

## OFFERING CIRCULAR

### Danga Capital Berhad

Company No. 835648-X

(incorporated in Malaysia with limited liability under the Companies Act, 1965)

**S\$600,000,000 Trust Certificates due 2015**

**S\$900,000,000 Trust Certificates due 2020**

with recourse to



### Khazanah Nasional Berhad

Company No. 275505-K

(incorporated in Malaysia with limited liability under the Companies Act, 1965)

Issue price: 100%

Under a Multi-Currency Islamic Securities Issuance Programme described in this Offering Circular (the "Programme"), Danga Capital Berhad (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Islamic securities in series.

The S\$600,000,000 Trust Certificates due 2015 (the "Series 2015 Trust Certificates") and the S\$900,000,000 Trust Certificates due 2020 (the "Series 2020 Trust Certificates") and together with the Series 2015 Trust Certificates, the "Trust Certificates" and each a "Series" of the Issuer will be issued pursuant to the Programme and will be constituted by a separate supplemental trust deed, each to be dated 11 August 2010 (the "Closing Date") made between the Issuer and the Trustee (as defined herein) (each, a "Supplemental Trust Deed"), which amends and supplements the trust deed dated 10 February 2009 made between the Issuer and the Trustee relating to the Programme. The Series 2015 Trust Certificates and the Series 2020 Trust Certificates shall also be known as Series 1 and Series 2, respectively, of the Programme, for the purposes of identifying the number of issuances which have been made pursuant to the Programme.

Pursuant to a wakalah agreement to be entered into between the Issuer and Khazanah Nasional Berhad (in its capacity as the agent of the Issuer, the "Wakeel") on the Closing Date in respect of each Series (a "Wakalah Agreement"), the proceeds from the issue of the Series (the "Series Proceeds") will be applied by the Issuer (acting through the Wakeel as agent) to invest in a wakalah venture (each, a "Series Wakalah Venture") comprising investments in certain Shariah-compliant Shares (as defined herein) and a Commodity Murabahah Investment (as defined herein) in accordance with the terms of the Wakalah Agreement and the Investment Plan (as defined herein). The Investment Plan requires the Wakeel to invest the Series Proceeds with effect from the Closing Date in a Series Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount (as defined herein) for each Periodic Distribution Period (as defined herein) for the term of such Series and to ensure satisfaction of certain conditions relating to the preservation of value of the Investments (as defined herein) comprised in the Series Wakalah Venture (the "Investment Conditions"). The Investment Conditions require the Wakeel to, *inter alia*, in respect of each Series (i) invest on the Closing Date an amount equal to no more than 49% of the Series Proceeds in the Commodity Murabahah Investment on the Closing Date; (ii) invest on the Closing Date an amount equal to at least 51% of the Series Proceeds to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, and thereafter to ensure that all shares comprised in the Series Wakalah Venture are Shariah-compliant Shares, and (iii) ensure that at all times during the term of the Series, the aggregate value of the shares comprised in the Series Wakalah Venture is at least equal to one third of the value of the Series Wakalah Venture as a whole, all as valued in accordance with the Valuation Principles (as defined herein).

Pursuant to each Supplemental Trust Deed, the Issuer will declare, *inter alia*, that it shall hold the rights, title, interest, entitlement and benefit in, to and under the Series Wakalah Venture and the Series Transaction Documents (as defined herein) as trustee for the relevant Trust Certificates Holders (as defined herein) and the Trust Certificates of the relevant Series will confer on the Trust Certificates Holders from time to time the right to receive payments (as more particularly described therein) in accordance with the terms and conditions of the relevant Trust Certificates.

See "Investment Considerations" for a discussion of certain factors to be considered in connection with an investment in the Trust Certificates.

An application has been made to list the Trust Certificates on the Labuan International Financial Exchange Inc. ("LFX") and approval in-principle has been obtained for the listing and quotation of the Trust Certificates on the Singapore Exchange Securities Trading Limited (the "SGX-ST") but there can be no assurance that such listings will occur on or prior to the Closing Date or at all. Bursa Malaysia Securities Berhad ("BMS") granted its approval to list the Programme (under the exempt listing regime) on 30 December 2009. The Trust Certificates will be listed on BMS on, or as soon as reasonably practicable after, the Closing Date but will not be quoted for trading on BMS. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Trust Certificates to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, Khazanah Nasional Berhad (in its capacity as the obligor, the "Obligor"), the Khazanah Group (as defined herein) or the Trust Certificates. The Trust Certificates will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Trust Certificates are listed on the SGX-ST. Admission of the Trust Certificates to the LFX is not to be taken as an indication of the merits of the Issuer, the Obligor, the Khazanah Group or the Trust Certificates and will not result in any Trust Certificates being quoted for trading on the LFX.

**NEITHER BMS NOR THE LFX TAKES ANY RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING CIRCULAR, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON ANY PART OF THE CONTENTS OF THIS OFFERING CIRCULAR. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS OFFERING CIRCULAR BEFORE INVESTING. IF IN DOUBT, THE INVESTORS SHOULD CONSULT HIS OR HER ADVISER.**

The Trust Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Trust Certificates are being offered outside the United States by the Joint Bookrunners (as defined herein) in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Securities Commission of Malaysia ("SC") approved the Programme on 24 December 2008 and also approved a revision to the terms thereto on 23 June 2010.

IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007 OF MALAYSIA, A COPY OF THIS OFFERING CIRCULAR WILL BE DEPOSITED WITH THE SC, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS. THE ISSUE, OFFER OR INVITATION IN RELATION TO THE PROGRAMME OR OTHERWISE ARE SUBJECT TO THE FULFILMENT OF VARIOUS CONDITIONS PRECEDENT INCLUDING WITHOUT LIMITATION THE APPROVAL FROM THE SC. EACH RECIPIENT OF THIS OFFERING CIRCULAR ACKNOWLEDGES AND AGREES THAT THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE TRUST CERTIFICATES. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE ISSUER AND THE OBLIGOR AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS OFFERING CIRCULAR.

The Trust Certificates will be offered and sold in registered form in denominations of S\$250,000 each or integral multiples thereof. Upon issue, the Series 2015 Trust Certificates and the Series 2020 Trust Certificates will be represented by separate Global Certificates, each registered in the name of The Central Depository (Pte) Limited ("CDP") on or about the Closing Date. Except as described herein, definitive certificates for Trust Certificates of the relevant Series will not be issued in exchange for beneficial interests in the relevant Global Certificate. See "Summary of Provisions Relating to the Trust Certificates in Global Form".

Whilst CIMB Investment Bank Berhad (backed by CIMB Islamic Shariah Committee), The Islamic Bank of Asia Limited and OCBC Al-Amin Bank Berhad, in their capacity as the Shariah Advisers (the "Shariah Advisers"), have structured the offering of the Trust Certificates in accordance with the principles of Shariah and executed fatwas have been issued by each of the Shariah Advisers confirming such compliance, a prospective investor contemplating purchasing the Trust Certificates should make its own independent investigation and determination as to whether the offering and the investment in the Trust Certificates will comply with the principles of Shariah.

#### Joint Bookrunners

CIMB Bank Berhad

DBS Bank Ltd.

Oversea-Chinese Banking Corporation Limited

#### Joint Lead Managers

CIMB Bank Berhad

DBS Bank Ltd.

Oversea-Chinese Banking Corporation Limited

CIMB Islamic Bank Berhad

The Islamic Bank of Asia Limited

OCBC Al-Amin Bank Berhad

#### Co-Managers

Australia and New Zealand Banking Group Limited

BNP PARIBAS

Maybank Investment Bank Berhad

United Overseas Bank Limited



This Offering Circular includes particulars given in compliance with the Main Market Listing Requirements of BMS (under the exempt listing regime), the Listing Requirements under the LFX's Rules of Exchange and the SGX-ST Listing Manual for the purpose of giving information with regard to the Issuer, the Obligor and the Trust Certificates. The Issuer and the Obligor collectively and individually accept full responsibility for the accuracy of the information contained in this document.

The Board of Directors of each of the Issuer and the Obligor, having made all reasonable enquiries, confirms that, this Offering Circular contains all information which is material in the context of the issue and offering of the Trust Certificates, that the information contained herein is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts the omission of which would, in the context of the issue and offering of the Trust Certificates, make this Offering Circular as a whole or any of such information contained herein or the expression of any such opinions or intentions herein misleading in any material respect. The Board of Directors of each of the Issuer and the Obligor accepts responsibility accordingly. Where information contained in this Offering Circular includes extracts from summaries of information and data from public sources, the Board of Directors of each of the Issuer and the Obligor accepts responsibility for accurately reproducing such summaries and data.

The Joint Bookrunners are CIMB Bank Berhad, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (the "**Joint Bookrunners**"). The Joint Lead Managers are CIMB Bank Berhad, CIMB Islamic Bank Berhad, DBS Bank Ltd., The Islamic Bank of Asia Limited, Oversea-Chinese Banking Corporation Limited and OCBC Al-Amin Bank Berhad (the "**Joint Lead Managers**").

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Obligor, the Trustee, any of the Agents (as defined herein), the Joint Bookrunners or the Joint Lead Managers to subscribe for or purchase any of, the Trust Certificates and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Trust Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by each of the Issuer, the Obligor, the Joint Bookrunners, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Trust Certificates and distribution of this Offering Circular, see "*Subscription and Sale*".

In particular, the Trust Certificates have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Trust Certificates may not be offered or sold in the United States or to U.S. persons. To the fullest extent permitted by law, none of the Joint Bookrunners and the Joint Lead Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by a Joint Bookrunner or a Joint Lead Manager or on its behalf in connection with the Issuer, the Obligor, the Khazanah Group or the issue and offering of the Trust Certificates. Each Joint Bookrunner and Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Bookrunners or the Joint Lead Managers, the Trustee or any of the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Trust Certificates. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Joint Bookrunners or the Joint Lead Managers, the Trustee or any of the Agents nor on any person affiliated with the Joint Bookrunners, the Joint Lead Managers, the Trustee or any of the Agents in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information supplied in connection with the Trust Certificates is intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Obligor, any of the Joint Bookrunners or the Joint Lead Managers, the Trustee or any of the Agents that any recipient of this Offering Circular should purchase the Trust Certificates.

EACH POTENTIAL PURCHASER IS ADVISED TO CONSULT ITS TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF THE TRUST CERTIFICATES.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, the Obligor, any of the Joint Bookrunners or the Joint Lead Managers, the Trustee or any of the Agents. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the issue of the Trust Certificates shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Obligor or the Khazanah Group since the date hereof or that there has been no adverse change in the financial position of the Issuer, the Obligor or the Khazanah Group since the date hereof or that the information contained in it or any other information supplied in connection with the Trust Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Certificates may not be circulated or distributed, nor may the Trust Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Trust Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Trust Certificates pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

The Trust Certificates represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the “FSMA”)) which has not been authorised, recognised or otherwise approved by the Financial Services Authority. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Offering Circular and any other marketing materials relating to the Trust Certificates: (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”); and (ii) persons falling within any of the categories of persons described in Article 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CISs Order**”); (ii) persons falling within any of the categories of person described in Article 22(2)(a)–(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Trust Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Offering Circular should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

## CERTAIN TERMS AND CONVENTIONS

Unless indicated otherwise, in this Offering Circular all references to (i) the “Issuer” are to Danga Capital Berhad, (ii) the “Obligor” and “Khazanah” are to Khazanah Nasional Berhad and (iii) the “Khazanah Group” are to the Obligor and its consolidated subsidiaries and associate companies.

All references in this Offering Circular to the “Government” are to the Government of Malaysia. All references in this Offering Circular to the “United States” are to the United States of America. All references in this Offering Circular to “BMS” are to Bursa Malaysia Securities Berhad, all references in this Offering Circular to the “LFX” are to the Labuan International Financial Exchange and all references in this Offering Circular to the “SGX-ST” are to the Singapore Exchange Securities Trading Limited.

All references to “U.S. dollars” and “U.S.\$” are to the currency of the United States of America, all references to “Singapore dollars” and “S\$” are to the currency of Singapore, all references to “Renminbi” and “RMB” are to the currency of the People’s Republic of China and all references to “Ringgit” and “RM” are to the currency of Malaysia.

Translations of amounts from U.S. dollars, Renminbi and Singapore dollars to Ringgit are solely for the convenience of the reader and have not been audited. Unless otherwise indicated, (i) any amount translated from U.S. dollars to Ringgit has been translated at the rate of U.S.\$1.00 = RM3.1980, based on exchange rates from Ringgit to U.S. dollars as at 26 July 2010; (ii) any amount translated from Renminbi to Ringgit has been translated at the rate of RMB1.00 = RM0.4716, based on exchange rates from Ringgit to Renminbi as at 26 July 2010; and (iii) any amount translated from Singapore dollars to Ringgit has been translated at the rate of S\$1.00 = RM2.3415, based on exchange rates from Ringgit to Singapore dollars as at 26 July 2010. No representation is made that the U.S. dollar, Renminbi, Singapore dollar or Ringgit amounts referred to herein could have been, or could be, converted into Ringgit, U.S. dollar, Renminbi or Singapore dollar amounts, as the case may be, at those or any other rates or at all.

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the Directors' Report and Audited Financial Statements 31 December 2009 of Khazanah (the "**Audited Consolidated Financial Statements**") which have been filed with the Companies Commission of Malaysia.

Investors may obtain copies of the Audited Consolidated Financial Statements from the Companies Commission of Malaysia by paying a fee to the Companies Commission of Malaysia.

The Audited Consolidated Financial Statements were prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards with which prospective investors may be familiar with in other countries. The Audited Consolidated Financial Statements shall be deemed to be incorporated in, and form part of, this Offering Circular. Hanafiah, Raslan & Mohamad have audited, and rendered unqualified audit reports on, the Audited Consolidated Financial Statements and have given and not withdrawn their consent to the issue of this Offering Circular with the incorporation of the Audited Consolidated Financial Statements and their Audit Report relating to the Audited Consolidated Financial Statements in the form and context in which they are incorporated.

The documents incorporated herein by reference are current only as at the date of such documents, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of Khazanah, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. In addition, any statement contained in such documents shall be deemed to be superseded for the purpose of this Offering Circular to the extent that a discussion contained herein relating to the same subject matter omits such statement. Any such statements omitted shall not be deemed to constitute part of this Offering Circular.



## SUMMARY OF THE OFFERING

The summary below describes the principal terms of the Trust Certificates and the Series Transaction Documents. The sections of this Offering Circular entitled “Conditions of the Trust Certificates” and “Summary of Principal Series Transaction Documents” contain a more detailed description of the Trust Certificates and the Series Transaction Documents.

<b>Issuer</b> .....	Danga Capital Berhad
<b>Obligor</b> .....	Khazanah Nasional Berhad
<b>Wakeel</b> .....	Khazanah Nasional Berhad
<b>Trustee</b> .....	Deutsche Trustees Malaysia Berhad
<b>Issuing and Paying Agent</b> .....	Deutsche Bank AG, Hong Kong Branch
<b>Singapore Paying Agent</b> .....	Deutsche Bank AG, Singapore Branch
<b>Registrar and Transfer Agent</b> .....	Deutsche Bank Luxembourg S.A.
<b>Joint Lead Managers</b> .....	CIMB Bank Berhad, DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited, CIMB Islamic Bank Berhad, The Islamic Bank of Asia Limited and OCBC Al-Amin Bank Berhad
<b>Joint Bookrunners</b> .....	CIMB Bank Berhad, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
<b>Shariah Advisers</b> .....	CIMB Investment Bank Berhad (backed by CIMB Islamic Shariah Committee), The Islamic Bank of Asia Limited and OCBC Al-Amin Bank Berhad
<b>Series Shariah Adviser</b> .....	CIMB Investment Bank Berhad (backed by CIMB Islamic Shariah Committee)
<b>Trust Certificates</b> .....	S\$600,000,000 Trust Certificates due 2015 (the “ <b>Series 2015 Trust Certificates</b> ”) and S\$900,000,000 Trust Certificates due 2020 (the “ <b>Series 2020 Trust Certificates</b> ”), together with the Series 2015 Trust Certificates, the “ <b>Trust Certificates</b> ” and each, a “ <b>Series</b> ”), in each case issued pursuant to the Multicurrency Islamic Securities Issuance Programme established by Danga Capital Berhad on 10 February 2009 (the “ <b>Programme</b> ”).

The Trust Certificates of each Series will be constituted by a Supplemental Trust Deed dated the Closing Date (the “**Supplemental Trust Deed**”), which amends and supplements the Trust Deed dated 10 February 2009 relating to the Programme (the “**Master Trust Deed**”), together with the Supplemental Trust Deed, the “**Trust Deed**”).

The aggregate of the Nominal Value (as defined in the Supplemental Trust Deed of the relevant Series) of Islamic securities outstanding under the Programme (including the Trust Certificates) and the face value of Islamic securities outstanding under a Ringgit-Denominated Islamic Securities Programme established by Danga Capital Berhad on 6 February 2009 (the “**Ringgit Programme**”) shall not exceed at any time RM10,000,000,000 (or its equivalent in any other currency).

<b>Closing Date</b> .....	11 August 2010
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- Maturity Date** ..... The Series 2015 Trust Certificates will expire on 11 August 2015 and the Series 2020 Trust Certificates will expire on 11 August 2020, unless in each case previously redeemed or purchased and cancelled as provided herein.
- Issue Price** ..... 100% in respect of each of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates.
- The Offering** ..... The Trust Certificates are being offered by the Joint Bookrunners outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act.
- Form of the Trust Certificates** ..... Each Series will be represented by a Global Certificate deposited with and registered in the name of The Central Depository (Pte) Limited (“**CDP**”) on or before the Closing Date. Individual Certificates (as defined herein) evidencing holdings of Trust Certificates will only be available in limited circumstances more fully described in “*Summary of Provisions relating to the Trust Certificates in Global Form*”.
- Ownership interests in the Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by CDP.
- Denomination** ..... The Trust Certificates will be issued in registered form in the denominations of S\$250,000 each or integral multiples thereof. The Trust Certificates will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Trust Certificates are listed on the SGX-ST.
- Status of the Trust Certificates** ..... The relevant Trust Certificates constitute undivided proportionate beneficial ownership interests in the relevant Trust Assets and will at all times rank *pari passu* and rateably, without discrimination, preference or priority among themselves, subject to priorities or rights preferred by law.
- Negative Pledge** ..... In respect of the Issuer only, see Condition 14(a).
- Purchase Undertaking** ..... In respect of each Series, the Obligor shall on the Closing Date issue a Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the Trust Certificates Holders of the relevant Series) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Series Wakalah Venture at their fair market value (the “**Purchase Price**”) on the earlier of the Maturity Date or following a Dissolution Event, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount (as defined below) due on the Trust Certificates to the Trust Certificates Holders of the relevant Series, provided that the Purchase Price is sufficient to satisfy the same.

All of the Issuer’s rights, title, interest, entitlement and benefit under the Series Wakalah Venture, including without limitation the beneficial ownership in all shares comprised therein, all of the Issuer’s rights under the Commodity Murabahah Investment, and all rights and other distributions accruing to or forming part of the Series Wakalah Venture are the “**Investments**”.

The Obligor’s payment obligations under the Purchase Undertaking shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

**The Wakalah Agreement** . . . . . In respect of each Series, the Issuer and Khazanah Nasional Berhad (in its capacity as agent of the Issuer, the “**Wakeel**”) shall on the Closing Date enter into a wakalah agreement (each, a “**Wakalah Agreement**”) pursuant to which the Issuer (on behalf of the Trust Certificates Holders of the relevant Series) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the proceeds from the issue of each Series of the Trust Certificates (the “**Series Proceeds**”) in a wakalah venture (each, a “**Series Wakalah Venture**”) in accordance with the terms of the Wakalah Agreement and an investment plan attached thereto (the “**Investment Plan**”).

The Wakeel shall act as agent of the Issuer (on behalf of the Trust Certificates Holders of the relevant Series) at all times in respect of its rights and obligations under the Wakalah Agreement, the Investment Plan and the Series Wakalah Venture Contracts. “**Series Wakalah Venture Contracts**” means, in respect of each Series, the Commodity Murabahah Investment Agreement (as defined below), the Sale and Purchase Agreement (as defined below), and any ancillary contracts in relation thereto entered into from time to time, including but not limited to the Closing Date Deed of Surrender (as defined below), the Issuer Undertaking (as defined below), the Obligor Undertaking (as defined below), the Purchase Undertaking and any sale and purchase agreements or substitution agreements entered into pursuant such undertakings.

The Investment Plan requires that for each Series (i) the Wakeel invests the Series Proceeds with effect from the Closing Date in a Series Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount for each Periodic Distribution Period for the term of such Series (the “**Expected Return**”); and (ii) the Investments included in each Series Wakalah Venture will comply with certain additional requirements described under “*Summary of Principal Series Transaction Documents — The Wakalah Agreement*”.

The Wakeel will carry out its obligations in accordance with the Wakalah Agreement and Investment Plan as agent for the Issuer.

See “*Summary of Principal Series Transaction Documents — The Wakalah Agreement*”.

**The Investments** . . . . . In respect of each Series, the Series Wakalah Venture shall comprise investments in (i) certain Shariah-compliant shares and (ii) a Commodity Murabahah Investment, in each case as described below.

“**Commodity Murabahah Investment**” means a commodity murabahah investment forming part of each Series Wakalah Venture and which will be in the form of the Commodity Murabahah Investment Agreement.

Any loss incurred under each Series Wakalah Venture shall be borne by the Trust Certificates Holders of the relevant Series in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.

**Shariah-compliant Shares** . . . . . The Wakalah Agreement of each Series requires that on the Closing Date an amount equal to at least 51% of the Series Proceeds for such Series shall be applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, to be held as part of the Series Wakalah Venture.

