2) weeks after the Construction Commencement Date;

(b) suspends or abandons the carrying out of the Project Works or any part thereof before the Completion Date;

(c) fails to proceed regularly and diligently with the performance of its obligations under the DB Agreement;

(d) fails to execute the Project Works in accordance with the DB Agreement;

(e) persistently neglects to carry out its obligations under the DB Agreement;

(f) refuses or persistently neglects to comply with a written notice from the PD (as defined in the DB Agreement) in relation to any defective work or equipment, materials or goods or which do not meet the requirements of the DB Agreement;

(g) fails to comply with the provisions of Clause 30.0 of the DB Agreement; or

(h) fails to comply with any terms and conditions of the DB Agreement, and Digistar Holdings fails to remedy such default within fourteen (14) days or any period determined by the Issuer from its receipt of a written notice from the Issuer informing it of such default and requiring it to remedy the same, the Issuer shall have the right to terminate the DB Agreement. Pursuant thereto, Digistar Holdings shall:

(i) forthwith cease all operations on the Project Works;

(ii) carry out any protection works so as to secure the Project Land, equipment, goods and materials therein against any deterioration, loss or damage and to do all things necessary so as to leave the Project Land in a clean and tidy condition;

(iii) remove its personnel and workmen from the Project Land;

(iv) vacate the Project Land within the time specified by the PD and remove all temporary buildings, plant, tools, equipment, goods and unfixed materials which have not been paid by the Issuer, as specified by the PD, failing which, the Issuer may (but without being responsible for any loss or damage) remove and sell any such property belonging to Digistar Holdings, holding the proceeds, less all cost incurred, to the credit of the Digistar Holdings;

(v) either:-

(aa) terminate all third party contracts entered into by Digistar Holdings for the purposes of the DB Agreement;

(bb) assign to the Issuer, if so required by the Issuer, at no cost or expense to the Issuer, the benefit of any agreement for the supply of materials or goods and/or for the execution of any work for the purposes of the DB Agreement; or

(cc) allow such third party to enter into a contract with the Issuer or any other person deemed necessary by the Issuer for the purpose of completing the Project Works,

PROVIDED THAT the Issuer shall not be obliged to pay any third party for any materials or goods delivered or any work executed or services for the purposes of the DB Agreement (whether before or after the date of termination) for which the Issuer has paid but Digistar Holdings has failed to make payment to the third party;

(vi) at no cost to the Issuer, hand over to the Issuer all plans, designs, drawings, specifications and other relevant documents relating to the Project Works;

(vii) pay to the Issuer any losses and damages suffered as a result of the termination of the DB Agreement in the manner as set out in the DB Agreement; and

(viii) not be released from any of its obligations or liabilities under the DB Agreement.

The Issuer shall:-

(A) call upon the Performance Guarantee Sum (as defined in the DB Agreement) or forfeit the Performance Guarantee Sum;

(B) enter and repossess the Project Land;

(C) be entitled to carry out and complete the Project Works on its own or employ any other person to carry out and complete the Project Works; and

(D) be entitled to claim against Digistar Holdings for any losses and damages suffered as a result of the termination of the DB Agreement in the manner as set out in the DB Agreement.

6.3.2 **General Default**

If at any time during the contract period:

(a) Digistar Holdings becomes bankrupt;

(b) Digistar Holdings becomes insolvent or compounds with or enters into an arrangement or composition with its creditors;

(c) an order is made or a resolution is effectively passed for the winding up of Digistar Holdings (except for the purpose of restructuring or amalgamation with the written consent of the Issuer, which consent shall not be unreasonably withheld);

(d) a provisional liquidator, receiver or manager of its business or undertaking duly appointed, or possession taken by or on behalf of creditors or debenture holders secured by a floating charge of any property comprised in or subject of the said floating charge; or

(e) execution is levied against a substantial portion of Digistar Holdings' assets,

then the Issuer shall have the right to terminate the DB Agreement by giving notice to that effect to Digistar Holdings, whereupon the consequences of termination set out in paragraph 6.3.1 above shall apply.