“**Shariah-compliant Shares**” means Shariah-compliant shares in one or more companies, whether listed or not listed on any stock exchange, identified by the Wakeel in its discretion and approved by the Series Shariah Adviser as Shariah-compliant from time to time throughout the term of the Trust Certificates, and as approved by the Shariah Advisers as Shariah-compliant on the Closing Date.

Pursuant to a sale and purchase agreement (the “**Sale and Purchase Agreement**”) entered into by the Issuer (acting through the Wakeel as agent) and the Obligor on the Closing Date in respect of each Series, the Issuer (acting through the Wakeel as agent) shall purchase from the Obligor certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles. In respect of the Series 2015 Trust Certificates, S\$540,000,000 of the Series Proceeds will be applied in the purchase of Shariah-compliant Shares and, in respect of the Series 2020 Trust Certificates, S\$810,000,000 of the Series Proceeds will be applied in the purchase of Shariah-compliant Shares, in each case by way of transfer of beneficial ownership on the Closing Date.

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) and subsequently (in respect of any other shares which form part of the relevant Series Wakalah Venture), the Issuer (acting through the Wakeel as agent) shall execute a deed of surrender (the deed of surrender executed on the Closing Date being the “**Closing Date Deed of Surrender**” and any subsequent deed of surrender being a “**Deed of Surrender**”) surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

In accordance with the terms of the Wakalah Agreement of each Series, the Wakeel shall manage the shares forming part of the Series Wakalah Venture and shall exercise all rights as beneficial shareholder on behalf of the Issuer and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such decisions.

During the relevant terms of each Series, the aggregate fair market value of the shares comprised in each Series Wakalah Venture must be at least equal to one-third of the value of the Series Wakalah Venture as a whole (the “**Shares Investment Minimum Value**”), all as determined in accordance with the Valuation Principles.

Pursuant to the terms of the Series Shariah Adviser appointment letter dated the Closing Date, on or about each anniversary of the Closing Date up to and including 11 August 2014 (in the case of the Series 2015 Trust Certificates) and 11 August 2019 (in the case of the Series 2020 Trust Certificates), the Series Shariah Adviser shall assess the shares comprised in the relevant Series Wakalah Venture and certify to the Issuer, the Trustee, the Wakeel and the Obligor whether or not in its opinion they continue to be Shariah-compliant Shares.

The shares comprised in each Series Wakalah Venture shall be dealt with in accordance with the terms of the relevant Wakalah Agreement and certain additional documents entered into on the Closing Date in

connection therewith, including (i) an undertaking granted in respect of each Series by the Obligor in favour of the Issuer and the Wakeel as its agent (the “**Obligor Undertaking**”) and (ii) an undertaking granted in respect of each Series by the Issuer (on behalf of the relevant Trust Certificates Holders) in favour of the Obligor (the “**Issuer Undertaking**”). The Obligor Undertaking and the Issuer Undertaking are described further under “*Summary of Principal Series Transaction Documents*”.

**Dividends and Other Distributions** . . . The Wakeel shall maintain records of all dividends (whether in the form of cash, shares or any other form) and other distributions accruing to the Issuer as beneficial owner of the shares comprised in the Series Wakalah Venture (on behalf of the relevant Trust Certificates Holders) during each Periodic Distribution Period.

If shareholders are able to elect the form in which dividends or other distributions are to be paid, the Wakeel shall make such election and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such election.

All such dividends and other distributions shall form part of the relevant Series Wakalah Venture and shall be dealt with as described below.

If any dividends or other distributions accrue to the relevant Series Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”), the Wakeel shall on behalf of the Issuer direct the Obligor to exercise such rights in accordance with the Wakeel’s instructions, all as further described under the “*Summary of Principal Series Transaction Documents*” sections.

In respect of each Periodic Distribution Period, the aggregate amount of (i) all dividends and other distributions, in each case in the form of cash, accruing to the Issuer as beneficial owner of the shares comprised in the Series Wakalah Venture (on behalf of the relevant Trust Certificates Holders) during each Periodic Distribution Period, and (ii) the Excess Shares Purchase Price (if any) payable on the corresponding Valuation Date (each as defined herein), in each case determined in accordance with the Valuation Principles, shall be expressed as a sum in Singapore dollars and is referred to as the “**Share Distribution**”. Subject as provided below, the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in Singapore dollars equal to the Share Distribution.

The Wakeel shall calculate, on the day falling one Business Day before each Periodic Distribution Date, the income in respect of the relevant Series Wakalah Venture (the “**Periodic Income**”) being the aggregate of (i) the Share Distribution and (ii) all amounts received by the Issuer (acting through the Wakeel as agent) under the Commodity Murabahah Investment Agreement, in each case in respect of the immediately preceding Periodic Distribution Period.

Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an incentive fee from the Periodic Income in respect of any excess (“**Interim Incentive Fee**”). The Wakeel shall

transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

**Commodity Murabahah**

**Investment** ..... The Wakalah Agreement of each Series provides that on the Closing Date an amount equal to no more than 49% of the Series Proceeds shall be invested in a Commodity Murabahah Investment. Therefore, on the Closing Date, a commodity murabahah investment agreement in respect of each Series (each, a “**Commodity Murabahah Investment Agreement**”) will be entered into between Khazanah Nasional Berhad as Buyer (the “**Buyer**”), the Issuer (acting through the Wakeel as agent) and CIMB Islamic Bank Berhad as facility agent (the “**Facility Agent**”).

In respect of the Series 2015 Trust Certificates, S\$60,000,000 of the Series Proceeds will be applied in the purchase of commodities and, in respect of the Series 2020 Trust Certificates, S\$90,000,000 of the Series Proceeds will be applied in the purchase of commodities, in each case on the Closing Date and as further described below. The amount of the Series Proceeds applied as aforesaid is referred to as the “**Commodity Purchase Price**”.

Pursuant to the Commodity Murabahah Investment Agreement for each Series, the Buyer shall deliver to the Issuer a purchase order and an undertaking to buy commodities. The Issuer (acting through the Wakeel as agent) shall appoint the Facility Agent to act as its agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent (“**Broker A**”) at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for a deferred sale price payable in accordance with a predetermined payment schedule (“**Payment Schedule**”) (the “**Deferred Sale Price**”). On the settlement date, the Buyer shall appoint the Facility Agent to act as its agent to sell the commodities which it purchased from the Issuer (acting through the Wakeel as agent) to a third party commodity broker other than Broker A solicited at the discretion of the Facility Agent (“**Broker B**”) on the settlement date at the spot price equivalent to the Commodity Purchase Price.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) shall be equal to S\$678,492,986.30 in the case of the Series 2015 Trust Certificates and S\$1,235,525,547.93 in the case of the Series 2020 Trust Certificates (such amounts being equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the relevant Series of Trust Certificates). In accordance with each Payment Schedule, the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the relevant Periodic Distribution Dates; and
- (ii) on the day falling one Business Day before the relevant Maturity Date, or on the Dissolution Event Redemption Date (as applicable).

**Valuation Principles** ..... For the purposes of calculating the value of each Series Wakalah Venture and the relevant Investments comprised within each Series Wakalah Venture, certain principles (“**Valuation Principles**”) shall apply.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent, approved by the Trustee, from time to time) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles. The Valuation Principles are set out in full in Condition 4.1(e).

**Trust Assets** ..... Pursuant to and in accordance with the terms of the Supplemental Trust Deed of each Series, the Issuer will declare a trust over the assets specified below (the “**Trust Assets**”):

- (a) all of its rights, title, interest, entitlement and benefit in, to and under each Series Wakalah Venture;
- (b) all of its rights, title, interest, entitlement and benefit in, to and under the Series Transaction Documents; and
- (c) all proceeds of the foregoing,

upon trust absolutely for the Trust Certificates Holders of the relevant Series *pro rata* according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holders in accordance with the Supplemental Trust Deed and the terms and conditions of the Trust Certificates (the “**Conditions**”) of the relevant Series.

**Series Transaction Documents** ..... The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking Deed, the Wakalah Agreement, the Sale and Purchase Agreement, the Closing Date Deed of Surrender, the Obligor Undertaking, the Issuer Undertaking, the Obligor Power of Attorney, the Issuer Power of Attorney, the Commodity Murabahah Investment Agreement, the Purchase Undertaking, the Trust Certificates, the Master Depository Services Agreement, the Deed of Covenant (each as defined herein), any other agreements and documents delivered or executed in connection therewith and any other amendments, variations and/or supplementals made or entered into from time to time, are collectively referred to herein as the “**Series Transaction Documents**”.

**Periodic Distribution Dates** ..... 11 February and 11 August in each year for each Series, commencing on 11 February 2011 and up to and including the Maturity Date for the relevant Series.

**Periodic Distribution Amount** ..... On each Periodic Distribution Date for each Series, Trust Certificates Holders of the relevant Series will receive, provided that the Periodic Income is sufficient to satisfy the same, a Periodic Distribution Amount in Singapore dollars of 2.615% per annum in relation to the Series 2015 Trust Certificates and 3.725% per annum in relation to the Series 2020 Trust Certificates calculated on the basis of the Nominal Value of the Trust Certificates held by each Trust Certificates Holder per annum, calculated on the basis of the actual number of days in the relevant period, all in accordance with the Conditions.

**Dissolution on the Maturity Date** ..... The Trust Certificates of each Series will, provided that the Purchase Price referred to below is sufficient to satisfy the same, be redeemed at their Dissolution Distribution Amount on their respective Maturity Date, unless in either case previously redeemed, or purchased and cancelled, in their entirety, as provided herein.

“**Dissolution Distribution Amount**” means an amount equal to the Aggregate Nominal Value (as defined in Condition 22) of the relevant Series outstanding, plus any accrued but unpaid Periodic Distribution Amounts.

The Obligor shall be required to pay the Purchase Price to the Issuer on the day falling one Business Day before the Maturity Date in consideration for the Investments. The Dissolution Distribution Amount will be payable from the proceeds of the Purchase Price to the extent that the Purchase Price is sufficient to satisfy the Dissolution Distribution Amount. Provided that no amounts remain outstanding in respect of the Trust Certificates of the relevant Series or under Condition 4.2, the Wakeel shall be entitled to an incentive fee from the Purchase Price in respect of any excess (“**Final Incentive Fee**”).

The Trust for each Series shall only be dissolved following payment to the Trust Certificates Holders of the relevant Series of such Dissolution Distribution Amount in full.

**Dissolution following a Dissolution**

**Event** ..... Following a Dissolution Event (being those events described in Condition 13), the Trustee may (pursuant to the terms of the Trust Deed), and if so requested in writing by the holders of not less than one-fifth in Nominal Value of the relevant Series then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) (subject to the Trustee being indemnified to its satisfaction) shall, declare the relevant Series immediately due and payable at its Dissolution Distribution Amount.

In such case, the Trustee shall exercise its rights under the Purchase Undertaking by serving an exercise notice (the “**Exercise Notice**”) on the Obligor and the Obligor shall be required to pay the Purchase Price to the Trustee on the date specified in the Exercise Notice (the “**Dissolution Event Redemption Date**”) in consideration for the Investments. The Dissolution Distribution Amount will be payable from the proceeds of the Purchase Price, to the extent that the Purchase Price is sufficient to satisfy the Dissolution Distribution Amount. Provided that no amounts remain outstanding in respect of the Trust Certificates of the relevant Series or under Condition 4.2, the Wakeel shall be entitled to an incentive fee from the Purchase Price in respect of any excess (also a “**Final Incentive Fee**”).

The Trust for each Series shall only be dissolved following payment to the Trust Certificates Holders of the relevant Series of such Dissolution Distribution Amount in full.

**Application of Proceeds from Trust**

**Assets** ..... On each Periodic Distribution Date, the Maturity Date or any Dissolution Event Redemption Date for each Series, monies received pursuant to the Investments in the Series Wakalah Venture will be applied in the order of priority in accordance with Condition 4.2.

**Purchase and Cancellation of Trust**

**Certificates** ..... The Obligor or any of its related corporations (as defined in Condition 22) may at any time purchase Trust Certificates of either Series in the market or otherwise and thereafter sell or cancel or otherwise deal with the Trust Certificates in such manner that is legally permissible, subject to the same not contravening any applicable laws and/or regulations. Any Trust Certificates held by the Obligor and/or its related corporations shall not entitle them to participate in the voting of any Trust Certificates Holders’ resolution nor form part of the quorum of any Trust Certificates Holders’ meeting.

**Enforcement** ..... No Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become so bound to proceed



pursuant to the provisions of the Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing.

**Limited Recourse** . . . . . Recourse of the Trust Certificates Holders in respect of any amounts due on the Trust Certificates is limited to the Trust Assets.

No Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer, the Agents and/or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise.

**Taxation** . . . . . All payments by the Issuer and the Obligor in respect of the Trust Certificates and/or the Series Transaction Documents shall be made in full without any deduction or withholding for or on account of any present and future taxes, duties or charges of whatsoever nature imposed by Malaysia and/or Singapore or any authority therein or thereof having power to tax, unless the deduction or withholding is required by law. In that event, the appropriate withholding or deduction shall be made and the Issuer or the Obligor, as the case may be, shall pay additional amounts (subject to certain exceptions) to Trust Certificates Holders to compensate for such withholding or deduction.

**Costs Undertaking** . . . . . The Obligor will execute a Supplemental Costs Undertaking Deed (as defined in Condition 22) on the Closing Date pursuant to which it will agree to reimburse, among others, the Trustees and the Agents for certain expenses incurred by them and indemnify such parties in respect of certain liabilities incurred by them in connection with the issue of the Trust Certificates.

**Listing** . . . . . BMS granted its approval to list the Programme (under the exempt listing regime) on 30 December 2009. The Trust Certificates will be listed on BMS (under the exempt listing regime) on, or as soon as reasonably practicable after, the Closing Date. An application has been made to list the Trust Certificates on the LFX and approval in-principle has been obtained for the listing and quotation of the Trust Certificates on the SGX-ST. Neither the SGX-ST nor LFX assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Trust Certificates to the Official List of the SGX-ST and admission of listing of the Trust Certificates to the LFX are not to be taken as an indication of the merits of the Issuer, the Obligor and its consolidated subsidiaries and/or associate companies, or the Trust Certificates. Admission of listing of the Trust Certificates to the LFX will not result in any Trust Certificates being quoted for trading on the LFX.

**Rating** . . . . . The Trust Certificates are not, and are not expected to be, rated by any rating agency.

**Selling Restrictions** . . . . . There are restrictions on the distribution of this Offering Circular and the offer and sale of Trust Certificates in Hong Kong, Japan, Malaysia, Negara Brunei Darussalam, Singapore, the United Kingdom and the United States and such other restrictions as may be required in connection with the offer and sale of the Trust Certificates. See “*Subscription and Sale*”.

**Governing Law** . . . . . The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking Deed, the Purchase Undertaking,

the Obligor Undertaking, the Issuer Undertaking, the Wakalah Agreement, the Closing Date Deed of Surrender, any Deed of Surrender and the Trust Certificates in respect of each Series will be governed by English law.

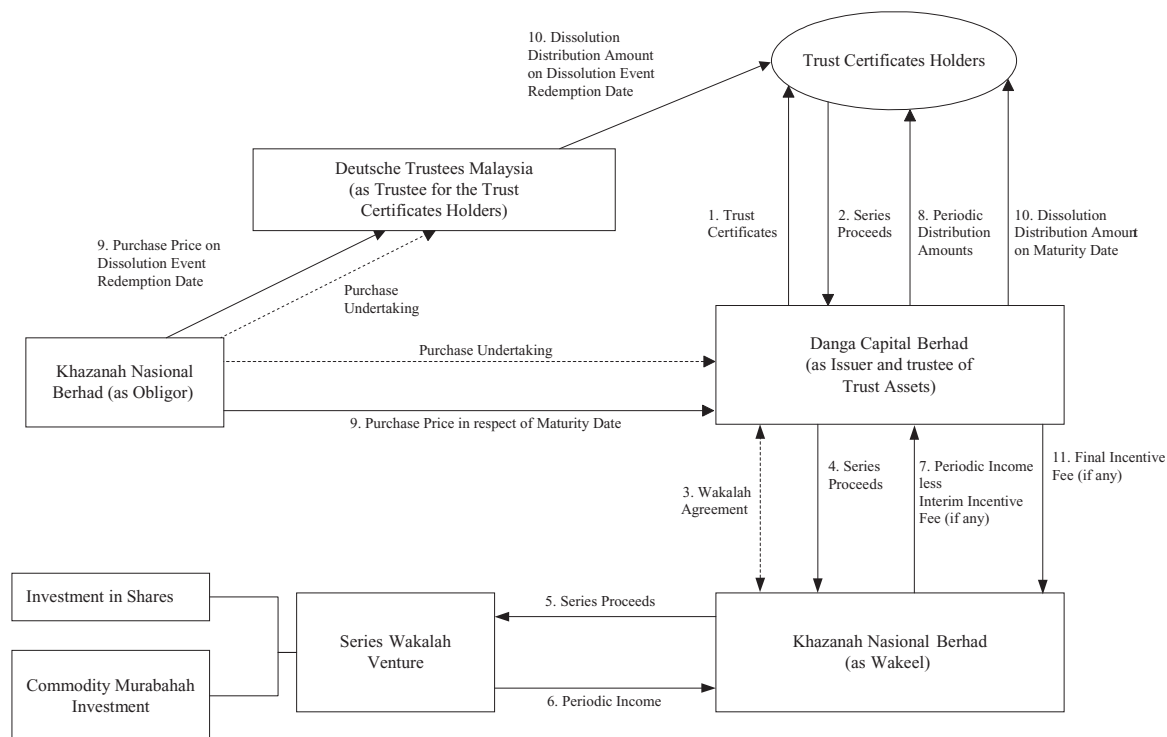
The Master Depository Services Agreement and the Deed of Covenant in respect of each Series will be governed by Singapore Law.

The Commodity Murabahah Investment Agreement and Sale and Purchase Agreement in respect of each Series will be governed by Malaysian law.

**ISIN** ..... The ISIN in respect of the Series 2015 Trust Certificates is SG7X04960515. The ISIN in respect of the Series 2020 Trust Certificates is SG7X05960522.

## STRUCTURE DIAGRAM AND CASH FLOWS

The following is a simplified overview of the structure and principal cashflows relating to each Series of the Trust Certificates. This overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Offering Circular. Potential investors should read the entire Offering Circular, especially the risks in relation to investing in the Trust Certificates discussed under “Investment Considerations”. Capitalised terms not defined below shall have the same meanings as set out in the “Conditions of the Trust Certificates”.



### Payments on the Closing Date

1. On the Closing Date, the Issuer shall issue the Trust Certificates in respect of each Series.
2. Also on the Closing Date, investors shall subscribe for the Trust Certificates by payment of the Series Proceeds to the Issuer.

In respect of each Series the Trust Certificates will be constituted by the Supplemental Trust Deed. Pursuant to and in accordance with the terms of the Supplemental Trust Deed, the Issuer will declare a trust for each Series over the Trust Assets upon trust for the Trust Certificates Holders of the relevant Series.

3. & 4. In respect of each Series, the Issuer and the Wakeel shall on the Closing Date enter into a Wakalah Agreement pursuant to which the Issuer (on behalf of the Trust Certificates Holders of the relevant Series) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the Series Proceeds in a Series Wakalah Venture in accordance with the terms of the Wakalah Agreement and the Investment Plan set out therein. The Investment Plan requires that for each Series (i) the Wakeel invests the Series Proceeds with effect from the Closing Date in a Series Wakalah Venture which generates the Expected Returns for the relevant Series; and (ii) the Investments included in each Series Wakalah Venture will comply with the Investment Conditions. Any loss incurred under each Series Wakalah Venture shall be borne by the Trust Certificates Holders of the relevant Series in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.
5. On the Closing Date the Wakeel shall, as agent of the Issuer (on behalf of the Trust Certificates Holders of the relevant Series), invest the Series Proceeds in the Series Wakalah Venture which shall comprise investments in certain Shariah-compliant Shares and a commodity murabahah investment. In respect of the Series 2015 Trust Certificates, S\$540,000,000 of the Series Proceeds will be applied in the purchase of Shariah-compliant Shares and, in respect of the Series 2020 Trust Certificates, S\$810,000,000 of the

Series Proceeds will be applied in the purchase of Shariah-compliant Shares, in each case on the Closing Date. Furthermore, in respect of the Series 2015 Trust Certificates, S\$60,000,000 of the Series Proceeds will be applied in the purchase of commodities and, in respect of the Series 2020 Trust Certificates, S\$90,000,000 of the Series Proceeds will be applied in the purchase of commodities, in each case on the Closing Date. In respect of each Series, the Deferred Sale Price payable under the Commodity Murabahah Investment Agreement will be equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates issued.

#### **Payments in respect of each Periodic Distribution Date**

6. The Wakeel will receive the Periodic Income generated by the Series Wakalah Venture. The Periodic Income comprises (as further described herein) the income in respect of the relevant Series Wakalah Venture during the relevant Periodic Distribution Period, being certain income and other distributions in respect of the shares and the commodity murabahah investment comprised within the Series Wakalah Venture.
7. Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable under Condition 4.2, the Wakeel shall be entitled to retain the Interim Incentive Fee from the Periodic Income in respect of any excess. The Wakeel shall pay to the Issuer the Periodic Income less the Interim Incentive Fee (if any).
8. Provided that the Periodic Income is sufficient to satisfy the same, the Issuer shall pay the Periodic Distribution Amount to the Trust Certificates Holders on each Periodic Distribution Date.

#### **Payments in respect of the Maturity Date or Dissolution Event Redemption Date**

9. On the day falling one Business Day before the Maturity Date, or on any Dissolution Event Redemption Date, if earlier, the Obligor shall, pursuant to the terms of the Purchase Undertaking, purchase from the Issuer all of the Investments in the Series Wakalah Venture at their fair market value calculated in accordance with the Valuation Principles (the “**Purchase Price**”).
10. The Issuer shall on the Maturity Date, or the Trustee shall on any Dissolution Event Redemption Date, provided that the Purchase Price is sufficient to satisfy the same, pay the Dissolution Distribution Amount to the Trust Certificates Holders.
11. Provided that no amounts remain outstanding in respect of the Trust Certificates, and all amounts payable under Condition 4.2 have been satisfied, the Wakeel shall be entitled to the Final Incentive Fee payable from the Purchase Price in respect of the excess.

## SUMMARY FINANCIAL INFORMATION

The following tables present selected financial information for Khazanah on an unconsolidated basis. The income statement and balance sheet data presented below have been derived from a summary of the audited unconsolidated financial statements of Khazanah as at and for the years ended 31 December 2008 and 31 December 2009 included herein (the “**Summarised Financial Statements**”). The Summarised Financial Statements were prepared from the audited financial statements of Khazanah as at and for the years ended 31 December 2008 and 31 December 2009. Investors should read the summary financial information in conjunction with the Summarised Financial Statements and the related notes included herein.

The unconsolidated financial statements of Khazanah are prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards with which prospective investors may be familiar with in other countries.

	For the year ended 31 December	
	2008 (audited)	2009 (audited)
	<i>(RM thousands)</i>	
<b><u>Income Statement</u></b>		
Revenue .....	6,130,369	3,401,131
Dividend income .....	4,885,042	1,944,397
Gain from divestments .....	877,115	1,233,992
Other operating income .....	368,212	222,742
Operating expenses .....	(432,109)	(423,456)
Foreign exchange (losses)/gain, net .....	147,127	(96,520)
Allowance for impairment losses in investments and other provisions .....	(3,094,991)	(866,273)
Operating profit .....	2,750,396	2,014,882
Finance costs .....	(1,196,511)	(1,401,855)
Profit before taxation .....	1,553,885	613,027
Taxation .....	(350,425)	27,683
Net profit for the year .....	1,203,460	640,710

	<b>As at 31 December</b>	
	<b>2008</b> <b>(audited)</b>	<b>2009</b> <b>(audited)</b>
	<i>(RM thousands)</i>	
<b>Balance Sheet</b>		
<b>Non-current assets</b>		
Property, plant and equipment .....	22,215	21,830
Intangible assets .....	2,993	1,964
Investment in subsidiaries .....	16,109,640	15,031,473
Investment in associates .....	20,555,222	23,647,679
Other investments .....	3,040,898	5,093,352
Deferred tax assets .....	335,836	368,336
	<u>40,066,804</u>	<u>44,164,634</u>
<b>Current assets</b>		
Other receivables .....	7,300,289	7,141,950
Tax recoverable .....	570,020	557,819
Other investments .....	2,522,018	81,084
Investment in money market instruments .....	29,034	14,915
Cash and bank balances .....	1,518,015	3,704,528
	<u>11,939,376</u>	<u>11,500,296</u>
<b>Current liabilities</b>		
Borrowings .....	4,190,910	7,250,616
Other payables .....	4,839,850	2,141,493
	<u>9,030,760</u>	<u>9,392,109</u>
<b>Net Current assets</b> .....	<u>2,908,616</u>	<u>2,108,187</u>
	<u>42,975,420</u>	<u>46,272,821</u>
<b>Financed by:</b>		
Share capital .....	5,443,953	5,443,953
Share premium .....	3,840,248	3,840,248
Retained profits .....	8,865,936	9,406,646
<b>Shareholders' funds</b> .....	<u>18,150,137</u>	<u>18,690,847</u>
<b>Non-current liabilities</b>		
Borrowings .....	24,582,208	27,581,974
Other long term liabilities .....	243,075	—
	<u>24,825,283</u>	<u>27,581,974</u>
	<u>42,975,420</u>	<u>46,272,821</u>

## INVESTMENT CONSIDERATIONS

Notwithstanding that this Offering Circular does not contain all information in relation to the Issuer, the Obligor and the Trust Certificates that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Trust Certificates, prior to making such a decision, prospective investors of the Trust Certificates should carefully consider all the information set forth in this Offering Circular, including the investment considerations set out below. The investment considerations set out below do not purport to be complete or comprehensive in terms of all the investment considerations that may be involved in the businesses of the Issuer, the Obligor or the Khazanah Group or any decision to purchase, own or dispose of the Trust Certificates. There may also be additional investment considerations of which the Issuer, the Obligor, the Joint Bookrunners or the Joint Lead Managers are currently unaware or which are not disclosed herein, which may also impair the financial condition, performance or results of operation of the Issuer or the Obligor, or affect the market price of, liquidity and/or trading in, the Trust Certificates.

Words and expressions defined in “Conditions of the Trust Certificates” shall have the same meanings in this section unless otherwise stated.

### Considerations relating to this Offering Circular

***This Offering Circular contains only a summary description of the Issuer and the Obligor. This Offering Circular does not purport to contain all information in relation to the Issuer, the Obligor, the Khazanah Group or the Trust Certificates that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Trust Certificates.***

This Offering Circular (or any part hereof) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Obligor, any of the Joint Bookrunners or Joint Lead Managers, the Trustee or any of the Agents that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase any of the Trust Certificates. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, the Obligor, any of the Joint Bookrunners or Joint Lead Managers, the Trustee or any of the Agents or any person affiliated with any of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

Any recipient of this Offering Circular contemplating subscribing for or purchasing any of the Trust Certificates should determine for itself the relevance of the information contained herein and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the prospects and creditworthiness, of the Issuer, the Obligor and the Khazanah Group, the Conditions and any other factors relevant to its decision, including the merits and risks involved. In particular, recipients of this Offering Circular should note that the financial information in respect of Khazanah set out in this Offering Circular comprise only unconsolidated financial information in the form of, or derived from, Khazanah’s Summarised Financial Statements as at and for the years ended 31 December 2008 and 31 December 2009.

### Considerations relating to the Issuer

***The Issuer has conducted limited activities since its incorporation, has no material assets and is dependent on Khazanah to pay amounts due under the Trust Certificates.***

The Issuer is a special purpose vehicle in the form of a limited liability company incorporated in Malaysia on 16 October 2008 pursuant to the Companies Act, 1965 of Malaysia and has conducted limited activities since its incorporation. Its principal activity is to issue Islamic securities pursuant to the Programme (including the Trust Certificates) and pursuant to the Ringgit-Denominated Islamic Securities Programme established by the Issuer on 6 February 2009 (the “**Ringgit Programme**”). The Issuer has previously issued RM3.6 billion in nominal amount of Islamic securities under the Ringgit Programme, all of which remain outstanding as at the date of this Offering Circular. The Issuer’s only material assets in relation to the Trust Certificates for each Series, which will be held by it as trustee on trust for the relevant Trust Certificates Holders, will be the Trust Assets for each Series. The Trust Certificates will not be obligations or responsibilities of, or guaranteed by, the Trustee, any of the Agents, the Joint Bookrunners or Joint Lead Managers.

In relation to each Series, the Issuer’s only material source of funds will be its rights under the Series Transaction Documents to receive periodic payments generated by the Series Wakalah Venture and to receive the Dissolution

Distribution Amount payable upon maturity or on the Dissolution Event Redemption Date (as applicable) under the Purchase Undertaking. The ability of the Issuer to pay amounts due to the Trust Certificate Holders of the relevant Series will therefore be dependent upon Khazanah fulfilling its obligations under the Series Transaction Documents. As a consequence, the Issuer's ability to satisfy its obligations under the Trust Certificates of each Series is subject to all the risks to which Khazanah is subject that could negatively affect its ability to satisfy its obligations under the Series Transaction Documents.

### **Considerations relating to Khazanah**

***The Obligor has no operations of its own and is dependent on investment income from its investments for revenue and to pay dissolution amounts on the Trust Certificates.***

The Obligor is a holding company for investments in its subsidiaries and associate companies and has no operations of its own. As a result, the Obligor will depend upon its investment income, including dividends and distributions from its subsidiaries, associate companies and investee companies and proceeds from divestments, to make payments if and when required for each Series, in its capacity as Wakeel under the Wakalah Agreement, in its capacity as buyer under the Commodity Murabahah Investment Agreement and in its capacity as Obligor under the Purchase Undertaking. The ability of such companies to pay dividends to their shareholders (including the Obligor) is subject to, among other things, the results of operations and funding requirements of such companies, distributable reserves, the approval of their directors and shareholders, and applicable law and restrictions contained in debt instruments of such companies, if any. Moreover, further issues of equity interests by these companies could dilute the ownership interest of the Obligor in such companies.

***The Wakalah Agreement, Commodity Murabahah Investment Agreement and Purchase Undertaking for each Series will be structurally subordinate to all existing and future obligations of Khazanah's subsidiaries and associate companies.***

As a holding company with no independent operations, Khazanah's obligations, in its capacity as Wakeel under the Wakalah Agreement, in its capacity as buyer under the Commodity Murabahah Investment Agreement and in its capacity as Obligor under the Purchase Undertaking for each Series, will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associate companies. All claims of creditors of these companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such companies over claims of the Obligor and its creditors, including any claims by or on behalf of the Issuer relating to amounts payable by Khazanah pursuant to the Wakalah Agreement, the Commodity Murabahah Investment Agreement and the Purchase Undertaking for the relevant Series.

***Khazanah and its portfolio companies are subject to strategic risk.***

Khazanah's investment portfolio is subject to investment and market risks as well as concentration risks. Khazanah's investment portfolio may be concentrated in certain sectors and geographic regions or in certain of its individual investments which may or may not be listed. Khazanah's investment portfolio profile may change from period to period depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by Khazanah.

As at 31 December 2009, the top five sectors contributing to Khazanah's investment portfolio in terms of mark-to-market Realisable Asset Value ("RAV") were the financial institution group, media and communications, infrastructure and construction, utilities and property sectors, comprising 23.3%, 21.9%, 18.0%, 16.2% and 7.6% of Khazanah's investment portfolio in terms of RAV, respectively. In terms of key geographic exposure of Khazanah's portfolio, 88.6% of its investment portfolio is located in Malaysia, 3.3% in Singapore, 2.4% in India, 2.1% in Indonesia and 1.8% in China, in each case in terms of RAV and as at 31 December 2009. These RAV percentages are in each case derived based on the audited financial statements of Khazanah as at and for the year ended 31 December 2009.

***Khazanah and its portfolio companies are exposed to various regulatory and litigation risks.***

Khazanah and its portfolio companies hold investments in Malaysia and other countries, which means that Khazanah and such entities are subject to a variety of legal and regulatory requirements and judiciary systems in such jurisdictions. Laws and regulations that are applied in such countries may change from time to time. Changes in laws or regulations, other regulatory matters or litigation actions involving Khazanah and its portfolio companies, or restrictions such as tariffs, trade barriers, requirements relating to withholding taxes on Khazanah or such entities in any jurisdiction may have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.



### ***Liabilities relating to investments and divestments.***

In connection with an investment in, or divestment of, an interest in a company, Khazanah may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including without limitation tax or environmental claims or liabilities. There can be no assurance that any such claim or liability would not have a material adverse effect on the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group.

### ***Government ownership of Khazanah.***

Save for the one share owned by the Federal Lands Commissioner of Malaysia (the “FLC”), a body corporate incorporated pursuant to the Federal Lands Commissioner (Incorporation) Act, 1957 of Malaysia, all the share capital of Khazanah is owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 of Malaysia and Khazanah is the investment holding arm of the Government. As such, the Government, as the largest single shareholder of Khazanah (through the Minister of Finance (Inc)), can exercise influence over the corporate objectives, strategies or actions of Khazanah. Although the Government has not to date taken any actions to exercise such influence, there can be no assurance that the Government will not do so in a manner that is inconsistent with the interests of the Trust Certificate Holders.

### ***Khazanah may not be able to replace the investments disposed of under Khazanah’s divestment strategy and the remaining divestments may not be able to generate the same levels of investment income.***

In line with the Government’s objective for divestments of non-core holdings and non-competitive assets, Khazanah has been committed towards a gradual divestment of certain of its investments. Between 2004 and 2009, Khazanah made 29 divestments, generating cash proceeds of RM13,194 million and obtaining total gains of RM8,111 million. There is, however, no assurance that investments of the equivalent value or competitiveness may be found to replace the disposed investments and the new investments may not be able to deliver the same financial performance or generate an equivalent level of investment income.

### ***Considerations relating to Malaysia***

#### ***Political, economic and social developments in Malaysia may adversely affect the Khazanah Group.***

As a company incorporated in Malaysia with significant investment exposure to the fiscal performance of Malaysia, the financial condition of Khazanah and the Khazanah Group or the business or results of operations of the Khazanah Group may be adversely affected by political, economic and social developments in Malaysia. Any change in Government policies, changes to senior positions within the Government, or any political instability in Malaysia, arising from these changes, may have a material adverse effect on the Khazanah Group, its business, operations and financial condition. Furthermore, any changes in the composition of the Government could result in a change in Government policies.

In addition to changes in the Government, other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

#### ***Developments in Asia and globally may negatively impact Khazanah and its portfolio companies.***

Global market and economic conditions have been, and continue to be, disrupted and volatile, and in September and October 2008, the volatility reached unprecedented levels. Malaysia’s economy has been affected by this global economic crisis, as evidenced by the decrease in its rate of gross domestic product (“GDP”) growth to 4.6% in 2008 (compared to 6.3% in 2007). According to Bank Negara Malaysia, Malaysia’s central bank, GDP fell in the first quarter of 2009 by 6.2%. This was attributed to a slowdown in the global GDP during the same period.

The adverse global economic conditions and volatility of capital markets have, and may continue to have, an adverse impact on the value of Khazanah’s portfolio, the value and profitability of Khazanah’s portfolio companies’ businesses and, in turn, the Khazanah Group’s revenue and profitability. In addition, these conditions have, and may continue to have, an adverse impact on the ability of Khazanah’s portfolio companies to pay dividends or make other distributions or payments to Khazanah, or may result in its investment selections not generating the expected returns for Khazanah.

Khazanah's portfolio RAV decreased from RM88.3 billion as at 31 December 2007 to RM67.9 billion as at 31 December 2008, reflecting the stress of the global economy. Nevertheless, the portfolio recovered significantly in 2009, with overall portfolio RAV of RM91.2 billion as at 31 December 2009. These RAV portfolio amounts were derived based on the audited financial statements of Khazanah as at and for the years ended 31 December 2007, 2008 and 2009, respectively.

***A re-imposition of capital controls may affect investors' ability to repatriate the proceeds from the sale of Trust Certificates and dissolution amounts paid on the Trust Certificates from Malaysia.***

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Government introduced, on 1 September 1998, selective capital control measures. The Government initiated the liberalisation of the selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to a system of graduated exit levies based on the duration of investment in Malaysia. On 1 February 2001, the Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. Currently, there are no applicable repatriation levy measures in Malaysia.

However, there is no assurance that the Government will not re-impose these or other capital controls in the future. If the Government re-imposes foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Trust Certificates and Dissolution Distribution Amount paid on the Trust Certificates from Malaysia for a specified period of time or may only do so after paying a levy.

***Malaysian corporate and other disclosure and accounting standards differ from those in other jurisdictions.***

Khazanah's financial statements are prepared and presented in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards with which prospective investors may be familiar with in other countries. As a result, Khazanah's financial statements and reported earnings could be significantly different from those which would be reported under other jurisdictions. This Offering Circular does not contain a reconciliation of Khazanah's financial statements to generally accepted accounting principles of any other jurisdiction, and there is no assurance that such a reconciliation would not reveal material differences.

***SARS, avian flu, Influenza A (H1N1) and other infectious diseases may adversely affect Khazanah.***

In 2003, Taiwan, The People's Republic of China (including Hong Kong), Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome ("SARS"), which adversely affected the economies in Southeast Asia.

In late 2003 and January 2004, outbreaks of avian influenza occurred in several countries in Asia. In 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Several cases of bird-to-human transmission of avian influenza were reported. The World Health Organisation ("WHO") and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions. In June 2007, new cases of human infection of avian influenza in China and Indonesia were reported.

In early 2009, outbreaks of Influenza A (H1N1) occurred in Mexico. In May 2009, the first cases were detected in Asia, and in June 2009, the WHO declared a global flu pandemic.

The outbreak of an infectious disease such as avian influenza, SARS or Influenza A (H1N1) in Malaysia or elsewhere in Southeast Asia could have a negative impact on the region's economy and thereby adversely impact the Khazanah Group's business, financial condition or results of operations. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

**Considerations relating to an Investment in the Trust Certificates**

***No obligation on the part of the Obligor's Shareholder with respect to the Trust Certificates.***

Save for one share owned by the FLC, a body corporate incorporated pursuant to the Federal Lands Commissioner (Incorporation) Act, 1957 of Malaysia, all the shares in the Obligor are owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 (the

“Obligor’s Shareholder”). However, the Obligor’s Shareholder is not legally obliged to provide financial support to the Obligor. Khazanah’s obligations under the Wakalah Agreement, the Commodity Murabahah Investment Agreement and Purchase Undertaking of each Series are not guaranteed by the Obligor’s Shareholder, and the Obligor’s Shareholder has no obligation to the Trust Certificates Holders. There can be no assurance that the Obligor’s Shareholder will provide financial support to Khazanah or the Issuer if Khazanah and/or the Issuer is unable to meet its obligations under the Wakalah Agreement, the Commodity Murabahah Investment Agreement and the Purchase Undertaking and the Trust Certificates of any Series. In addition, the Obligor’s Shareholder has given no undertaking in relation to its continued ownership of Khazanah, although it is a Dissolution Event under the Trust Certificates if the Obligor’s Shareholder ceases to own the entire issued share capital of Khazanah (save for the one share owned by the FLC).

***There has been no prior public market for the Trust Certificates.***

There is no existing market for the Trust Certificates and there can be no assurances that a secondary market for the Trust Certificates will develop, or if a secondary market does develop, that it will provide the Trust Certificates Holders with liquidity of investment or that it will continue for the life of the Trust Certificates. The market value of the Trust Certificates may fluctuate. Consequently, any sale of Trust Certificates by the Trust Certificates Holders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Khazanah Group’s operating results and the market for similar securities. The Joint Bookrunners have advised the Issuer that they presently intend to make a market in the Trust Certificates as permitted by applicable laws and regulations. The Joint Bookrunners are not, however, obliged to make a market in the Trust Certificates and any such market making may be discontinued at any time. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Trust Certificates and an investor in the Trust Certificates must be prepared to hold the Trust Certificates for an indefinite period of time or until their maturity. An application has been made for the listing of the Trust Certificates on the LFX and approval in-principle has been obtained for the listing and quotation of the Trust Certificates on the SGX-ST but there can be no assurance that such listings will occur on or prior to the Closing Date or at all. Admission of the Trust Certificates to the LFX will not result in any Trust Certificates being quoted for trading on the LFX.

***The Trust Certificates are limited recourse obligations.***

The Trust Certificates do not represent an interest in any of the Issuer, the Obligor, the Trustee, the Agents or any of their respective affiliates. Notwithstanding anything to the contrary contained herein or in any Transaction Document (as defined herein) or Series Transaction Document, no payment of any amount whatsoever shall be made in respect of the Trust Certificates by the Issuer, the Trustee or the Agents or any of their respective directors, officers or agents except to the extent that funds are available therefor from the Trust Assets of the relevant Series. The Trust Assets of each Series include, amongst others, all of the Issuer’s rights, title, interest, entitlement and benefit, in, to and under the Purchase Undertaking, which when any amount is due and payable thereunder, constitutes a general unsecured and unsubordinated obligation of the Obligor in respect of which a claim may be made by the Issuer or the Trustee and which ranks equally with all other present and future unsecured and unsubordinated obligations of the Obligor. By subscribing for or acquiring the Trust Certificates, the Trust Certificates Holders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Trust Certificates against the Trustee, the Issuer or the Agents or any of their respective directors, officers or agents and to the extent that all claims in respect of the Trust Assets of the relevant Series have been exhausted (including actions to procure payment by the Obligor under the relevant Purchase Undertaking) all claims in respect of the Trust Certificates shall be extinguished. In addition, no Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer or the Agents or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets of the relevant Series have been exhausted or otherwise.

***Each Series is subject to modification by a majority of the Trust Certificates Holders without the consent of all of the Trust Certificates Holders.***

The Conditions of the Trust Certificates contain provisions for calling meetings of Trust Certificates Holders of each Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Trust Certificates Holders of a Series including Trust Certificates Holders who did not attend and vote at the relevant meeting and Trust Certificates Holders who did attend the relevant meeting but voted in a manner contrary to the majority. The Master Trust Deed (as amended and supplemented by the relevant Supplemental Trust Deed) contains provisions for calling meetings of the Trust Certificates Holders of the relevant Series to

consider matters affecting their interests (including amendments to the terms and conditions of the Trust Certificates). These provisions permit defined majorities to bind all of the Trust Certificates Holders of a Series, including Trust Certificates Holders who did not attend or vote at the relevant meeting as well as Trust Certificates Holders who did attend the relevant meeting, but voted in a manner contrary to the majority.