6.3.3 **Other termination events**

If Digistar Holdings, its personnel, servants, agents, employees or any of its sub-contractors gives or offers to give to any person any bribe, gift, gratuity or commission as an inducement or reward (i) for doing or forbearing to do any action in relation to the DB Agreement or in any other contract with the Issuer, or (ii) for showing or forbearing to show favour or disfavour to any person in relation to the DB Agreement or any other contract with the Issuer, then the Issuer shall be entitled to terminate the DB Agreement at any time by giving written notice to that effect to Digistar Holdings, whereupon the Issuer shall be entitled to all losses, costs, damages and expenses including any incidental costs and expenses incurred by the Issuer arising from such termination and the consequences of termination set out in paragraph 6.3.1 above shall apply.

Further, the Issuer may terminate the DB Agreement by giving not less than thirty (30) days' written notice to Digistar Holdings (without any obligation to give any reason thereof) if the Issuer considers that such termination is necessary for state interest, state policy or state security, whereupon payment obligations including all costs and expenditure incurred by the Issuer and Digistar Holdings shall be ascertained in accordance with the DB Agreement and the consequences of termination set out in paragraph 6.3.1 above (excluding sub-paragraphs (A) and (D)) shall apply.

7.0 THE PERFORMANCE GUARANTEE

7.1 The salient terms of the PG

It is a condition precedent that the PG be provided by the PG Provider in favour of the Trustee acting on behalf of the Bondholders to guarantee the repayment of the principal amount of the outstanding Bonds in the event an Event of Default occurs during the Construction Period of the JKR Project. In the event that the Construction Period is extended, the PG may be renewed at the PG Provider's absolute discretion subject to the terms and conditions to be determined by the PG Provider.

The Guaranteed Amount of the PG shall not at any time exceed Ringgit Two Hundred and Eighty Million (RM280,000,000.00), which shall be inclusive of accrued interest, other commission and charges, if any.

Upon the occurrence of an Event of Default during the Construction Period the Trustee may, and shall if directed to do so by a special resolution by the Bondholders, make a demand on the PG.

The guarantee period of the PG ("Guarantee Period") shall be thirty six (36) months from the date of issuance of the Bonds or until issuance of the Certificate of Acceptance by the Government, or such extended period as may be determined by the PG Provider at its absolute discretion.

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8.0 CONFLICT OF INTEREST

8.1 Conflict of Interest Situations and Appropriate Mitigating Measures

UOBM

UOBM is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the PA, LA, FA and PG Provider in relation to the proposed issuance of the Bonds and the Subordinated Bond(s).

Messrs Adnan Sundra & Low

Messrs Adnan Sundra & Low has been appointed as the solicitors acting for the Principal Adviser/Lead Arranger in respect of the proposed issuance of the Bonds and the Subordinated Bond(s).

Messrs Adnan Sundra & Low has confirmed that, to the best of their knowledge, there is no conflict of interest or potential conflict of interest situation arising from the role assumed by it in relation to the proposed issuance of the Bonds and the Subordinated Bond(s).

Pacific Trustees Berhad

Pacific Trustees Berhad is the Trustee and Security Trustee appointed in relation to the proposed issuance of the Bonds and the Subordinated Bond(s).

Pacific Trustees Berhad has confirmed that, to the best of their knowledge, there is no conflict of interest or potential conflict of interest situation arising from the role assumed by it in relation to the proposed issuance of the Bonds and the Subordinated Bond(s).

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9.0 INDUSTRY OVERVIEW

Information in this section includes statistical data and economic information obtained from various sources believed to be reliable but which have not been independently verified by the Issuer, the PA/LA or any other party involved in preparing this Information Memorandum. The Issuer, the PA/LA and such other party/parties make no guarantee, representation or warranty and accept no responsibility or liability as to such information's accuracy or completeness or currency. Prior to making an investment decision, prospective investors should make their own judgment on the accuracy and completeness of such information and that it is current. No consent has been sought from any of the organizations in respect of the reproduction of an excerpts or extracts of data or information from the sources referred to herein.

9.1 Overview of the Malaysian Economy

The Malaysian economy continued to expand 4.1% driven by strong domestic economic activity albeit moderate global growth (Q4 2012: 6.5%). On the supply side, all sectors posted positive growth except mining. The services sector grew 5.9% (Q4 2012: 6.4%) supported by the wholesale and retail trade, finance and insurance, as well as communication subsectors. The construction sector registered a double-digit growth of 14.7% (Q4 2012: 17.6%) led by the civil engineering subsector. The agriculture sector grew further by 6% (Q4 2012: 5.6%) largely supported by the expansion in output of palm oil and fishing. Meanwhile, the manufacturing sector recorded a marginal growth of 0.3% (Q4 2012: 5.7%) following lower production of petroleum products and weaker global demand for personal computers.