***Trust Certificates Holders' ability to enforce claims is uncertain.***

Substantially all the assets of the Obligor and the assets of its directors and executive officers are located in Malaysia. Generally, since the United Kingdom is a reciprocating country, any judgment obtained against the Obligor or any of its directors or executive officers in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 of Malaysia (“REJA”), other than a judgment of such a court given on appeal from a court which is not a superior court, can be registered in the Malaysian High Court without re-examination or re-litigation of the matters adjudicated upon, if:

- (i) the judgment was not obtained by fraud;
- (ii) the enforcement of the judgment would not be contrary to natural justice or the public policy of Malaysia;
- (iii) the enforcement of the judgment would not be an enforcement of penal or revenue laws of England;
- (iv) the judgment was not obtained in proceedings in which the defendant did not (notwithstanding that process may have been duly served on him in accordance with the laws of England) receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;
- (v) there has not been an earlier judgment of a competent court;
- (vi) the judgment is for a fixed sum and not for multiple damages;
- (vii) enforcement of proceedings is instituted within six years after the date of the judgment;
- (viii) an appeal is not pending, and the judgment creditor is not entitled and intending to appeal, against the judgment;
- (ix) the judgment was made by a court of competent jurisdiction; and
- (x) the judgment has not been wholly satisfied and is enforceable by execution in the courts of England.

As a result, the Trustee and/or the Trust Certificates Holders with claims against the Obligor, its directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognised English courts or those of other reciprocating countries in the Malaysian High Court.

In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment shall be registered as if it were a judgment for such sum in Malaysian currency as is equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

***There can be no assurance as to the impact of a change in the laws governing the Trust Certificates.***

The Conditions and certain of the Series Transaction Documents are governed by English law. Other Series Transaction Documents are governed by the laws of Malaysia or the laws of Singapore. No assurance can be given as to the impact of any possible judicial decision or change to English law, the laws of Malaysia or the laws of Singapore after the date of this Offering Circular, nor can any assurance be given that any such change would not adversely affect the ability of Khazanah to make payment under the relevant Series Transaction Documents or the Issuer to make payments under the Trust Certificates.

***Certain Trust Certificates Holders may be exposed to currency conversion risks due to the Trust Certificates being denominated in Singapore dollars.***

Payments to Trust Certificates Holders will be made in Singapore dollars. If an investor's financial activities are principally denominated in a currency other than Singapore dollars, it will be subject to certain currency conversion risks. These risks include: (i) the risk that exchange rates may significantly change (including changes due to devaluation of the Singapore dollar or revaluation of the investor's currency); and (ii) the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. In recent years, exchange rates between certain currencies have

been volatile and such exchange rate volatility with a variety of currencies may continue in the future. Any appreciation of an investor's currency relative to the Singapore dollar would decrease the investor's currency-equivalent value of the Periodic Distribution Amounts payable in respect of the Trust Certificates, the investor's equivalent value of the Dissolution Distribution Amount payable on the Trust Certificates, and the investor's currency equivalent market value of the Trust Certificates. In addition, exchange controls could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Trust Certificate. As a result, investors may receive less than expected, or no payment at all.

***There is no assurance that the Trust Certificates will be Shariah-compliant.***

On or before the Closing Date, each of the Shariah Advisers issued pronouncements which each state that in their opinion the Trust Certificates, and the structure and mechanism described in the Series Transaction Documents, are Shariah-compliant as at the Closing Date. None of the Issuer, the Obligor or the Joint Lead Managers makes any representation as to the Shariah permissibility of the structure or the issue and trading of the Trust Certificates. Investors are reminded that as with any Shariah views, differences in opinion are possible and opinions may change from time to time. Investors should obtain their own independent Shariah advice as to the Shariah permissibility of the structure, the issue and the trading of the Trust Certificates.

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

***Investors in the Trust Certificates must rely on CDP procedures, including with respect to trading and payments relating to the Trust Certificates.***

Each Series will be represented by a Global Certificate that may be deposited with and registered in the name of CDP. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Trust Certificates in definitive form. CDP will maintain records of the beneficial interests in each Global Certificate held through it. Whilst each Series is represented by a Global Certificate, investors will be able to trade their beneficial interest only through CDP and/or Depository Agents (as defined herein) and the Issuer will discharge its payment obligations under each Series by making payments through CDP. A holder of a beneficial interest in a Global Certificate must rely on the procedures of CDP in relation to payments under the relevant Trust Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

***The Trust Certificates are complex instruments and may not be a suitable investment for all investors.***

Potential investors are advised that each issue under the Programme will carry different risks and all prospective investors are strongly encouraged to evaluate each issue under the Programme on its own merit. In particular, each potential investor in the Trust Certificates must determine the suitability of that investment in light of its own circumstances. Furthermore, each potential investor in the Trust Certificates should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates or where the currency for payment is different from the potential investor's currency;
- understand thoroughly the terms of the Trust Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Trust Certificates constitute legal investments for it; (ii) the Trust Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Trust Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Trust Certificates under any applicable risk-based capital or similar rules and regulations.

***Trust Certificates Holders are exposed to risks relating to Singapore Taxation.***

The Trust Certificates are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“**ITA**”), subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore Taxation*”. However, there is no assurance that such Trust Certificates will continue to enjoy the tax concessions for “qualifying debt securities” should the relevant tax laws be amended or revoked at any time.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, Periodic Distribution Amounts under the Trust Certificates will be exempted from tax if:

- (i) the Trust Certificates are qualifying debt securities and issued during the period from 16 February 2008 to 31 December 2013; and
- (ii) the Periodic Distribution Amounts payable from the Trust Certificates are not deductible against any income of the Issuer accruing in or derived from Singapore.

If any of the conditions above are not met, the tax exemption under the QDS Plus Scheme will not be available. Similarly, there is also no assurance that such Trust Certificates will continue to enjoy the tax exemption under the QDS Plus Scheme should the relevant tax laws be amended or revoked at any time.

## CONDITIONS OF THE TRUST CERTIFICATES

*The following is the text of the Conditions of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates, which will each be issued as a separate Series under the Programme. The provisions not applicable to either the Series 2015 Trust Certificates or the Series 2020 Trust Certificates (which are indicated within square brackets in the Conditions herein) will be deleted accordingly in the form of the Conditions contained in their respective Supplemental Trust Deeds. The Conditions herein (subject to completion and amendment (including the deletions as mentioned above) and save for the text in italics) will be endorsed on each individual certificate evidencing the relevant Trust Certificates (if issued) and will be attached and (subject to the provisions thereof) apply to the respective Global Certificates of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates:*

[Each of the S\$600,000,000 Trust Certificates due 2015 (the “**Trust Certificates**”) represents an undivided proportionate beneficial ownership interest in the Trust Assets (as defined below), in each case held on trust by the Trustee (as defined below) for the Trust Certificates Holders pursuant to a supplemental trust deed (the “**Supplemental Trust Deed**”, as further amended or supplemented from time to time) dated 11 August 2010 (the “**Closing Date**”) made between Danga Capital Berhad (the “**Issuer**”) and Deutsche Trustees Malaysia Berhad (the “**Trustee**”). The Trust Certificates are constituted by the Supplemental Trust Deed and issued pursuant to the Multicurrency Islamic Securities Issuance Programme established by the Issuer on 10 February 2009 (the “**Programme**”). The Series 2015 Trust Certificates of the Programme shall also be referred to as Series 1 of the Programme for the purposes of identifying the number of issuances which have been made pursuant to the Programme. For the purposes of the Trust Certificates, all references in the Transaction Documents to the term “Islamic Securities” will be construed, in relation to the issuance of the Trust Certificates, as references to the Trust Certificates.]<sup>1</sup>

[Each of the S\$900,000,000 Trust Certificates due 2020 (the “**Trust Certificates**”) represents an undivided proportionate beneficial ownership interest in the Trust Assets (as defined below), in each case held on trust by the Trustee (as defined below) for the Trust Certificates Holders pursuant to a supplemental trust deed (the “**Supplemental Trust Deed**”, as further amended or supplemented from time to time) dated 11 August 2010 (the “**Closing Date**”) made between Danga Capital Berhad (the “**Issuer**”) and Deutsche Trustees Malaysia Berhad (the “**Trustee**”). The Trust Certificates are constituted by the Supplemental Trust Deed and issued pursuant to the Multicurrency Islamic Securities Issuance Programme established by the Issuer on 10 February 2009 (the “**Programme**”). The Series 2020 Trust Certificates of the Programme shall also be referred to as Series 2 of the Programme for the purposes of identifying the number of issuances which have been made pursuant to the Programme. For the purposes of the Trust Certificates, all references in the Transaction Documents to the term “Islamic Securities” will be construed, in relation to the issuance of the Trust Certificates, as references to the Trust Certificates.]<sup>2</sup>

Payments and delivery will be made in accordance with the series supplemental paying agency agreement dated the Closing Date (the “**Supplemental Agency Agreement**”, as further amended or supplemented from time to time) made between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as the issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), Deutsche Bank AG, Singapore Branch as the Singapore paying agent (in such capacity, the “**Singapore Paying Agent**” and, together with the Issuing and Paying Agent and any further or other paying agents appointed from time to time in respect of the Trust Certificates, the “**Paying Agents**”) and Deutsche Bank Luxembourg S.A. as the registrar (in such capacity, the “**Registrar**”) and transfer agent (in such capacity, a “**Transfer Agent**”). References to the Issuing and Paying Agent, the Paying Agents, the Transfer Agent and the Registrar shall include any successors thereto in each case in such capacity.

The statements in these Conditions (the “**Conditions**”) include summaries of certain provisions of the Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Sale and Purchase Agreement, the Commodity Murabahah Investment Agreement, the Closing Date Deed of Surrender, any Deed of Surrender, the Issuer Undertaking, the Obligor Undertaking and the Purchase Undertaking.

The trust deed dated 10 February 2009 relating to the Programme made between the Issuer and the Trustee (the “**Master Trust Deed**”) has been amended and supplemented by the Supplemental Trust Deed, the agency agreement dated 10 February 2009 relating to the Programme made between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as the Issuing and Paying Agent, the paying agent and the calculation agent, the

<sup>1</sup> To be included in the Conditions relating to the Series 2015 Trust Certificates.

<sup>2</sup> To be included in the Conditions relating to the Series 2020 Trust Certificates.

Registrar and the Transfer Agent (the “**Master Agency Agreement**”) has been amended and supplemented by the Supplemental Agency Agreement and the costs undertaking deed dated 10 February 2009 relating to the Programme (the “**Master Costs Undertaking Deed**”) executed by Khazanah Nasional Berhad as obligor (in such capacity, the “**Obligor**”) has been amended and supplemented by the Supplemental Costs Undertaking Deed.

Unless given a defined meaning elsewhere in these Conditions or the context requires otherwise, capitalised terms used in these Conditions shall have the meanings given in Condition 22. In addition, words and expressions defined and rules of construction and interpretation set out or incorporated by reference in the Supplemental Trust Deed shall, unless otherwise defined herein or unless the context otherwise requires, have the same meanings herein. Copies of the Transaction Documents and the Series Transaction Documents are available for inspection by such Trust Certificates Holders during normal business hours at the specified offices of the Paying Agents. The Trust Certificates Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Supplemental Trust Deed and of the other Series Transaction Documents, and the Transaction Documents.

Each initial Trust Certificates Holder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Issuer to appoint Khazanah Nasional Berhad as the agent of the Issuer (in such capacity, the “**Wakeel**”) to apply the sums paid by it in respect of its Trust Certificates to invest in the Series Wakalah Venture in accordance with the Investment Plan, and to enter into each Series Transaction Document to which it is a party, subject to the terms and conditions of the Supplemental Trust Deed and these Conditions.

## **1 Form, Denomination and Title**

### **1.1 Form and Denomination**

The Trust Certificates are issued in registered form in denominations of S\$250,000 each or integral multiples thereof. A certificate (each, a “**Certificate**”) will be issued to each Trust Certificates Holder in respect of its registered holding of Trust Certificates. Each Trust Certificate will be numbered serially with an identifying number which will be recorded on the Trust Certificate and in the register (the “**Register**”) of Trust Certificates Holders which the Issuer will cause to be kept by the Registrar.

*Upon issue, the Trust Certificates will be represented by beneficial interests in a Global Certificate (a “**Global Certificate**”), in fully registered form, without coupons attached, which will be deposited with, and registered in the name of The Central Depository (Pte) Limited (the “**Depository**”).*

### **1.2 Title**

The Issuer will cause the Registrar to maintain the Register outside the United Kingdom in accordance with the provisions of the Supplemental Agency Agreement. Title to the Trust Certificates passes only by transfer and registration in the Register. The registered Trust Certificates Holder of any Trust Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Trust Certificate issued in respect of it) and no person will be liable for so treating such Trust Certificates Holder.

*For so long as any of the Trust Certificates is represented by the Global Certificate and the Global Certificate is held by the Depository, each person who is for the time being shown in the records of the Depository as the holder of a particular Nominal Value of such Trust Certificates (in which regard any certificate or other document issued by the Depository as to the Nominal Value of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Paying Agents and all other Agents of the Issuer as the holder of such Nominal Value of Trust Certificates for all purposes other than with respect to the payment of any amounts in respect of the Trust Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee, the Paying Agents and all other Agents of the Issuer as the holder of such Certificate in accordance with and subject to the terms of the Global Certificate. Trust Certificates which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.*



## 2 Transfers and Issue of Trust Certificates

### 2.1 *Transfers*

Subject to Conditions 2.4 and 2.5, and to the limitations as to transfer set out in Condition 1.2 and the Supplemental Agency Agreement, a Trust Certificate may be transferred by depositing it, with the form of transfer endorsed on such Trust Certificate, duly completed and signed, at the specified office of the Registrar or any Transfer Agent together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer. No transfer of a Trust Certificate will be valid unless and until entered on the Register.

### 2.2 *Delivery of New Trust Certificates*

Each new Trust Certificate to be issued upon transfer of Trust Certificates will, within three business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on such Trust Certificate, be mailed by uninsured mail at the risk of the Trust Certificates Holder entitled to the new Trust Certificate to the address specified in the form of transfer, unless such Trust Certificates Holder requests otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify.

Where some but not all of the Nominal Value of the Trust Certificates in respect of which a Trust Certificate is issued are to be transferred, a new Trust Certificate in respect of the Nominal Value of the Trust Certificates not so transferred will, within three business days of receipt by the Transfer Agent of the original Trust Certificate, be mailed by uninsured mail at the risk of the Trust Certificates Holder of the Nominal Value of the Trust Certificates not so transferred to the address of such Trust Certificates Holder appearing on the Register or as specified in the form of transfer.

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Trust Certificates represented by the Global Certificate will not be entitled to receive physical delivery of Definitive Certificates.*

For the purposes of this Condition 2.2, “**business day**” shall mean a day, other than a Saturday or Sunday, on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent (as the case may be) with whom a Certificate is deposited in connection with a transfer is located.

### 2.3 *Formalities Free of Charge*

Registration of transfers of Trust Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the Transfer Agent being satisfied that the regulations concerning transfer of Trust Certificates have been complied with.

### 2.4 *Closed Periods*

No Trust Certificates Holder may require the transfer of a Trust Certificate to be registered (i) during the period of 15 days ending on (and including) a Periodic Distribution Date and the Maturity Date, as the case may be; and (ii) during the period of five Payment Business Days ending on (and including) any Payment Record Date (as defined below).

### 2.5 *Regulations*

All transfers of Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Trust Certificates scheduled to the Master Agency Agreement (as amended and supplemented by the Supplemental Agency Agreement). The regulations may be changed by the Issuer with the prior approval of the Trustee, the Issuing and Paying Agent, the Transfer Agent and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Trust Certificates Holder who requests in writing a copy of the regulations.

### 3 Status and Limited Recourse

#### 3.1 Status

- (a) Each Trust Certificate represents an undivided proportionate beneficial ownership interest in the Trust Assets and will at all times rank *pari passu* and rateably, without discrimination, preference or priority among themselves, subject to priorities or rights preferred by law.
- (b) The obligations of the Obligor pursuant to the Purchase Undertaking and the other Series Transaction Documents to which it is a party constitute direct, unconditional and unsecured obligations of the Obligor and which, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.
- (c) The provisions of the Supplemental Trust Deed and the other Series Transaction Documents bind the Issuer, the Obligor, the Trustee, the Trust Certificates Holders and all persons claiming through or under them and the Trust Certificates shall be issued subject to the provisions of the Supplemental Trust Deed and the other Series Transaction Documents and the Conditions (all of which shall be deemed to be incorporated in the Supplemental Trust Deed as if expressly set out verbatim in full therein).
- (d) The Issuer covenants and undertakes with the Trustee and each Trust Certificates Holder on the terms as set out in Clause 10 of the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed).

#### 3.2 Limited Recourse

The Trust Certificates do not represent an interest in any of the Issuer, the Obligor, the Trustee, the Agents or any of their respective affiliates.

Notwithstanding anything to the contrary contained herein or in any Transaction Document or Series Transaction Document, no payment of any amount whatsoever shall be made in respect of the Trust Certificates by the Issuer, the Trustee or the Agents or any of their respective directors, officers or agents except to the extent that funds are available therefor from the Trust Assets. The Trust Assets include, amongst others, all of the Issuer's rights, title, interest, entitlement and benefit, in, to and under the Purchase Undertaking, which when any amount is due and payable thereunder, constitutes a general unsecured and unsubordinated obligation of the Obligor in respect of which a claim may be made by the Issuer or the Trustee and which ranks as described in Condition 3.1(b).

By subscribing for or acquiring the Trust Certificates, the Trust Certificates Holders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Trust Certificates against the Trustee, the Issuer or the Agents or any of their respective directors, officers or agents and to the extent that all claims in respect of the Trust Assets have been exhausted (including actions to procure payment by the Obligor under the Purchase Undertaking) all claims in respect of the Trust Certificates shall be extinguished.

In addition, no Trust Certificates Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of any of the Trustee, the Issuer or the Agents or any of their affiliates if there is a shortfall after claims in respect of the Trust Assets have been exhausted or otherwise.

### 4 Trust

#### 4.1 Summary of the Trust

The Issuer will act as trustee for and on behalf of the Trust Certificates Holders with respect to the Trust Assets pursuant to the Supplemental Trust Deed. The description of certain aspects of the Series Transaction Documents set out in this Condition 4.1 is a summary only and is qualified in its entirety by the provisions of the relevant Series Transaction Document.

- (a) *Series Wakalah Venture*: Pursuant to the Wakalah Agreement entered into by the Issuer and the Wakeel on the Closing Date (the "**Wakalah Agreement**"), the Issuer (on behalf of the Trust Certificates Holders) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the proceeds from the issue of the Trust Certificates (the "**Series Proceeds**") in a wakalah venture (a "**Series Wakalah Venture**") in accordance with the terms of the Wakalah Agreement and the Investment Plan. The Series Wakalah Venture shall comprise investments in (i) certain Shariah-compliant Shares and (ii) the Commodity Murabahah Investment, in accordance with the terms of

the Wakalah Agreement and the Investment Plan. The Wakalah Agreement requires that on the Closing Date an amount equal to at least 51% of the Series Proceeds shall be applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, and an amount equal to no more than 49% of the Series Proceeds (the “**Commodity Purchase Price**”) shall be invested in the Commodity Murabahah Investment.

[In connection with the Trust Certificates, S\$540,000,000 of the Series Proceeds shall be applied in the purchase of Shariah-compliant Shares and S\$60,000,000 shall be invested in the Commodity Murabahah Investment.]<sup>3</sup>

[In connection with the Trust Certificates, S\$810,000,000 of the Series Proceeds shall be applied in the purchase of Shariah-compliant Shares and S\$90,000,000 shall be invested in the Commodity Murabahah Investment.]<sup>4</sup>

All of the Issuer’s rights, title, interest, entitlement and benefit under the Series Wakalah Venture, including, without limitation, the beneficial ownership in all shares comprised therein, all of the Issuer’s rights under the Commodity Murabahah Investment and all rights and other distributions accruing to or forming part of the Series Wakalah Venture are referred to as the “**Investments**”. Any loss incurred under the Series Wakalah Venture shall be borne by the Trust Certificates Holders in proportion to the Nominal Value of the Trust Certificates held by each such Trust Certificates Holder.

- (b) *Shariah-compliant Shares*: Pursuant to a sale and purchase agreement entered into by the Issuer (acting through the Wakeel as agent) and Khazanah Nasional Berhad (in such capacity, the “**Seller**”) on the Closing Date (the “**Sale and Purchase Agreement**”), the Issuer (acting through the Wakeel as agent) shall purchase from the Seller certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles (as defined below).

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) and subsequently (in respect of any other shares which form part of the Series Wakalah Venture), the Issuer (acting through the Wakeel as agent) shall execute a deed of surrender (the deed of surrender executed on the Closing Date being the “**Closing Date Deed of Surrender**” and any subsequent deed of surrender being a “**Deed of Surrender**”) surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

During the term of the Trust Certificates, the aggregate fair market value of the shares comprised in the Series Wakalah Venture must be at least equal to one-third of the value of the Series Wakalah Venture as a whole (the “**Shares Investment Minimum Value**”), all as determined in accordance with the Valuation Principles.

The shares comprised in the Series Wakalah Venture shall be dealt with in accordance with the terms of the Wakalah Agreement and certain additional documents entered into on the Closing Date in connection therewith, including (i) an undertaking granted by the Obligor in favour of the Issuer and the Wakeel as its agent (the “**Obligor Undertaking**”) and (ii) an undertaking granted by the Issuer (on behalf of the Trust Certificates Holders) in favour of the Obligor (the “**Issuer Undertaking**”). The Series Shariah Adviser has agreed that it shall, on or about each anniversary of the Closing Date up to and including 11 August [2014]<sup>5</sup> [2019]<sup>6</sup>, assess the shares comprised in the Series Wakalah Venture and certify to the Issuer, the Trustee, the Wakeel and the Obligor whether or not in its opinion they continue to be Shariah-compliant Shares.