Domestic demand recorded a strong growth of 8.2% (Q4 2012: 7.8%) driven by buoyant private consumption and robust investment activity by the private and public sectors. Private consumption expanded further, increasing 7.5% (Q4 2012: 6.2%) supported by stable labour market conditions, favourable consumer sentiment and low inflation. Private consumption was also boosted by higher spending during the Chinese New Year and school holidays. In addition, the continuation of the cash assistance programmes supported consumption during the quarter. The higher consumer spending was reflected by the increases in major consumption indicators. These included passenger car sales (13.7%), credit consumption (7.7%) and collection of sales tax (4.8%) (Q4 2012: 11.9%; 7%; 17%). Similarly, the MIER Consumer Sentiments Index (CSI) recorded a six-year high of 122.9 points (Q4 2012: 118.7 points) reflecting improved consumer confidence. Meanwhile, public consumption grew marginally by 0.1% (Q4 2012: 1.2%), attributed to the high-base effect following payment of bonus in 2012 as well as lower spending on supplies and services during the quarter.

Gross Fixed Capital Formation (GFCF) continued to record a double-digit growth of 13.2% during the quarter (Q4 2012: 16%). Private investment registered a strong growth of 10.9% (Q4 2012: 20.1%) underpinned by capital spending in the construction, manufacturing and services sectors. Public investment grew strongly by 17.3% (Q4 2012: 12.9%) driven by higher capital spending of non-financial public enterprises (NFPEs), particularly in transport, utilities and oil and gas industries. Meanwhile, the Federal Government development expenditure was channeled mainly into the transport and education sectors. The expansion in investment activity was reflected by indicators such as imports of capital goods, sales of commercial vehicles and banking system loans and advances which recorded robust growth of 35.2%, 14.1% and 11.3% (Q4 2012: -8.8%; 20.3%; 11.3%), respectively.

Headline inflation, as measured by the annual change in the CPI, inched up slightly by 1.5% in the first quarter of 2013 (Q4 2012: 1.3%). The increase was mainly attributed to higher prices in the food and non-alcoholic beverages as well as housing, water, electricity, gas and other fuels groups, which together accounted for 1.1 percentage point of the CPI increase.

On the domestic front, the Malaysian economy is expected to sustain its growth momentum into the second half of the year. This is reflected by the Leading Index, which grew 1.1% from October 2012 to March 2013. On the demand side, growth is expected to emanate from firm domestic demand and gradual improvement in external demand. Private sector activity is expected to be more upbeat due to high investment in the manufacturing and services sectors. Public investment will largely be driven by NFPEs company, particularly in the implementation of infrastructure, oil and gas, transport and utility projects. Private consumption is expected to continue to grow due to the stable labour market and increasing household income. On the supply side, growth will be supported by continued expansion in the services and construction sectors as well as some recovery in the manufacturing sector.

(Source: Quarterly Update on the Malaysian Economy – 1st Quarter 2013, Ministry of Finance Malaysia)

9.2 Overview of the Construction Market

The construction sector is expected to continue its forward march this year. As it is, the aggregate value of construction work in 9M 2012 came up to RM58.5 billion (+25.5% y-o-y), the highest in the sector's history. However, the growth is not even across its various sub-sectors, with the expansion of nominal activity in residential buildings (32.0%) and civil engineering (58.4%) vastly outstripping that of non-residential buildings (9.3%). The increased construction of residential buildings last year was underscored by rising household incomes – a symptom of robust domestic demand – and accommodative interest rates. While the supply of residential property has indeed increased, upward price pressures are evident in various urban centres, signalling that the sub-sector is set for further expansion in 2013.

In contrast, concerns over stagnating occupancy rates for various major urban centres had diminished the supply of office and commercial space. This had been compounded by the announcement of various government projects (e.g. the Tun Razak Exchange and Menara Warisan), which are set to amplify the supply of commercial space. The civil works sub-sector experienced a boom in 2012, driven by the roll-out of large infrastructure projects – road works in less developed states, a new low-cost air-carrier terminal (KLIA2) and the connecting infrastructure for upcoming power plants across the nation, most of which are integral to the Government's structural reform programmes. As the construction of the Klang Valley's new MRT line is expected to accelerate this year (only approximately 3% of the work was completed as at mid-December 2012), overall domestic civil works are anticipated continue expanding.