- (c) *Dividends and other distributions*: The Wakeel shall maintain records of all dividends (whether in the form of cash, shares or any other form) and other distributions accruing to the Issuer as beneficial owner of such shares (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period. If shareholders are able to elect the form in which dividends or other distributions are to be paid, the Wakeel shall make such election and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such election. All such dividends and other distributions shall form part of the Series Wakalah Venture and shall be dealt with as described in this Condition 4.1(c) and in the Series Transaction Documents.

<sup>3</sup> To be included in the Conditions relating to the Series 2015 Trust Certificates.

<sup>4</sup> To be included in the Conditions relating to the Series 2020 Trust Certificates.

<sup>5</sup> To be included in the Conditions relating to the Series 2015 Trust Certificates.

<sup>6</sup> To be included in the Conditions relating to the Series 2020 Trust Certificates.

If any dividends or other distributions accrue to the Series Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”)), the Wakeel shall on behalf of the Issuer direct the Obligor to exercise such rights in accordance with the Wakeel’s instructions.

The aggregate amounts of (i) all dividends and other distributions, in each case in the form of cash, accruing to the Issuer as beneficial owner of the shares comprised in the Series Wakalah Venture (on behalf of the Trust Certificates Holders) during each Periodic Distribution Period and (ii) the Excess Shares Purchase Price (if any) payable on the corresponding Valuation Date, in each case determined in accordance with the Valuation Principles, shall be expressed as a sum in Singapore dollars and is referred to as the “**Share Distribution**”. Subject as provided in Condition 4.1(f), the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in Singapore dollars equal to the Share Distribution.

- (d) *Commodity Murabahah Investment*: In accordance with the terms of the Wakalah Agreement, the Wakeel shall invest the Commodity Purchase Price in a Commodity Murabahah Investment by entering into on the Closing Date on behalf of the Issuer a Commodity Murabahah Investment Agreement with Khazanah Nasional Berhad in its capacity as buyer (the “**Buyer**”) and CIMB Islamic Bank Berhad as facility agent (the “**Facility Agent**”). Pursuant to the Commodity Murabahah Investment Agreement, the Buyer shall deliver to the Issuer a purchase order and undertaking to buy commodities. The Issuer (acting through the Wakeel as agent) shall appoint the Facility Agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for a deferred sale price (the “**Deferred Sale Price**”) payable in accordance with a predetermined payment schedule (the “**Payment Schedule**”) set out in the Commodity Murabahah Investment Agreement.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) is equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the Trust Certificates issued. In accordance with the Payment Schedule the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the Periodic Distribution Dates; and
  - (ii) on the day falling one Business Day before the Maturity Date, or on the Dissolution Event Redemption Date (as defined below) (as applicable).
- (e) *Valuation Principles*: The following valuation principles (the “**Valuation Principles**”) shall be used to calculate the value of the Series Wakalah Venture and the Investments comprised within the Series Wakalah Venture:
- (i) the value of the Series Wakalah Venture on any valuation date is equal to the aggregate of the fair market value of the shares comprised in the Series Wakalah Venture and the value of the Commodity Murabahah Investment (each determined as described below);
  - (ii) the fair market value of shares, including without limitation distributions or dividends in the form of shares, which are not listed on any stock exchange on any valuation date shall be calculated by reference to the net tangible assets of the relevant company as derived from its most recently published audited accounts;
  - (iii) the fair market value of shares, including without limitation distributions or dividends in the form of shares, which are listed on a stock exchange on any valuation date shall be calculated by reference to the volume weighted average price of such shares for a period of 20 trading days ending on the trading day falling immediately prior to the relevant valuation date;
  - (iv) the value of the Commodity Murabahah Investment on any valuation date shall be equal to the aggregate of all outstanding amounts remaining to be paid under the Commodity Murabahah Investment Agreement on the relevant valuation date in accordance with the terms thereof;
  - (v) the fair market value of the relevant dividend or distribution (as the case may be) shall be determined by the Wakeel acting in good faith by reference to one or more valuation

methodologies customarily adopted in respect of assets of a similar nature and approved by the Series Shariah Adviser; and

- (vi) all calculations and determinations shall be expressed in Singapore dollars. Any amounts not expressed in Singapore dollars shall be converted into Singapore dollars at the then prevailing exchange rate between Singapore dollars and the relevant currency.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent from time to time as shall have been approved by the Trustee, such approval not to be unreasonably withheld or delayed) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles.

Unless the Trustee has agreed to be appointed by the Issuer to act as such calculation agent under Wakalah Agreement, the Trustee shall be under no obligation to calculate, determine or verify any calculations or determinations required to be made by the Wakeel (or such other alternative calculation agent appointed) in accordance with the Valuation Principles and the Trustee shall not be responsible for the accuracy or veracity of any such calculation or determination and is entitled to rely upon them without liability to the Trust Certificates Holders.

- (f) *Periodic Income*: On the day falling one Business Day before each Periodic Distribution Date, the Wakeel shall calculate the income in respect of the Series Wakalah Venture (the “**Periodic Income**”), being the aggregate of the (i) Share Distribution and (ii) all amounts received by the Issuer (acting through the Wakeel as agent) under the Commodity Murabahah Investment Agreement, in each case in respect of the immediately preceding Periodic Distribution Period.

Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an incentive fee from the Periodic Income in respect of any excess (the “**Interim Incentive Fee**”). The Wakeel shall transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

- (g) *Purchase Undertaking*: The Obligor shall on the Closing Date issue a Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the relevant Trust Certificates Holders) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Series Wakalah Venture at their Purchase Price on the earlier of the Maturity Date or following a Dissolution Event, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount due on the Trust Certificates, provided that the Purchase Price payable is sufficient to satisfy the same.

- (h) *Trust*: The Trust established under and in accordance with the terms of the Supplemental Trust Deed, is as follows:

- (A) the Issuer will declare a trust over assets (the “**Trust Assets**”) consisting of: (i) all of its rights, title, interest, entitlement and benefit in, to and under the Series Wakalah Venture; (ii) all of its rights, title, interest, entitlement and benefit, in, to and under the Series Transaction Documents; and (iii) all proceeds of the foregoing; and

- (B) the Trustee will declare a trust over assets consisting of (i) the rights, title, interest and benefit, in, to and under the Supplemental Trust Deed and each of the other Series Transaction Documents to which it is a party (or to which it obtains the benefits thereunder), (ii) all amounts received by it from the Issuer, the Obligor and/or otherwise under or in connection with the Supplemental Trust Deed and each of the other Series Transaction Documents, and (iii) any realisation or enforcement proceeds,

upon trust absolutely for the Trust Certificates Holders *pro rata* according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holder in accordance with the Supplemental Trust Deed and these Conditions.

The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Sale and Purchase Agreement, the Closing Date Deed of Surrender, the Obligor Undertaking, the Issuer Undertaking, the Commodity Murabahah Investment Agreement, the Purchase Undertaking, the Trust Certificates, the Obligor Power of

Attorney, the Issuer Power of Attorney, the Master Depository Services Agreement, the Deed of Covenant, any other agreements and documents delivered or executed in connection therewith and any amendments, variations and/or supplementals made or entered into from time to time, are collectively referred to as the “**Series Transaction Documents**”.

#### 4.2 *Application of Proceeds*

The Trustee shall hold all and any monies received by it under the Supplemental Trust Deed and/or the other Series Transaction Documents, despite any appropriation of all or part of them by the Issuer, upon trust for the Trust Certificates Holders and to apply the same in the following manner:

- (a) FIRST, (to the extent not already satisfied under the relevant Series Transaction Documents) in or towards the payment of or provision for all fees, costs, charges, expenses and liabilities properly incurred by the Trustee in carrying out its functions under the Supplemental Trust Deed;
- (b) SECOND, (to the extent not already satisfied under the relevant Series Transaction Documents) in and towards the payment of or provision for all fees, costs, charges, expenses and liabilities reasonably incurred by the Agents in or incidental to the exercise or performance of any power, right, discretion or authority conferred on them under the Supplemental Trust Deed, the Trust Certificates and/or the other Series Transaction Documents;
- (c) THIRD, in or towards the payment of taxes and other government charges (if any) payable in connection with the Trust Certificates;
- (d) FOURTH, in or towards payment *pari passu* and rateably of all amounts due and unpaid in respect of the Trust Certificates; and
- (e) FIFTH, in payment of the surplus (if any), without interest, as an incentive fee (if applicable) to or to the order of the Wakeel.

The Singapore Paying Agent shall apply the monies so received under the Supplemental Agency Agreement and/or any other Series Transaction Documents towards the payments set forth above.

### 5 **Periodic Distributions**

A Periodic Distribution Amount, representing a defined share of the Periodic Income received in respect of the immediately preceding Periodic Distribution Period, will be distributed by the Issuer to the Trust Certificates Holders, provided that the Periodic Income is sufficient to satisfy the Periodic Distribution Amount, and otherwise in accordance with these Conditions.

Subject to Condition 3.2 and Condition 4.2, the aggregate distribution payable in respect of the Trust Certificates for any Periodic Distribution Period shall be the Periodic Distribution Amount and will be made by the Issuer in respect of the Trust Certificates in arrear on each Periodic Distribution Date in accordance with Condition 7.

The Periodic Distribution Amount payable on any Periodic Distribution Date shall be distributed to each Trust Certificates Holder *pro rata* (in an amount calculated by multiplying the Periodic Distribution Amount by a fraction of which the numerator is the Nominal Value of the relevant Trust Certificates Holder’s Trust Certificates and the denominator is the Aggregate Nominal Value of the Trust Certificates outstanding on the Periodic Distribution Date, and rounding the resultant figure to the nearest S\$0.01, S\$0.005 being rounded upwards).

### 6 **Dissolution of Trust**

#### 6.1 *Dissolution on the Maturity Date*

On the Maturity Date, unless previously redeemed, or purchased and cancelled, in their entirety, the Trust Certificates will be redeemed at an amount equal to the Dissolution Distribution Amount payable by the Issuer to the Trust Certificates Holders on the Maturity Date, provided that the Purchase Price payable pursuant to the terms of the Purchase Undertaking is sufficient to satisfy the same.

Provided that the Purchase Price is sufficient to satisfy the aggregate of (i) the Dissolution Distribution Amount payable on the Maturity Date as aforesaid in this Condition 6.1 and (ii) all amounts payable under Condition 4.2, the Wakeel shall be entitled to an incentive fee payable from the Purchase Price in respect of any excess (“**Final Incentive Fee**”).

The Trust shall only be dissolved following payment to the Trust Certificates Holders of such Dissolution Distribution Amount in full.

#### 6.2 *Dissolution following a Dissolution Event*

Upon the occurrence of a Dissolution Event, the Trust Certificates shall be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date, provided that the Purchase Price payable pursuant to the terms of the Purchase Undertaking is sufficient to satisfy the same.

Provided that the Purchase Price is sufficient to satisfy the aggregate of (i) the Dissolution Distribution Amount payable as aforesaid in this Condition 6.2 and (ii) all amounts payable under Condition 4.2, the Wakeel shall be entitled to an incentive fee payable from the Purchase Price in respect of any excess (also, a “**Final Incentive Fee**”).

The Trust shall only be dissolved following payment to the Trust Certificates Holders of such Dissolution Distribution Amount in full.

#### 6.3 *No other Dissolution*

The Issuer shall not be entitled to redeem the Trust Certificates, and the Issuer shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition 6 and Condition 13.

#### 6.4 *Effect of Payment in Full of Trust Certificates*

Upon payment in full of all amounts due in respect of a Trust Certificate, such Trust Certificate shall cease to represent an undivided proportionate beneficial ownership interest in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer shall have no further obligations in respect thereof and upon payment in full of all amounts due in respect of all Trust Certificates, the Trust shall be dissolved.

#### 6.5 *No Obligation to Monitor*

The Trustee shall not be under any duty to monitor whether any Dissolution Event has occurred and will not be responsible to the Trust Certificates Holders for any loss arising from any failure by it to do so. Until the Trustee has actual knowledge or express notice to the contrary, the Trustee may assume that no such Dissolution Event exists.

### 7 **Payments**

#### 7.1 *Payments in respect of Trust Certificates*

All payments due under the Trust Certificates will be paid on the due date for payment to the Trust Certificates Holder shown in the Register at the close of business on the fifth Payment Business Day before the due date for payment (the “**Payment Record Date**”). Payments will be made by transfer to the registered account of the Trust Certificates Holder or by a cheque mailed to the registered address of the Trust Certificates Holder (or to the first name of joint holders) if it does not have a registered account. Payment of any Nominal Value of the Trust Certificates shall only be made against presentation and surrender of the Trust Certificate at the specified office of any Paying Agent.

For the purposes of this Condition 7.1, Trust Certificates Holder’s “**registered account**” means the Singapore Dollar account maintained by or on behalf of such Trust Certificates Holder with a bank that processes payments in Singapore dollars, details of which appear on the Register at the close of business on the Payment Record Date, and a Trust Certificates Holder’s “**registered address**” means its address appearing on the Register at that time.

#### 7.2 *Payments subject to Applicable Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 11. No commission or expenses shall be charged to the Trust Certificates Holders in respect of such payments.

### **7.3 *Payment only on a Business Day***

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed in each case by the Singapore Paying Agent, on the Business Day preceding the due date for payment or, in the case of a payment of Nominal Value, if later, on the Business Day on which the Trust Certificate is surrendered at the specified office of a Paying Agent (if surrender is required under these Conditions).

Trust Certificates Holders will not be entitled to any additional Periodic Distribution Amount, Dissolution Distribution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Trust Certificates Holder is late in surrendering its Trust Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 7.3 arrives after the due date for payment.

### **7.4 *Agents***

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will ensure that it maintains an Issuing and Paying Agent, a Singapore Paying Agent, a Registrar and a Transfer Agent and shall maintain a Paying Agent (which may be the Issuing and Paying Agent) with a specified office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any termination or appointment and of any changes in specified offices will be given to Trust Certificates Holders as soon as practicable by the Issuer in accordance with Condition 19.

### **7.5 *Fractions***

When making payments to Trust Certificates Holders, if the relevant payment is not of an amount which is a whole multiple of S\$0.01, such payment will be rounded to the nearest S\$0.01, \$0.005 being rounded upwards.

## **8 *Purchase of Trust Certificates by Issuer and Obligor***

### **8.1 *Purchase of Trust Certificates by Issuer***

The Issuer or any of its related corporations may at any time purchase Trust Certificates whether in the open market or by private treaty or otherwise. Any Trust Certificates which have been purchased and which are held by the Issuer or its related corporations but are not cancelled will not entitle the Issuer or such related corporation to vote at any meetings of Trust Certificates Holders and will not be deemed to be Outstanding Trust Certificates for the purpose of determining the total votes exercisable by the Trust Certificates Holders whenever such determination is required under the Supplemental Trust Deed or these Conditions and will not be included for the purpose of determining quorums of the Trust Certificates Holders.

### **8.2 *Purchase of Trust Certificates by Obligor***

The Obligor or any of its related corporations may at any time purchase Trust Certificates in the market or by private treaty, and upon such purchase, the Obligor or any of its related corporations may at its option and subject to prevailing laws and regulations retain such purchased Trust Certificates for its own account or sell them or otherwise deal with them. Any Trust Certificates which have been purchased and which are held by the Obligor or its related corporations but are not cancelled will not entitle the Obligor or such related corporation to vote at any meetings of Trust Certificates Holders and will not be deemed to be Outstanding Trust Certificates for the purpose of determining the total votes exercisable by the Trust Certificates Holders whenever such determination is required under the Supplemental Trust Deed or these Conditions and will not be included for the purpose of determining quorums of the Trust Certificates Holders. Should the Obligor or any of its related corporations wish to cancel any Trust Certificates purchased by it, it shall surrender such Trust Certificates to the Issuing



and Paying Agent for cancellation and shall notify the Issuer and the Trustee in accordance with Condition 9.

## 9 Cancellations

All Trust Certificates that are:

- (a) redeemed in full; or
- (b) purchased and held by the Obligor and for which the Obligor elects to be cancelled, such election to be immediately notified to the Issuer; or
- (c) purchased and held by any of the Obligor's related corporations and for which such related corporation elects to be cancelled, such election to be immediately notified to the Issuer; or
- (d) worn-out, mutilated or defaced, destroyed, lost or stolen and have been surrendered and replaced pursuant to Condition 16 or as provided in the Supplemental Trust Deed,

shall forthwith be cancelled or treated as cancelled and accordingly may not be resold, and the Issuer shall give or procure to be given:

- (i) in the case of cancellation of Trust Certificates due to the purchase of Trust Certificates by the Obligor or its related corporations, immediate notice to the Trustee and the Issuing and Paying Agent; and
- (ii) in the case of cancellation of Trust Certificates due to any other circumstances, a certificate to the Trustee stating:
  - (A) the Aggregate Nominal Value of the Trust Certificates which have been so surrendered, redeemed, purchased or replaced; and
  - (B) the certificate numbers of such Trust Certificates (if applicable),

as soon as possible and in any event within 14 days after the date of such surrender, redemption, purchase, or replacement (as the case may be). The Trustee may accept such certificate as conclusive evidence of surrender, payment, purchase or replacement of such Trust Certificates or payment of any amount thereon and of cancellation of such Trust Certificates.

## 10 Ta'widh (compensation)

If the Obligor fails to pay any amount due under the Purchase Undertaking (in whole or in part) on the day falling one Business Day before the Maturity Date or on a Dissolution Event Redemption Date, as the case may be, for any reason, the Obligor will pay *Ta'widh* (compensation) on such overdue amounts to the relevant payee at the rate and manner prescribed by the Securities Commission of Malaysia's Shariah Advisory Council or such other relevant regulatory authority from time to time, in accordance with Shariah principles.

## 11 Taxation

All payments in respect of the Trust Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, duties or charges or whatsoever nature, imposed by or on behalf of a Relevant Jurisdiction (the "**Taxes**"), unless the withholding or deduction of such Taxes is required by law. In such event, the Issuer shall:

- (a) ensure that the deduction or withholding does not exceed the minimum amount legally required under the applicable laws;
- (b) promptly pay to the Trustee for the account of the Trust Certificates Holder such amount so that the net amount received by the Trust Certificates Holder shall equal the full amount which would have been received by it had no such deduction or withholding been made;
- (c) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the amount of any deduction or withholding from any additional amount paid pursuant to this Condition 11); and

- (d) furnish to the Trustee within three Business Days of receiving the official receipt, certificate of deduction or equivalent evidence mentioned below, either:
  - (i) the official receipt issued by the relevant taxation authorities in respect of all amounts so deducted or withheld as aforesaid; or
  - (ii) if such receipts are not issued by the relevant taxation authorities on payments to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding.

The Issuer shall gross up any payment under the Trust Certificates to relieve any payee of such withholding of tax, duties, other withholdings or other deductions imposed by law in respect of the Trust Certificates.

Confirmation by the Trustee as to any sum payable to it (for the account of itself or the Trust Certificates Holders) under the Supplemental Trust Deed and these Conditions shall, in the absence of manifest error, be final and binding on the Issuer and the Trust Certificates Holders.

Provided that no such additional amounts shall be payable by the Issuer in relation to any payment in respect of any Trust Certificate:

- (a) presented for payment (where presentation is required) by or on behalf of a Trust Certificates Holder or beneficial owner who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Trust Certificate; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment (where presentation is required) by or on behalf of a Trust Certificates Holder who would have been able to avoid such withholding or deduction by presenting the Trust Certificate to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Trust Certificates Holder or beneficial owner thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30-day period assuming, whether or not such is in fact the case, that day to have been a Business Day.

## **12 Prescription**

Claims in respect of amounts due in respect of the Trust Certificates will become prescribed and become void unless made within periods of 10 years (in the case of any Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect of the Trust Certificates.

## **13 Dissolution Events**

### **13.1 *Dissolution Events***

It is a Dissolution Event if at any time and for any reason, whether within or beyond the control of the Issuer or the Obligor, as the case may be, any one of the following events occurs:

- (a) the Issuer fails to pay any amount due from it under any of the Series Transaction Documents on the due date or, if so payable, on demand;
- (b) any representation or warranty made or given by the Issuer under any of the Series Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Trust Certificates and/or any of the Series Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the failure;
- (c) the Issuer fails to observe or perform its obligations under any of the Series Transaction Documents or the Trust Certificates or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in Condition 13.1(a) above, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the

Issuer does not remedy the failure within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the failure;

- (d) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may materially and adversely affect the Issuer's ability to perform its obligations under any of the Series Transaction Documents and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the breach;
- (e) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any Security Interest created to secure such indebtedness becomes enforceable;
- (f) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or any part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect on the Issuer, or any Security Interest which may for the time being affect any of its assets becomes enforceable;
- (g) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (h) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer or a winding up order has been made against the Issuer;
- (i) the Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act of Malaysia, 1965 has been instituted against the Issuer;
- (j) there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Trust Certificates or any of the Series Transaction Documents;
- (k) at any time any of the provisions of the Series Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (l) the Issuer repudiates any of the Series Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Series Transaction Documents;
- (m) any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body;
- (n) any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such event or situation which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy it within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the event or situation;
- (o) the Obligor defaults in the payment of any money owing in respect of the Purchase Undertaking when the same shall become due and payable in accordance with the terms and conditions of the Purchase Undertaking;
- (p) any step is taken for the winding up, dissolution or liquidation of the Obligor to the extent that a petition for winding up is presented against the Obligor or a winding up order has been made

against the Obligor, or the passing of any resolution for the winding up, dissolution or liquidation of the Obligor;

- (q) the Obligor enters into a scheme of arrangement under Section 176 of the Companies Act of Malaysia, 1965 or any similar type of arrangement with the Obligor's creditors or such a scheme is instituted against or in respect of the Obligor (save and except pursuant to an internal reorganization which has been approved by the Trustee),
- (r) an encumbrancer takes possession or a receiver, liquidator or similar officer is appointed over the whole or a substantial part of the assets or undertaking of the Obligor;
- (s) the Obligor commits any breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under any of the Series Transaction Documents (other than a failure as referred to in Condition 13.1(o) above) and (except where the Trustee considers that such default is not capable of remedy):
  - (i) the same has not been remedied to the Trustee's satisfaction within 30 days of a written notice by the Trustee requiring such remedy; and
  - (ii) the Trustee does not certify that such unremedied breach or omission is not materially prejudicial to the interests of the Trust Certificate Holders;
- (t) any indebtedness of the Obligor becomes enforceable or capable, in accordance with the relevant terms thereof, of being declared due prematurely by reason of a default by the Obligor in its obligations in respect of the same, or the Obligor fails to make any payment in respect thereof on the due date for such payment or when called or the Security Interest for any such indebtedness becomes enforceable;
- (u) any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by the Obligor to authorise or required by the Obligor in connection with the execution, issue, delivery, validity, enforceability or admissibility in evidence of any Series Transaction Document or the performance by the Obligor of its obligations under any Series Transaction Document as the case may be, is modified to such degree as would be prejudicial to the interest of any Trust Certificate Holder or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect, or, any consent, authorisation, licence or approval from the relevant authorities granted to the Obligor for the purpose of its business is revoked, expires or is suspended for any reason whatsoever and such revocation, expiration or suspension has a Material Adverse Effect on the Obligor;
- (v) the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act of Malaysia 1957, ceases to own all the shares of the Obligor (save for the one share presently owned by the Federal Lands Commissioner of Malaysia (*Pesuruhjaya Tanah Persekutuan*)) either by way of disposal or transfer of any share in the Obligor or issue any new share in the Obligor to other person; or
- (w) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in the foregoing paragraphs.

Each of paragraphs (a) to (w) above is to be construed independently and no one Dissolution Event limits the generality of any other Dissolution Event.

### 13.2 *Declaration of Dissolution Event*

At any time after the occurrence of a Dissolution Event, the Trustee may at its discretion, and shall upon the written instructions of the Trust Certificate Holders holding not less than one-fifth in Nominal Value of the Outstanding Trust Certificates or if so directed by the Trust Certificate Holders by Extraordinary Resolution (provided that the Trustee shall have been indemnified to its satisfaction), give notice in writing to the Issuer and the Obligor that a Dissolution Event has occurred and declare the Trust Certificates immediately due and payable. Immediately following receipt of such notice of a Dissolution Event, the Trustee shall exercise its rights under the Purchase Undertaking and use the Purchase Price received from the Obligor under the Purchase Undertaking to redeem the Trust Certificates at the Dissolution Distribution Amount, provided that the Purchase Price payable is sufficient to satisfy the same, on the date specified in the Exercise Notice (the "**Dissolution Event**

**Redemption Date**”). The Trust shall be dissolved on the day after the last Outstanding Trust Certificate has been redeemed in full.

### 13.3 *No Effect on Duties or Obligations of Issuer*

If the Trustee makes any declaration under Condition 13.2:

- (a) the declaration does not affect or diminish the duties and obligations of the Issuer under the Trust Certificates (other than those which have become void in accordance with its terms) or the other Series Transaction Documents; and
- (b) the Issuer must continue to perform its obligations under the Trust Certificates and the other Series Transaction Documents as if the declaration had not been made, subject to any directions that may be given by the Trustee from time to time.

## 14 **Covenants**

The Issuer has covenanted in the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) that, among other things, for so long as any Trust Certificate is outstanding, it shall not (without the prior written consent of the Trustee acting on the written instructions of the Trust Certificates Holders by way of an Extraordinary Resolution):

- (a) create or permit to exist any Security Interest upon the whole or any part of its property, assets or revenues, present or future, other than liens arising in the ordinary course of business by operation of law and not by way of contract;
- (b) have any subsidiaries or employees;
- (c) add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Series Transaction Documents;
- (d) reduce its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner, or pay any dividend or make any distribution to its shareholder;
- (e) incur any indebtedness for borrowed monies, save and except in respect of the Islamic securities issued under the Programme (which includes the Trust Certificates) and the Islamic securities issued under the Ringgit-Denominated Islamic Securities Programme, nor give any guarantee in respect of any indebtedness for borrowed monies to any person or entity whatsoever;
- (f) obtain or permit to exist any loans or advances from its shareholders;
- (g) other than the transactions contemplated under the Series Transaction Documents, enter into any agreement with its shareholders unless such agreement is entered into:
  - (i) in the ordinary course of its business;
  - (ii) on an arms-length basis; and
  - (iii) will not have a Material Adverse Effect;
- (h) enter into any transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or person connected with them), unless:
  - (i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - (ii) with respect to any transaction involving an aggregate payment or value equal to or greater than RM10.0 billion (or its equivalent in any other currency), the Issuer obtains a certification from an independent adviser that such transaction is carried out on fair and reasonable terms,

PROVIDED THAT the Issuer certifies to the Trustee that such transaction complies with paragraph (i), that the Issuer has received the certification referred to in paragraph (ii) (where applicable) and that such transaction has been approved by the majority of its Board of Directors or shareholders in a general meeting as the case may require;

- (i) other than the transactions contemplated under the Series Transaction Documents, enter into any contract, transaction, amendment, obligation or liability, or do any thing or engage in any business activity other than:
  - (i) as provided for or permitted in the Series Transaction Documents;
  - (ii) the ownership, management and disposal of the Trust Assets as provided in the Series Transaction Documents; and
  - (iii) such other matters which are incidental thereto;
- (j) use the proceeds of the Trust Certificates except for the purposes set out under the submission to the Securities Commission of Malaysia for approval of the Trust Certificates;
- (k) lend any money to any party; and
- (l) take steps to wind up or dissolve itself.

## **15 Enforcement and Exercise of Rights**

### **15.1 *Enforcement by Trustee***

Notwithstanding anything in the Supplemental Trust Deed or these Conditions, the Trustee may at any time after a declaration has been made by it under Condition 13.2, at its discretion, take such proceedings against the Issuer and the Obligor as it may think fit, to enforce the provisions of the Supplemental Trust Deed and the Trust Certificates and the other Series Transaction Documents, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Trust Certificates Holders holding at least one-fifth in Nominal Value of the Outstanding Trust Certificates, and (b) it shall have been indemnified to its satisfaction, and such provisions may be enforced and proceedings may be taken without notice to or consent by the Issuer, the Obligor or any other person, even if the Trustee accepts any part of the amounts mentioned in Condition 13.2 after a Dissolution Event has occurred. This Condition 15.1 is subject to Condition 3.2.

### **15.2 *Trust Certificates Holders not entitled to Proceed Directly***

No Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become bound to proceed pursuant to the provisions of the Supplemental Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing or unless otherwise permitted under the terms of the Supplemental Trust Deed. This Condition 15.2 is subject to Condition 3.2.

## **16 Replacement of Trust Certificates**

If any Trust Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or the Issuing and Paying Agent or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Trust Certificates Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Trust Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Trust Certificates) and otherwise as the Issuer may require. Mutilated or defaced Trust Certificates must be surrendered before replacements will be issued.

## **17 Meetings of Trust Certificates Holders, Modification, Waiver and Authorisation**

### **17.1 *Meetings of Trust Certificates Holders***

The Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) contains provisions for convening meetings of Trust Certificates Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed). Such a meeting may be convened by Trust Certificates Holders holding not

less than 10% in Nominal Value of the Outstanding Trust Certificates. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in Nominal Value of the Outstanding Trust Certificates, or at any adjourned meeting two or more persons being or representing Trust Certificates Holders whatever the Nominal Value of the Trust Certificates held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify any date (including the Maturity Date) on which any payment is to be made in respect of the Trust Certificates, (ii) to reduce or cancel all or any part of the Nominal Value of, or any amounts stated to be due and owing (including any Periodic Distribution Amounts) on, the Trust Certificates, (iii) to vary the method or basis of calculating any Periodic Distribution Amounts, (iv) to change the currency of payment of the Trust Certificates or (v) to modify the provisions concerning quorum required at meetings of Trust Certificates Holders or the majority required to pass an Extraordinary Resolution or to sign a resolution in writing, in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in Nominal Value of the Outstanding Trust Certificates. Any Extraordinary Resolution duly passed shall be binding on Trust Certificates Holders (whether or not they were present at the meeting at which such resolution was passed).

### **17.2 *Modification and Waiver***

The Trustee may agree, without the consent of the Trust Certificates Holders, to (i) any modification of any of the provisions of the Supplemental Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law, and (ii) any other modification (except as mentioned in the Supplemental Trust Deed), and any waiver or authorisation of any breach or potential breach, of any of the provisions of the Supplemental Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Trust Certificates Holders. Any such modification, authorisation or waiver shall be binding on the Trust Certificates Holders and, if the Trustee so requires, such modification shall be notified to the Trust Certificates Holders as soon as practicable in accordance with Condition 19.

### **17.3 *Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Trust Certificates Holders as a class and shall not have regard to the consequences of such exercise for individual Trust Certificates Holders and the Trustee shall not be entitled to require, nor shall any Trust Certificates Holders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Trust Certificates Holders.

### **17.4 *The Opinion of the Trustee***

Where in any of Condition 13.1(a) to Condition 13.1(w), there is a reference to “the opinion of the Trustee”, the Trustee may at its discretion form such opinion only following consultation with and/or upon receipt of written instructions of Trust Certificates Holders holding not less than one-fifth in Nominal Value of the Outstanding Trust Certificates, and the Trustee shall not incur any liability to any person for forming or not forming any such opinion.

## **18 Indemnification of the Trustee**

The Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions reliving it from taking proceedings to enforce the performance of any provision of the Master Trust Deed (as amended and supplemented by the Supplemental Trust Deed) or the Trust Certificates unless indemnified to its satisfaction.

The Trustee shall be entitled to enter into business transactions with the Issuer without accounting for any profit resulting from those transactions.

## **19 Notices**

Notices to Trust Certificates Holders shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after

the date of mailing, or published in a daily newspaper of general circulation in Asia, which is expected to be *The Wall Street Journal Asia*. The Issuer shall ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Trust Certificates are for the time being listed or by which they have been admitted to trading. A notice given by way of publication shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the first date on which it is published. If publication as provided above is not practicable, the notice may be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve (which approval shall not be unreasonably withheld).

## **20 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Trust Certificates under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Trust Certificates expressly provide for such Act to apply to any of their terms.

## **21 Governing Law, Submission to Jurisdiction and Waiver of Interest**

### **21.1 Governing Law**

- (a) The Supplemental Trust Deed, the Supplemental Agency Agreement, the Supplemental Costs Undertaking, the Wakalah Agreement, the Issuer Undertaking, the Obligor Undertaking, the Purchase Undertaking, the Closing Date Deed of Surrender, any Deed of Surrender, and the Trust Certificates, and any non-contractual obligations arising out of or in connection with any of them, are governed by, and will be construed in accordance with, English law.
- (b) The Sale and Purchase Agreement and the Commodity Murabahah Investment Agreement are governed by, and will be construed in accordance with, the laws of Malaysia.
- (c) The Master Depository Services Agreement and the Deed of Covenant are governed by, and will be construed in accordance with, the laws of Singapore.

### **21.2 Jurisdiction**

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Trust Certificates and accordingly any legal action or proceedings (“**Proceedings**”) arising out of or in connection with any Trust Certificates may be brought in such courts. The Issuer has in the Supplemental Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts.

### **21.3 Process Agent**

Each of the Issuer and Khazanah has irrevocably and unconditionally appointed an agent to receive, for it and on its behalf, service of process in (i) England in respect of any Proceedings in England in relation to the documents referred to in Condition 21.1(a) and (ii) Singapore in respect of any Proceedings in Singapore in relation to the documents referred to in Condition 21.1(c).

### **21.4 Waiver of Interest**

For the avoidance of doubt and notwithstanding any other provision to the contrary contained in these Conditions, nothing in these Conditions shall oblige or entitle any Trust Certificates Holder nor shall any Trust Certificates Holder pay, receive or recover interest on any amount due and payable to another party.

## **22 Definitions and Interpretation**

### **22.1 Definitions**

In these Conditions:

“**Agents**” means any of the Issuing and Paying Agent, the Singapore Paying Agent, the Paying Agents, the Registrar or the Transfer Agent appointed by the Issuer pursuant to the Supplemental Agency Agreement.



**“Aggregate Nominal Value”** means, at any time, the aggregate nominal value of the outstanding Trust Certificates which, for the avoidance of doubt, is on the Closing Date [S\$600,000,000]<sup>7</sup> [S\$900,000,000]<sup>8</sup>.

**“Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong, Kuala Lumpur and Singapore.

**“Commodity Murabahah Investment”** means a commodity murabahah investment forming part of the Series Wakalah Venture and which will be in the form of a Commodity Murabahah Investment Agreement.

**“Commodity Murabahah Investment Agreement”** means a commodity murabahah investment agreement to be entered into on the Closing Date between the Issuer (acting through the Wakeel as agent), the Buyer and the Facility Agent.

**“Day Count Fraction”** means, in relation to a Periodic Distribution Period or any other period in respect of which a payment is due to be made, the number of days from and including the first day of that period to but excluding the last day of that period, divided by 365.

**“Deed of Covenant”** means the deed of covenant dated on or before the Closing Date executed as a deed poll by the Issuer in relation to the Trust Certificates.

**“Dissolution Distribution Amount”** means an amount equal to the Aggregate Nominal Value plus any accrued but unpaid Periodic Distribution Amounts.

**“Dissolution Event”** means any of the events specified as such in Condition 13.

**“Excess Shares”** means such amount of excess due to the amount by which the fair market value of the shares comprised in the Series Wakalah Venture exceeds the Shares Investment Minimum Value as determined on the Valuation Date.

**“Excess Shares Purchase Price”** means the price payable by the Obligor for the Excess Shares, which is determined and payable in accordance with the terms of, the Issuer Undertaking.

**“Expected Periodic Distribution Rate”** means [2.615% per annum]<sup>9</sup> [3.725% per annum]<sup>10</sup>.

**“Extraordinary Resolution”** means a resolution passed at a meeting of Trust Certificates Holders duly convened and held in accordance with the provisions of Schedule 3 of the Master Trust Deed.

**“Investment Conditions”** means the following conditions to be met by the Wakeel:

- (a) proper application of the Series Proceeds in appropriate revenue-generating Series Wakalah Venture Contracts in accordance with the Wakalah Agreement;
- (b) proper monitoring and timely enforcement of the performance of each counterparty under such Series Wakalah Venture Contracts;
- (c) ensuring that each such Series Wakalah Venture Contract remains in full force and effect whilst any Trust Certificates remain outstanding;
- (d) ensuring that at least 51% of the Series Proceeds, is invested in Shariah-compliant Shares on the Closing Date pursuant to the Sale and Purchase Agreement and thereafter to ensure that all shares comprised in the Series Wakalah Venture are Shariah-compliant Shares;
- (e) ensuring that at all times during the term of the Trust Certificates the aggregate value of the shares comprised in the Series Wakalah Venture is at least equal to the Shares Investment Minimum Value, all as valued in accordance with the Valuation Principles;
- (f) ensuring that no more than 49% of the Series Proceeds, is invested in the Commodity Murabahah Investment on the Closing Date; and
- (g) not waiving or forgiving the obligation of any counterparty under any such Series Wakalah Venture Contract and not entering into any arrangement to dispose at a discount of any rights under any such Series Wakalah Venture Contract.

<sup>7</sup> To be included in the Conditions relating to the Series 2015 Trust Certificates.

<sup>8</sup> To be included in the Conditions relating to the Series 2020 Trust Certificates.

<sup>9</sup> To be included in the Conditions relating to the 2015 Trust Certificates.

<sup>10</sup> To be included in the Conditions relating to the 2020 Trust Certificates.

**“Investment Plan”** means the investment plan consisting of the following requirements for the Wakeel: (i) to invest the Series Proceeds on the Closing Date in the Series Wakalah Venture which generates expected returns at least equal to the Periodic Distribution Amount for each Periodic Distribution Period for the term of the Trust Certificates which are outstanding on the Closing Date; and (ii) to ensure satisfaction of the Investment Conditions.

**“Issuer Power of Attorney”** means the power of attorney granted by the Issuer in favour of the Trustee with respect to the execution of the Transfer Agreement by the Issuer substantially in the form set out in Schedule 4 to the Supplemental Trust Deed.

**“Master Depository Services Agreement”** means the master depository services agreement dated on or before the Closing Date made between the Issuer and the Depository.

**“Material Adverse Effect”** means a material and adverse effect on the condition (financial or other), prospects, results of operations or general affairs or profitability of the Issuer or the Obligor, as the case may be, or on the ability of the Issuer or the Obligor, as the case may be, to perform any of their respective obligations under any of the Series Transaction Documents to which it is a party, or that are otherwise material in the context of an issue of Trust Certificates.

**“Maturity Date”** means [11 August 2015]<sup>11</sup> [11 August 2020]<sup>12</sup>.

**“Obligor Power of Attorney”** means the power of attorney granted by the Obligor in favour of the Trustee with respect to the execution of the Transfer Agreement by the Obligor substantially in the form set out in Schedule 2 of the Purchase Undertaking.

**“Payment Business Day”** means a day on which commercial banks are generally open for business in Kuala Lumpur and Singapore and in the case of the surrender of a Trust Certificate, in the place where the Trust Certificate is surrendered.

**“Periodic Distribution Amount”** means, an amount in Singapore dollars equal to the product of (a) the Expected Periodic Distribution Rate, (b) the Nominal Value of the Trust Certificates, and (c) the Day Count Fraction.

**“Periodic Distribution Date”** means 11 February and 11 August in each year, commencing on 11 February 2011 up to and including the Maturity Date.

**“Periodic Distribution Period”** means the period from and including the Closing Date to but excluding the first Periodic Distribution Date, and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date.

**“person”** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity.

**“Programme Agreement”** means the programme agreement dated 10 February 2009 made between the Issuer and AmInvestment Bank Berhad and CIMB Investment Bank Berhad as joint lead arrangers.

**“Purchase Price”** means the fair market value of the Investments calculated in accordance with the Valuation Principles.

**“Purchase Undertaking”** means a purchase undertaking dated the Closing Date executed by the Obligor in favour of the Issuer and the Trustee pursuant to which the Obligor undertakes to purchase from the Issuer all of the Investments in the Series Wakalah Venture on the Maturity Date or following a Dissolution Event, whichever is the earlier.

**“related corporation”** has the meaning given to it in the Companies Act, 1965 of Malaysia.

**“Relevant Date”** means, in respect of any payment in relation to a Trust Certificate, the later of (a) the date on which the payment first becomes due, and (b) if the full amount payable has not been received by the Paying Agent or the Trustee on or before the due date, the date on which (the full amount having been so received) notice to that effect has been given to the Trust Certificates Holders by the Issuer in accordance with Condition 19.

**“Relevant Jurisdiction”** means Malaysia and Singapore or any authority thereof or therein having power to tax.

<sup>11</sup> To be included in the Conditions relating to the 2015 Trust Certificates.

<sup>12</sup> To be included in the Conditions relating to the 2020 Trust Certificates.

**“Security Interest”** means any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind, including but without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing.

**“Series Shariah Adviser”** is CIMB Investment Bank Berhad (backed by CIMB Islamic Shariah Committee).

**“Series Wakalah Venture Contracts”** means the Sale and Purchase Agreement and the Commodity Murabahah Investment Agreement each entered into on the Closing Date by the Wakeel acting as agent of the Issuer pursuant to the Wakalah Agreement, and any ancillary contracts in relation thereto entered into from time to time, including but not limited to the Closing Date Deed of Surrender, the Issuer Undertaking, the Obligor Undertaking, the Purchase Undertaking and any sale and purchase agreements or substitution agreements entered into pursuant such undertakings.

**“Shariah-compliant Shares”** means Shariah-compliant shares in one or more companies, whether listed or not listed on any stock exchange, identified by the Wakeel in its discretion and approved by the Series Shariah Adviser as Shariah-compliant from time to time throughout the term of the Trust Certificates, and as approved by the Shariah Advisers as Shariah-compliant on the Closing Date.

**“Supplemental Costs Undertaking Deed”** means a series costs undertaking deed relating to the Trust Certificates executed by the Obligor on the Closing Date, which amends and supplements the Master Costs Undertaking Deed.

**“Transaction Documents”** means the Programme Agreement, the Master Trust Deed, the Master Agency Agreement and the Master Costs Undertaking Deed.

**“Transfer Agreement”** means the transfer agreement substantially in the form set out in Schedule 1 of the Purchase Undertaking.

**“Trust”** means the trusts established by the Supplemental Trust Deed.

**“Valuation Date”** means the date on which the Excess Shares Purchase Price (if any) is payable pursuant to the Issuer Undertaking.

## CLEARING AND SETTLEMENT

### Clearance and Settlement under the Depository System

Clearance of the Trust Certificates will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**Depository System**”) maintained by CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

Each of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates is to be held by CDP in the form of a Global Certificate for persons holding such Trust Certificates in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Trust Certificates between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Trust Certificates through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act, Chapter 50 of Singapore to maintain securities sub-accounts and to hold the Trust Certificates in such securities sub-accounts for themselves and their clients. Accordingly, Trust Certificates for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Trust Certificates in direct securities accounts with CDP, and who wish to trade Trust Certificates through the Depository System, must transfer the Trust Certificates to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of Trust Certificates. However, CDP will make payment of any Periodic Distribution Amount and repayment of any Dissolution Distribution Amount on behalf of the Issuer.