All said, the construction sector is expected to register a more modest expansion of 10.9% in 2013, as heightened civil works will make up for the slower pace of supply from the non-residential buildings sub-sector. The moderation in the sector's growth also comes on the back of the new legislation on real property gains tax, which comes into effect 1 January 2013 and will affect overall demand for investment property. This slower growth also takes into account tightening interest rates as the authorities will presumably moderate economic activity to a more sustainable pace to prevent unwarranted price pressures or capacity constraints.

(Source: Economic Outlook 2013; RAM Holdings)

9.3 Economic Outlook for 2013

The Malaysian economy expanded at a faster pace of 5.1% during the first half of 2012 (January 2011 – June 2011: 4.7%) despite the increasingly challenging global economic conditions. Growth in the domestic economy was supported by strong private consumption and robust private investment. The global economy is expected to further moderate during the second half of 2012 as the euro area debt crisis shows no clear signs of abating. Additionally, tepid economic growth in advanced economies and the slowdown of emerging economies especially in China and India, point to weakening global economic prospects. The deterioration in the external environment and correction in commodity prices are expected to weigh on Malaysia's export performance during the second half of 2012. Nevertheless, the vibrant domestic demand is expected to the sustained during the second half of 2012, supported by both public and private sectors amid conducive financial market conditions, stable prices and a favourable labour market. Taking into account the downside risks emanating from the external sector and a resilient domestic economy, the real Gross Domestic Product (GDP) is estimated to expand 4.5% to 5.0% in 2012 (2011: 5.1%).

Domestic demand will be the main driver of the Malaysian economy supported by private and public sector expenditure. Growth in private consumption is expected to be buoyed by stable employment and income coupled with lower inflation. The salary revision and bonus for civil servants, cash assistance under *Bantuan Rakyat 1Malaysia* (BRIM), reward to the Federal Land Development Authority (FELDA) settlers and other cash payments to assist various groups supported private consumption. Private investment is envisaged to drive economic growth over the medium term, underpinned by the ongoing implementation of the Economic Transformation Programme (ETP) and vibrant construction activity. Growth in private investment will be broad-based in line with positive investors' confidence and strong domestic demand. Public investment will be largely led by the Non-Financial Public Enterprises' (NFPEs) capital spending on oil and gas (O&G), telecommunications and transport-related industries.

Malaysia's external position is expected to remain favourable in 2012 despite the challenging global economic environment. The current account surplus in the balance of payments (BOP) is expected to narrow, but remains sizable at RM68.5 billion or 7.5% of Gross National Income (GNI). This is due to strong domestic activity with the growth of imports outpacing exports. In the financial account, the inflows of foreign direct investment (FDI) are expected to continue, albeit at a slower pace, supported by investors' confidence in the economic transformation initiatives and strong fundamentals of the economy.

Inflation is expected to moderate to 2.0% - 2.5% in 2012. Despite the domestic economy growing at a faster pace during the first half of 2012, inflationary pressures are expected to be mitigated by continuous productivity improvement and capacity expansion. Given the expansion in economic activities, national income as measured by the GNI is estimated to grow 5.7% to RM908.2 billion (2011: 11.8%; RM859.1 billion) with per capita income rising 4.4% to RM30,956 (2011: 10.3%; RM29,661). As a result, nominal income per capita in terms of purchasing power parity (PPP) is expected to increase 3.2% to USD15,676 in 2012 (2011: 7.3%; USD15,190).

Given that domestic economic activity is expected to strengthen further in 2013, inflation is estimated to increase moderately, partly mitigated by further capacity expansion in the economy. The key supply side factors that will influence inflation, namely prices of energy and food commodities are expected to ease during the first half of 2013, but are likely to trend up during the second half on the assumption that global growth continues to pick up the pace. Hence, for 2013, the average inflation rate is estimated to be between 2% and 3%.

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

Annexure 1

Audited Statutory Financial Statements of the Issuer for the period from 2 August 2011 (Date of Incorporation) to 30 June 2012

Annexure 2

Cash Flow Projection During Construction Period

Annexure 3

Cash Flow Projection Post Construction Period

Annexure 4

JKR Project Layout Plan

ISSUER

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