Although CDP has established procedures to facilitate transfer of interests in the Trust Certificates in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other Agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## SUMMARY OF PROVISIONS RELATING TO THE TRUST CERTIFICATES IN GLOBAL FORM

### Initial issue of Trust Certificates

Each Series of Trust Certificates will be represented by a Global Certificate which will be delivered on or prior to the Closing Date to CDP. Upon the registration of each Global Certificate in the name of CDP (in such capacity, the “**Registered Holder**”) and delivery of each Global Certificate to CDP, CDP will credit each Trust Certificates Holder with a Nominal Value of Trust Certificates equal to the Nominal Value thereof for which it has subscribed and paid.

### Exchange

Each Global Certificate will be exchangeable (free of charge to the holder) in whole, but not in part, for definitive certificates (“**Definitive Certificates**”) if (1) a Dissolution Event with respect to the Series of Trust Certificates represented by such Global Certificate has occurred and is continuing, or (2) the Issuer has been notified that CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), or CDP has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system is available, or (3) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Trust Certificates and to continue performing its duties set out in the Master Depository Services Agreement, as amended, varied or supplemented from time to time, and no alternative clearing system is available. Thereupon, the Registered Holder, acting on the instruction of any holder of an interest in the Global Certificate, may give notice to the Issuing and Paying Agent requesting exchange and the Issuer may also give notice to the Issuing and Paying Agent requesting exchange on or after the Exchange Date (as defined below) specified in the notice.

“**Exchange Date**” means a day falling not less than 10 days after that day on which the notice requesting exchange is given and is a day on which banks are open for general business in Singapore.

In addition, the Global Certificate will contain provisions which modify the Conditions as they apply to the Trust Certificates evidenced by the Global Certificate. The following is a summary of certain of those provisions:

### Payments

Payments in respect of a Global Certificate shall be made to the Registered Holder against presentation and (if no further payment falls to be made on it) upon surrender of it to or to the order of the Registrar in respect of the Trust Certificates (or to or to the order of such other Paying Agent as shall have been notified to the holders for this purpose). Upon payment of any amount payable in respect of a Global Certificate, the amount so paid shall be entered by the Registrar on the Register. No person shall however be entitled to receive any payment on a Global Certificate falling due after the Exchange Date, unless exchange of a Global Certificate for Definitive Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Certificates.

### Notices

So long as a Global Certificate is held on behalf of CDP, notices required to be given to holders may be given by there being delivered to CDP, rather than by publication as required by the Conditions except that, so long as the Trust Certificates are listed on any stock exchange, and the rules of that exchange so require, notices shall also be published in the manner required by those rules. Any such notice shall be deemed to have been given to the Trust Certificates Holders on the seventh day after such notice is delivered to CDP.

### Meetings

The holder of a Global Certificate shall be treated at any meeting of holders as being two persons for the purposes of any quorum requirements of a meeting of holders and as having one vote in respect of each S\$250,000 Nominal Value of Trust Certificates for which the Global Certificate may be exchanged. The Issuer may allow a person with an interest in Trust Certificates in respect of which a Global Certificate has been issued to attend and speak at a meeting of holders on appropriate proof of his identity and interest.

### Transfer

Transfers of interests in the Trust Certificates will be effected through the records of CDP in accordance with the rules and procedures of CDP.

## **USE OF PROCEEDS**

The Issuer (acting on behalf of the Trust Certificates Holders of each Series) will apply the proceeds arising from the issue of each Series of Trust Certificates by appointing the Wakeel to invest such proceeds in a Series Wakalah Venture in accordance with the terms of the Wakalah Agreement relevant to such Series.

The Obligor intends to use such proceeds towards (i) the acquisition of any Shariah-compliant assets in Singapore by the Obligor and/or its group of companies and/or (ii) the refinancing of certain loan facilities denominated in Singapore dollars which had been granted to the Obligor and/or its group of companies provided that the purpose and utilisation of such loan facilities were in compliance with Shariah.

## EXCHANGE RATES AND EXCHANGE CONTROLS

### Exchange Rates

The following table sets forth, for the periods indicated, information concerning the exchange rates between Ringgit and Singapore dollars since 2005 as reported in Bloomberg under page “SGDMYR Crncy HP”. The table illustrates how many Ringgit it would take to buy one Singapore dollar:

<u>Period</u>	<u>Ringgit per one Singapore dollar</u>			
	<u>Average<sup>(1)</sup></u>	<u>High</u>	<u>Low</u>	<u>Period end</u>
2005 .....	2.2755	2.3470	2.2147	2.2729
2006 .....	2.3085	2.3492	2.2635	2.2941
2007 .....	2.2810	2.3378	2.2077	2.2963
2008 .....	2.3549	2.4613	2.2715	2.4143
2009 .....	2.4231	2.4658	2.3504	2.4497
2010				
January .....	2.4175	2.4401	2.3988	2.4275
February .....	2.4185	2.4389	2.4064	2.4152
March .....	2.3723	2.4078	2.3317	2.3317
April .....	2.3203	2.3419	2.2900	2.3273
May .....	2.3339	2.3818	2.3037	2.3319
June .....	2.3351	2.3551	2.3048	2.3048
July (through 26 July) .....	2.3266	2.3428	2.3035	2.3415

Note:

- <sup>(1)</sup> Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

Source: Bloomberg

No representation is made that the Ringgit amounts stated in this Offering Circular could have been or could be converted into Singapore dollars at any particular rate, the above rates or at all.

### Malaysian Exchange Controls

There are no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, all remittances abroad must be made in foreign currencies other than the currency of Israel.

Under the present regime, the prior approval of the Malaysian Controller of Foreign Exchange is required for the Issuer to obtain credit facilities exceeding RM100 million (or its equivalent in foreign currency) denominated in a currency other than Ringgit. The Issuer had obtained approval from the Malaysian Controller of Foreign Exchange on 10 December 2008 to issue Islamic securities denominated in a currency other than Ringgit under the Programme to non-residents and residents.

## DESCRIPTION OF DANGA CAPITAL BERHAD

Danga Capital Berhad (Company No. 835648-X) was incorporated on 16 October 2008 in Malaysia under the Companies Act, 1965 of Malaysia with its registered office at Suite 27-03, 27th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia. The Issuer is a special purpose vehicle and has been formed solely for the purpose of participating in the transactions contemplated under the Programme and the Ringgit-Denominated Islamic Securities Programme established by the Issuer on 6 February 2009 (the “**Ringgit Programme**”).

The authorised share capital of the Issuer is RM100,000 divided into 100,000 ordinary shares of par value RM1.00 each, of which two ordinary shares have been issued and fully paid-up. The two issued ordinary shares are held by an independent Share Trustee (as defined below) on trust for certain charities.

The directors of the Issuer and their designations are as follows:

<u>Director</u>	<u>Principal Occupation</u>
Ng Lay Leng . . . . .	Resident Director
Anne Selvam A/P Packianathan . . . . .	Resident Director

The residential address of Ng Lay Leng is A-05-3A, Desa Putra Condominium, No.4, Jalan Wangsa Perdana 3, Wangsa Maju, 53300 Kuala Lumpur, Malaysia. The residential address of Anne Selvam A/P Packianathan is A3A-11 Puncak Athenaeum Jalan Wangsa 5A, Bukit Antarabangsa, 68000 Ampang, Selangor Darul Ehsan, Malaysia.

The Issuer has no employees and will have no employees as at the Closing Date. The Issuer has no subsidiaries.

The Issuer’s board of directors has appointed EQ Corporate Services (Malaysia) Sdn. Bhd. (the “**Issuer Administrator**”) to manage certain affairs of the Issuer (including the preparation of the necessary books of accounts and records and certain other corporate, secretarial and administrative services). The annual fees of the Issuer Administrator will be paid pursuant to the terms of each Supplemental Costs Undertaking Deed. Equity Trust (Malaysia) Berhad, the registered owner of the Issuer’s entire issued and paid-up share capital (for the purpose of this section only, the “**Shares**”), has entered into a declaration of trust (the “**Declaration of Trust**”) on 23 January 2009, where it has in its capacity as an independent share trustee (for the purpose of this section only, the “**Share Trustee**”) declared an irrevocable trust for charitable purposes over the Shares for the benefit of each of World Wildlife Fund, National Cancer Society of Malaysia, Malaysian AIDS Council, Kiwanis Down Syndrome Foundation and the National Kidney Foundation of Malaysia. In the Declaration of Trust, the Share Trustee agreed, to the extent it is possible and reasonable to do so in its capacity as the registered holder of the Shares, to do all such acts and execute all such documents in order to ensure that the obligations of the Issuer pursuant to the Programme and the Ringgit Programme are met and fulfilled accordingly pursuant to the terms of the documents relating to the Programme and the Ringgit Programme, respectively.

The objects of the Issuer as set out in its Memorandum of Association are to issue Islamic securities pursuant to the Programme (including the Trust Certificates) and the Ringgit Programme, enter into documents (including the Series Transaction Documents) to which it is a party and other agreements necessary for the performance of its obligations under the transactions contemplated thereby and undertake activities pursuant to or that are not inconsistent with the transactions and documents relating to the Programme (including those referred to in this Offering Circular) and the Ringgit Programme.

The Issuer has not engaged, since its incorporation, and will not engage in any material activities other than (i) those relating or incidental to the issue of the Islamic securities (including the Trust Certificates) pursuant to the Programme and the matters contemplated in this Offering Circular and the Series Transaction Documents and the authorisation of its entry into the other transactions and documents referred to in this Offering Circular to which it is or will be a party and (ii) those relating or incidental to the issue of Ringgit-Denominated Islamic securities under the Ringgit Programme and the authorisation of its entry into such transactions and documents to which it is a party in connection with the Ringgit Programme.

As of the Closing Date, after giving effect to the transactions contemplated by the Series Transaction Documents, the total equity of the Issuer will be RM2.00, consisting of two issued and fully paid-up shares. As at the Closing Date, after giving effect to the transactions contemplated by the Series Transaction Documents, the Issuer will not have any indebtedness, other than any Ringgit-Denominated Islamic securities outstanding as at the date of



this Offering Circular which were issued pursuant to the Ringgit Programme. Pursuant to the terms of its Memorandum of Association and the Series Transaction Documents, the Issuer may not issue any securities other than those issued under the Programme (including the Trust Certificates) and the Ringgit Programme or otherwise incur indebtedness.

The fiscal year of the Issuer ends on 31 December of each year, beginning in 2009. The Issuer has prepared annual accounts, which are audited by Ernst & Young.

Other than as described above, there has been no material change in the capitalisation of the Issuer as at the date hereof.

## DESCRIPTION OF THE KHAZANAH GROUP

### Overview

Khazanah is the investment holding arm of the Government which has been entrusted to manage the assets held by the Government and to undertake strategic investments both domestically and abroad. Khazanah was incorporated under the Companies Act, 1965 of Malaysia on 3 September 1993 as a public limited company and commenced operations in 1994. Save for the one share owned by the FLC, a body corporate incorporated pursuant to the Federal Lands Commissioner (Incorporation) Act, 1957 of Malaysia, all the share capital of Khazanah is owned by the Minister of Finance (Inc), a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 of Malaysia. The Minister of Finance (Inc) is owned by the Government.

Khazanah has a nine-member Board of Directors (the “**Board**”) comprising representatives from the public and private sectors. Mohd Najib Hj Abdul Razak, the Prime Minister of Malaysia, is the Chairman of the Board. The Board is assisted in the discharge of its duties by an Executive Committee and an Audit and Risk Committee established by the Board.

The primary investment objectives of Khazanah are:

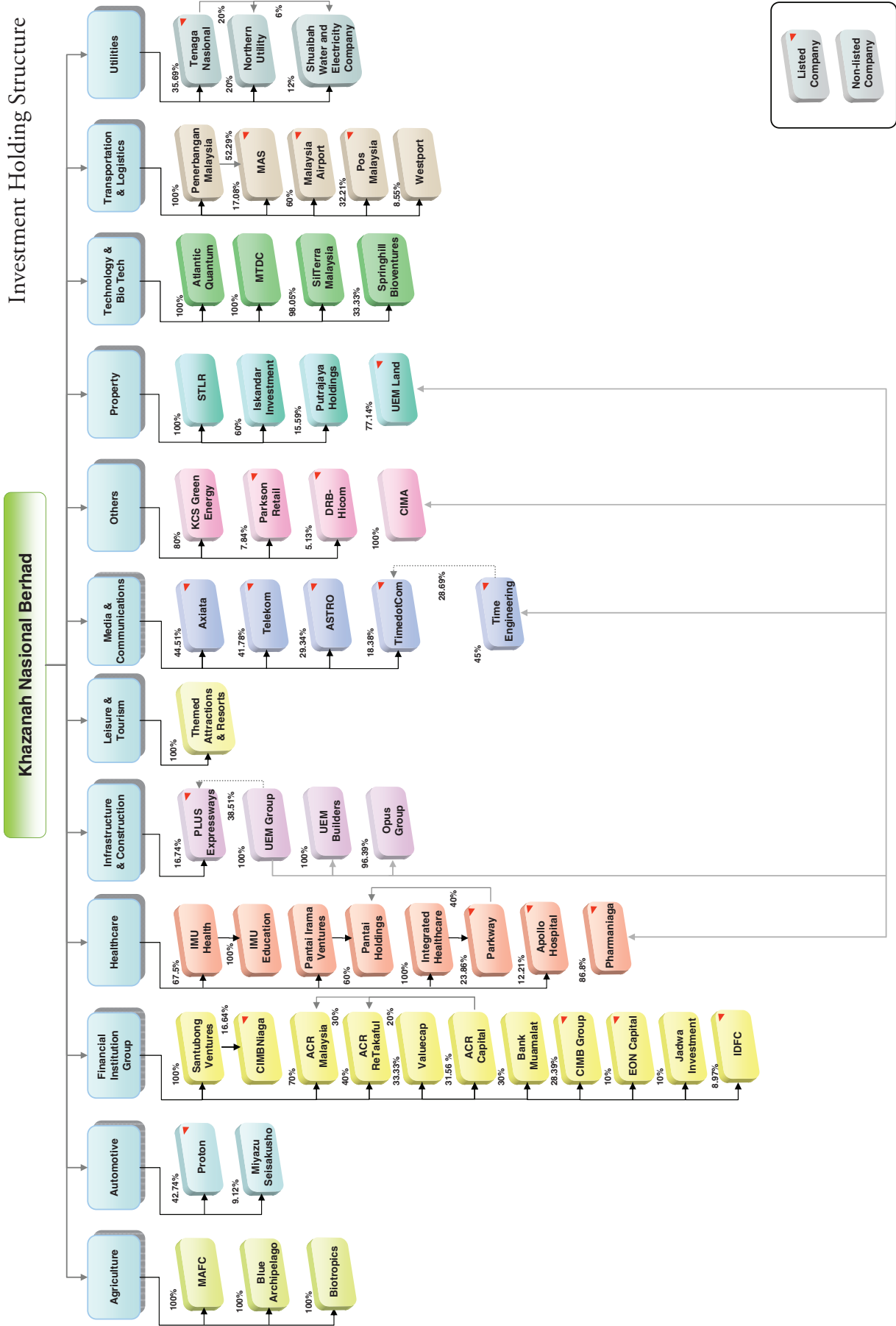
- to hold and manage the investments entrusted to it by the Government; and
- to undertake additional investments where there are strategic opportunities in new sectors and new markets.

Khazanah’s investment portfolio includes more than 50 major companies in which Khazanah has a shareholding and Board representation, both in Malaysia and overseas. These companies are involved in various sectors, including financial institution group, healthcare, transportation and logistics, infrastructure and construction, property, life sciences, technology, media and communications, leisure and tourism, agriculture, automotive and utilities.

Historically, substantially all of the companies in which Khazanah invested were incorporated in Malaysia and primarily conducted their principal business activities within Malaysia. However, since 2005, Khazanah has acquired business interests outside Malaysia. For recent acquisitions, see “*Recent developments*” below.

Khazanah’s registered office is currently located at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

Khazanah's principal holdings and its effective shareholding interest as at 30 June 2010 are set forth below:



## Summary financial information

The following table presents selected audited financial information of Khazanah on an unconsolidated basis as at and for each of the five years ended 31 December 2005, 2006, 2007, 2008 and 2009.

The unconsolidated financial statements of Khazanah have been prepared in accordance with Approved Accounting Standards issued by the Malaysian Accounting Standards Board, which may differ in certain material respects from generally accepted accounting principles in certain other jurisdictions, including International Accounting Standards or International Financial Reporting Standards and auditing standards which prospective investors may be familiar with in other countries.

	As at and for the year ended 31 December				
	2005 (audited)	2006 (audited)	2007 (audited)	2008 (audited)	2009 (audited)
	<i>RM thousands</i>	<i>RM thousands</i>	<i>RM thousands</i>	<i>RM thousands</i>	<i>RM thousands</i>
Profit/(Loss) before taxation . . . . .	(803,308)	943,208	4,725,401	1,553,885	613,027
Net Profit/(Net Loss) for the year . . . . .	(929,150)	722,199	4,531,195	1,203,460	640,710
Total assets . . . . .	33,366,944	37,429,879	41,218,484	52,006,180	55,664,930
Total liabilities . . . . .	21,123,661	24,494,397	24,271,807	33,856,043	36,974,083
Paid-up capital . . . . .	5,404,016	5,404,016	5,443,953	5,443,953	5,443,953

## Principal indebtedness of Khazanah

The following is a summary of Khazanah's principal financing arrangements.

The table below sets forth the total borrowings of Khazanah as at 31 December 2009.

	Amount outstanding as at 31 December 2009 (audited)
	<i>RM thousands</i>
Khazanah Bonds — secured . . . . .	8,312,943
Periodic Payment Exchangeable Trust Certificates . . . . .	7,814,927*
Islamic Medium Term Notes . . . . .	1,599,920
Short-term revolving credit . . . . .	1,000,000
Amount due to SPV . . . . .	8,000,000
Term loans — unsecured . . . . .	8,104,800
Total Borrowings . . . . .	<u>34,832,590</u>

Note:

\* This includes the U.S.\$550 million Shariah-compliant exchangeable trust certificates issued by Paka Capital Limited described below notwithstanding that no periodic payments were payable on such trust certificates.

## Khazanah Bonds — Secured

Since March 1999, Khazanah has from time to time issued various series of medium- to long-term zero coupon Islamic bonds with maturities ranging between five and 15 years. Each series of zero coupon Islamic bonds is guaranteed by the Government and is based upon the Islamic financing concepts of "Murabahah" or "Musyarakah". The Government guaranteed zero coupon Islamic bonds were issued at a discount and will be redeemed at 100% of their nominal value on their relevant redemption dates. The aggregate nominal value of the outstanding Government guaranteed zero coupon Islamic bonds as at 31 December 2009 was RM13,000,000,000. The accreted book value of such Islamic bonds as at 31 December 2009 was RM8,312,943,000, which represented their nominal value less the unamortised discount on such Islamic bonds.

The table below sets forth the details of the Government guaranteed zero coupon Islamic bonds issued by Khazanah and outstanding as at 31 December 2009.

	At nominal value	Unamortised discount (audited)	Amount outstanding as at 31 December 2009 (audited)	Date of repayment	Yield to maturity at issuance
	RM	RM	RM		%
Issued 18 January 2005 5-year . . . . .	1,000,000,000	1,783,654	998,216,346	18 January 2010	3.683
Issued 8 December 2006 10-year . . . . .	2,000,000,000	465,910,090	1,534,089,910	8 December 2016	3.860
Issued 15 June 2007 15-year . . . . .	1,000,000,000	414,933,344	585,066,656	15 June 2022	4.350
Issued 9 July 2008 10-year . . . . .	1,000,000,000	370,301,592	629,698,408	9 July 2018	5.500
Issued 14 August 2008 15-year . . . . .	2,000,000,000	1,023,142,172	976,857,828	14 August 2023	5.330
Issued 17 December 2008 10-year . . . . .	1,000,000,000	304,905,646	695,094,354	17 December 2018	4.100
Issued 20 March 2009 10-year . . . . .	1,000,000,000	337,692,641	662,307,359	20 March 2019	4.520
Issued 20 March 2009 15-year . . . . .	1,500,000,000	740,049,899	759,950,101	20 March 2024	4.840
Issued 27 August 2009 10-year . . . . .	1,500,000,000	525,858,946	974,141,054	27 August 2019	4.520
Issued 27 August 2009 15-year . . . . .	1,000,000,000	502,479,147	497,520,853	27 August 2024	4.820
Total . . . . .	<u>13,000,000,000</u>	<u>4,687,057,131</u>	<u>8,312,942,869</u>		

The Government guaranteed zero coupon Islamic bonds issued by Khazanah on 18 January 2005 were fully redeemed on 18 January 2010. On 24 March 2010, Khazanah issued a further RM1.2 billion in nominal value of Government guaranteed zero coupon Islamic bonds. These Islamic bonds have a 10-year tenor and a yield to maturity of 4.60% at their issuance.

#### *Shariah-compliant exchangeable trust certificates*

Khazanah has also issued periodic payment Shariah-compliant exchangeable trust certificates. In October 2006, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Rafflesia Capital Limited. The offering comprised U.S.\$750 million five-year certificates due 2011 which are exchangeable into ordinary shares of Telekom Malaysia Berhad and Axiata Group Berhad, currently held by Khazanah. As at 31 December 2009, all of the trust certificates remained outstanding.

In July 2007, Khazanah issued periodic payment Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Cherating Capital Limited. The offering comprised U.S.\$850 million five-year certificates due 2012 which are exchangeable into ordinary shares of PLUS Expressways Berhad, currently held by Khazanah. As at 31 December 2009, all of the trust certificates remained outstanding.

In March 2008, Khazanah issued Shariah-compliant exchangeable trust certificates through an independent special purpose vehicle, Paka Capital Limited. No periodic payments are payable on such trust certificates. The offering comprised U.S.\$550 million five-year certificates due 2013 which are exchangeable into ordinary shares of Parkson Retail Group Limited, currently held indirectly by Khazanah. As at 31 December 2009, all of the trust certificates remained outstanding.

#### *Islamic medium term notes*

On 24 April 2009, Khazanah issued RM1.1 billion in nominal value of Islamic medium term notes with a maturity of five years and RM500 million in nominal value of Islamic medium term notes with a maturity of seven years. Profit payments of 4.22% per annum and 4.49% per annum are payable on the Islamic medium term notes, respectively. The aggregate nominal amount of the outstanding Islamic medium term notes as at 31 December 2009 was RM1,599,920,000, comprising Islamic medium term notes issued pursuant to a Ringgit-Denominated Islamic Securities Programme established by Danga Capital Berhad, an independent special purpose vehicle which is also the issuer of the Trust Certificates described herein, on 6 February 2009. On 13 April 2010, Danga Capital Berhad issued a further RM2.0 billion in nominal value of Islamic medium term notes pursuant to this Ringgit-Denominated Islamic Securities Programme. These Islamic medium terms notes have a tenor of five years and a yield to maturity of 4.35% at their issuance.

### *Short-term revolving credit*

Khazanah maintains a short-term revolving credit facility. This credit facility is unsecured, is denominated in Ringgit and bears interest at rates ranging from 2.50% per annum to 3.75% per annum. This credit facility matures at various dates between 3 to 12 months. As at 31 December 2009, the principal amount outstanding on this credit facility was RM1,000,000,000.

### *Amount due to SPV — Musyarakah Islamic securities*

Since March 2006, Khazanah has issued various series of commercial paper and medium term notes with maturities ranging between six months and seven years, which are based upon the Islamic financing concept of “Musyarakah”. Each of these financings includes provisions for recourse to Khazanah pursuant to a purchase undertaking. As at 31 December 2009, the nominal amount of outstanding Islamic medium term notes was RM8.0 billion, comprising RM7.0 billion in nominal amount of Islamic medium term notes issued pursuant to the RM7.0 billion Islamic Medium Term Note Programme and RM1.0 billion in nominal amount of Islamic medium notes issued pursuant to the RM3.0 billion Islamic Commercial Paper and Islamic Medium Term Notes Programme. Both programmes were established in March 2006 by Rantau Abang Capital Berhad, a wholly-owned subsidiary of Khazanah.

### *Unsecured term loans*

Khazanah maintains short-term and long-term loan facilities. These loan facilities are unsecured, are denominated in Ringgit and bear interest or, in the case of Islamic financing facilities, provide for regular profit payments at rates ranging from 3.14% per annum to 4.80% per annum. These loan facilities mature at various dates between April 2010 and March 2015. As at 31 December 2009, the principal amount outstanding on these loan facilities was RM8,104,800,000.

## **Reform of Government-Linked Companies and the New Economic Model**

The GLC Transformation (“GLCT”) Programme was launched on 14 May 2004 by the Government through the Ministry of Finance, with the objective of transforming the Government-Linked Companies (the “GLCs”) into high-performing entities. To facilitate this transformation, the Putrajaya Committee on GLC High Performance (the “PCG”) was formed in January 2005 as the Steering Committee for the GLCT Programme to lead the process of transforming the GLCs. The principal mandate of the PCG is to design and implement national policies and guidelines to transform GLCs into high-performing entities and to implement this it established an institutional framework to manage the GLCT Programme and oversee the execution of these policies and guidelines. The PCG consists of representatives from the Minister of Finance (Inc) and the Prime Minister’s Office, and includes participation from the heads of the Government-Linked Investment Companies (the “GLICs”), namely Khazanah, Permodalan Nasional Berhad, Employees Provident Fund, Lembaga Tabung Angkatan Tentera and Lembaga Tabung Haji.

The GLCT Manual was published in July 2005 and contained a codification of the overall policy guidelines of the PCG and details of the GLCT initiatives for the period between 2005 and 2006. During the period between 2005 and 2006, in addition to the policy guidelines of the PCG, 10 transformational initiatives (the “**10 Initiatives**”) were launched, each of which has since been implemented across the GLCs. Khazanah, in its capacity as Secretariat to the PCG, established a Transformation Management Office (“**TMO**”) in August 2005, with the objective of managing the roll-out and implementation of the 10 Initiatives by adopting a programme management approach. The primary objectives of the programme management approach are for the TMO to monitor the progress of implementation of the 10 Initiatives by the GLCs and GLICs and report on their progress to the PCG and to the Prime Minister’s Office through the Programme Monitoring Unit, as a means of ensuring compliance with the 10 Initiatives by the GLCs and GLICs.

The GLCT Programme was designed as a long-term programme, with full benefits and results expected over the course of a 10-year time-frame. The long-term goal of the GLCT Programme is to raise the performance of the GLCs and to help them become market leading corporations regionally and internationally.

The GLCT Programme covers the top 20 GLCs or G-20 which are controlled by the GLIC constituents of the PCG. As at 28 February 2009, there were 19 GLCs within the G-20, following the Sime Darby merger and Telekom Malaysia Berhad demerger. Within the G-20, Khazanah currently controls nine GLCs, commonly referred to as K-9 companies, namely Axiata Group Berhad, CIMB Group Holdings Berhad, Malaysian Airline

System Berhad, Malaysia Airports Holdings Berhad, Pos Malaysia Berhad, Proton Holdings Berhad, Telekom Malaysia Berhad, Tenaga Nasional Berhad and UEM Group Berhad. The performance of these nine GLCs are measured by the K-9 index. As at the 31 December 2009, the compounded annual growth rate of these nine GLCs as measured by the K-9 index for the period between 14 May 2004 and 31 December 2009 was 14.1% as compared to 11.6% of the FTSE Bursa Malaysia KLCI index (the “**FBMKLCI**”, excluding G-20).

Since the inception of the GLCT Programme, the GLCs have demonstrated improved performance and commitment to the execution of the GLCT Programme. Between May 2004 and May 2010, the aggregate earnings and total shareholder returns (“**TSR**”) of the GLCs consistently outperformed the FBMKLCI. The G-20 TSR generated a six-year compounded return of 14.7% as at 3 May 2010, outperforming the FBMKLCI (excluding G-20) by 2.6%, and the market capitalisation of the G-20 amounted to RM301 billion as at 3 May 2010, surpassing the pre-crisis peak of RM293 billion as at 31 December 2007.

The GLCT Programme’s latest progress review issued on 31 March 2010 highlighted the following in terms of the GLCs’ performance:

***The GLCs have shown resilience throughout the global financial crisis and Malaysia’s recession***

The GLCs showed resilience during the 2008 and 2009 global financial crisis and Malaysia’s recession in 2009. Debt to equity ratios of the G-20 stood at 42% as at 31 December 2009, based on an average of the debt to equity ratios of the non-financial institutions GLC constituents of the G-20 and no major company failures among the GLCs took place during this period. The G-20’s average return on equity increased to 9.2% in FY2009 as compared to 7.1% in FY2005. This achievement was primarily a result of earlier intensive restructuring and transformation efforts, including the adoption of the 10 Initiatives and crisis management measures undertaken at the start of the downturn.

***The GLCs have continued their efforts to become market leading corporations in the region***

With the recovery of the global economy, the GLCs have resumed their commitment to the GLCT Programme. The GLCs are continuing their efforts to become market leading corporations in the region and achieve the goals set out in the GLCT Programme.

***The GLCs are primed for the Government’s New Economic Model implementation***

The GLCs are primed to support the Government’s efforts at structural transformation of the economy under the Government’s New Economic Model (“**NEM**”), the new economic development policy introduced by the Government on 30 March 2010. As the GLCs are key players in implementing the NEM, five core objectives have been identified for the GLCs: (1) diligence in staying the course in executing the 10-year GLCT Programme; (2) relentless execution to become market-leading corporations regionally; (3) where appropriate, pioneering entry into new economic investments in line with the NEM; (4) collaboration and co-investment with the non-GLC private sector; and (5) continued focus on core operations on a level-playing field and exiting non-core and non-competitive assets.

According to the Mid-term Progress Review Report issued on 13 March 2009 by the TMO, the way forward for the GLCT Programme is expected to be its continual focus on improving the performance of the GLCs and helping the GLCs to become market leading corporations in the region. The GLCs’ improvements are expected to be in line with the Government’s policy of creating a high income economy for Malaysia, along with managing the interests of Khazanah’s stakeholders. As the GLCT Programme is in the second half of the 10-year programme, the GLCs are expected to increase their involvement in the GLCT Programme and lead the progress of the GLCs in developing their capabilities.

**Investment portfolio**

***Investment portfolio performance in 2009***

In line with improved financial and market conditions, Khazanah’s investment portfolio value increased in 2009. As at 31 December 2009, Khazanah’s overall portfolio mark-to-market Realisable Asset Value (“**RAV**”) was RM91.2 billion as compared to RM67.9 billion as at 31 December 2008. The Net Worth Adjusted (“**NWA**”) of Khazanah’s investment portfolio as at 31 December 2009 was RM53.8 billion, representing an increase of 67.7% from the NWA of RM32.1 billion as at 31 December 2008. These RAV and NWA amounts were derived in each case based on the audited financial statements of Khazanah as at and for the years ended 31 December 2009 and 31 December 2008, respectively.

In this Offering Circular, NWA is determined by deducting total liabilities from RAV and adjusting for equity injections by the majority shareholder of Khazanah (being the Minister of Finance (Inc)) less dividends which have been paid out.

### ***Investment portfolio by sectors***

Khazanah's investment portfolio currently spans 12 sectors: financial institution group, media and communications, infrastructure and construction, utilities, property, transportation and logistics, healthcare, automotive, leisure and tourism, agriculture, life sciences and technology. As at 31 December 2009, based on the audited financial statements of Khazanah as at and for the year ended 31 December 2009, these sectors collectively comprised 97.4% of Khazanah's investment portfolio in terms of RAV.

As at 31 December 2009, the top five sectors contributing to Khazanah's investment portfolio in terms of RAV were the financial institution group, media and communications, infrastructure and construction, utilities and property sectors, comprising 23.3%, 21.9%, 18.0%, 16.2% and 7.6% of Khazanah's investment portfolio in terms of RAV, respectively. The transportation and logistics, healthcare and automotive sectors comprised 4.7%, 3.5% and 1.1% of Khazanah's investment portfolio in terms of RAV, respectively, with the remaining sectors, leisure and tourism, agriculture, life sciences and technology each comprising less than 1.0% of Khazanah's investment portfolio in terms of RAV. These RAV percentages were derived in each case based on the audited financial statements of Khazanah as at and for the year ended 31 December 2009.

### ***Foreign investment policies of Khazanah***

Khazanah was granted a renewed mandate in 2004 by the Government to transform itself into a leading regional investment company. In this respect, Khazanah has been targeting regional investments in areas which it considers will bring strategic benefits to Malaysia, such as, among others, media and communications, infrastructure, utilities, financial institution group, healthcare and education.

Historically, substantially all of the companies in which Khazanah invested were incorporated in Malaysia, with their principal business activities conducted within Malaysia. Khazanah's investment portfolio in terms of RAV has therefore historically primarily been derived within Malaysia, with Malaysia-based investments comprising 88.6% of Khazanah's investment portfolio in terms of RAV as at 31 December 2009. Since 2005, Khazanah has acquired business interests outside Malaysia, with Singapore, India, Indonesia and China accounting for 3.3%, 2.4%, 2.1% and 1.8% of Khazanah's investment portfolio in terms of RAV, respectively, as at 31 December 2009, with the remaining 1.8% of Khazanah's investment portfolio in terms of RAV being derived from investments in other countries. These RAV percentages were derived in each case based on the audited financial statements of Khazanah as at and for the year ended 31 December 2009.

### ***Divestment strategy of investment portfolio***

Khazanah has a long-term commitment towards the progressive divestment of its holdings, focusing on the divestment of its non-core assets and non-core holdings, with the objective of avoiding any material adverse impact on the share prices of such investments. Between 2004 and 2008, Khazanah made 21 divestments, generating cash proceeds of RM10,086 million and non-cash benefits of RM4,739 million, resulting in total gains of RM6,890 million. In 2009, Khazanah continued its divestment strategy and made eight divestments, generating cash proceeds of RM3,108 million and resulting in total gains of RM1,221 million. Significant divestments made by Khazanah between 2004 and 2009 included its divestments of a 2% stake in Tenaga Nasional Bhd ("**Tenaga**"), a 5% stake in Malaysia Airports Holdings Bhd ("**MAHB**") and a 3.2% stake in PLUS Expressways Bhd ("**PLUS**") and monetisations of its investments through the issuance of exchangeable trust certificates, which were exchangeable into ordinary shares in Telekom Malaysia Berhad, Axiata Group Berhad, PLUS and Parkson Retail Group Limited, which are held directly or indirectly by Khazanah. On 21 July 2010, Khazanah sold a 5% stake in Telekom Malaysia Berhad at a fixed price of RM3.25 per share, raising cash proceeds of RM581.3 million.



## Recent developments

### Investments in healthcare

#### *Offer to acquire majority shareholding in Parkway Holdings Limited by way of voluntary conditional cash general offer*

The healthcare industry is a key focus sector for Khazanah and it has made a number of significant investments in the healthcare industry. It currently owns a diverse portfolio of healthcare assets in Asia and, in line with its core commercial objectives, intends to further enhance this presence.

In May 2010, Integrated Healthcare Holdings Limited (“**IHHL**”, formerly known as Mount Kinabalu Investments Ltd), an indirect wholly-owned subsidiary of Khazanah, launched a voluntary conditional cash partial offer to acquire 313,000,000 ordinary shares in the capital of Parkway Holdings Limited (“**Parkway**” and such partial offer, the “**Partial Offer**”). The Partial Offer was made at S\$3.78 per share by IHHL. According to the Offer Document dated 7 June 2010 in relation to the Partial Offer (the “**Partial Offer Document**”), the cash offer represents a 25.2% premium over the closing price of the shares of Parkway at S\$3.02 per share on 26 May 2010, being the last trading day prior to the announcement of the Partial Offer. The closing date for the Partial Offer was 8 July 2010, which was subsequently extended to 26 July 2010 by way of an announcement by IHHL on 8 July 2010.

In July 2010, RHC Healthcare Pte. Ltd. (“**RHC**”), a company that is indirectly owned by RHC Holding Private Limited and Fortis Healthcare Limited (“**Fortis**”), launched a competing voluntary conditional cash offer (the “**RHC Offer**”) to acquire all the issued and paid-up ordinary shares in the capital of Parkway, other than those already owned, controlled or agreed to be acquired by RHC and parties acting in concert with it. The RHC Offer was made at S\$3.80 per share by RHC.

On 26 July 2010, IHHL announced (the “**VGO Announcement**”) a revision to the terms of the Partial Offer so as to make a voluntary conditional cash general offer (the “**Voluntary General Offer**”) for all ordinary shares in the capital of Parkway (the “**Parkway Shares**”) in issue (including any shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with IHHL) and all new Parkway Shares allotted and issued pursuant to the valid exercise of Options (as defined below) or vesting of Share Awards (as defined below) on or prior to 16 August 2010 or such later date(s) as may be announced from time to time by or on behalf of IHHL (the “**VGO Closing Date**” and collectively, the “**Offer Shares**”), at a price of S\$3.95 per share in cash. The Voluntary General Offer is conditional upon IHHL having received, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Parkway Shares owned, controlled or agreed to be acquired during the Voluntary General Offer by or on behalf of IHHL and parties acting in concert with it, will result in IHHL and parties acting in concert with it holding such number of Parkway Shares representing more than 50% of the maximum potential issued share capital of Parkway, by the VGO Closing Date.

The VGO Announcement states that the “**maximum potential issued share capital of IHHL**” means the total number of Parkway Shares which would be in issue if the 19,979,250 outstanding options to acquire Parkway Shares granted under the Parkway Share Option Scheme 2001 (the “**Options**”) had been validly exercised and the 4,045,917 outstanding awards granted under the Parkway Performance Share Plan (the “**Share Awards**”) have become vested as at the date on which the Voluntary General Offer is declared to be unconditional, excluding any Parkway Shares held in treasury and any Options in respect of which acceptances by holders of the Options of an optional proposal made by IHHL (more particularly described in the VGO Announcement) have been received by IHHL as at the date of such declaration.

On 26 July 2010, Fortis announced that it had irrevocably undertaken in favour of IHHL to accept, or procure the acceptance of, the Voluntary General Offer in respect of the 284,221,996 Parkway Shares owned or controlled by Fortis Global Healthcare (Mauritius) Limited, a wholly-owned subsidiary of Fortis, which represents approximately 24.9% of the Parkway Shares in issue as at 23 July 2010, and any Parkway Shares deriving from the above Parkway Shares currently owned or controlled. Concurrently, Fortis had also announced its unconditional withdrawal of the RHC Offer.

As at 26 July 2010, IHHL and parties acting in concert with it held approximately 23.9% stake in Parkway. If the Voluntary General Offer is successful, Khazanah (through IHHL) will obtain a controlling interest in Parkway and IHHL and Khazanah intend to work together with Parkway’s current management team to enhance and grow Parkway for the benefit of its shareholders. If IHHL is able to obtain a majority shareholding in Parkway, IHHL

would leverage on Khazanah's extensive business network throughout the region (including its current healthcare investments) to create synergies for Parkway.

### **Initiatives in Iskandar Malaysia**

Through its 60% owned subsidiary, Iskandar Investment Berhad ("IIB"), Khazanah is spearheading the strategic initiatives in the 2,217 square kilometre economic corridor at Johor, the southern most state of Malaysia. IIB is acting as the principal developer of various significant stimulus projects in Iskandar Malaysia and works closely with the Iskandar Regional Development Authority, which is responsible for promoting and co-ordinating the overall development and international positioning of Iskandar Malaysia.

### ***Medini and Nusajaya Residences***

On 29 August 2007, IIB, through its subsidiary Medini Iskandar Malaysia Sdn Bhd ("MIMSB", formerly known as Rim City Sdn Bhd), attracted Iskandar Malaysia's first landmark development. MIMSB entered into a series of conditional agreements to develop an urban centre referred to as "Medini" (formerly "Node 1") which shall comprise four zones, namely "Medini North", "Iskandar Financial District", "Medini Central" and "Medini South". The conditional agreements were entered into by MIMSB with three leading consortia, led by Mubadala Development Company, Kuwait Finance House and Millennium Development International Company, which agreed to initially invest approximately U.S.\$1.2 billion for land and infrastructure. Pursuant to these conditional agreements, 20% of Medini is expected to be developed, which is equivalent to approximately 187 million square feet of gross floor area.

UEM Land Holdings Berhad ("ULHB") is the master developer of Nusajaya, Iskandar Malaysia. To date, ULHB has launched its Nusajaya Residences, comprising four developments, namely Nusa Idaman, Ledang Heights, Horizon Hills and East Ledang. In 2006, ULHB launched Nusa Idaman, a mid-market mixed development comprising residential and commercial units. Nusa Idaman is being developed in eight phases and is expected to be completed in 2012.

In 2007, ULHB launched Horizon Hills, a mixed residential golf development project, which is being developed on approximately 1,227 acres of land in Nusajaya by Horizon Hills Development Sdn Bhd, a joint venture with Gamuda Berhad, with ULHB holding a 50% interest in the joint venture.

In 2008, ULHB launched East Ledang, a high-end resort-style residential development on approximately 275 acres of land in Nusajaya. East Ledang is being developed in seven phases. Phase 1, comprising 139 units (including 87 units of 2-storey super-link houses and 52 units of two-storey semi-detached houses), was launched in February 2008. Physical works for Phase 2, which includes the development of bungalow and semi-detached units, commenced in 2008. The earthworks and infrastructure for East Ledang have been completed and the whole East Ledang project is expected to be completed in 2015.

### ***Leisure and tourism facilities***

On 13 December 2008, IIB signed an agreement with Merlin Entertainments Group Luxembourg 3 S.A.R.L. ("Merlin"), a major international visitor attraction operator, to build East Asia's first LEGOLAND Park in Iskandar Malaysia. The RM720 million entertainment park is expected to be opened to the public in 2012 and will be located in Medini, in the north of Iskandar Malaysia. Merlin will design and operate LEGOLAND Park and shall over a period of time hold a 20% shareholding interest in IDR Resorts Sdn. Bhd., whilst a consortium led by IIB will own the balance stake. Amongst LEGOLAND Park's main attractions are its 20 major rides and shows, as well as food and beverage outlets, retail outlets, amusement machines and guest services facilities. The LEGOLAND Park is expected to be substantially completed by 2012.

On 8 November 2009, Themed Attractions and Resorts Sdn Bhd ("TAR"), a wholly-owned subsidiary of Khazanah, either on its own or together with its wholly-owned subsidiaries, entered into alliances with Hit Entertainment Limited, Sanrio Entertainment Co. Ltd., Shangri-La International Hotel Management Limited Hong Kong, ULHB and Kampung Boy Sdn. Bhd. to create a 60,000 square feet indoor theme park to be located in Nusajaya, Iskandar Malaysia. The theme park is expected to be the first indoor family theme park in Asia featuring internationally popular children's characters, such as Thomas and Friends™, Bob the Builder™, Angelina Ballerina™, Barney and Friends™, Pingu™, Sanrio's Hello Kitty™ and other Sanrio characters. In addition, the theme park is also expected to feature a themed family restaurant based on Malaysia's popular cartoonist Lat. The indoor theme park is located in a complex which has a 300-room hotel under the Traders

brand owned by Shangri-La International Hotel Management Limited Hong Kong and has approximately 100,000 square feet of retail space. Construction of the theme park is estimated to cost RM350 million and is expected to be completed at the end of 2012.

In June 2009, Khazanah, through TAR, together with Government-linked Boustead Holdings Berhad (“**Boustead Group**”), signed a licensing agreement through their joint venture company Rakan Riang Sdn. Bhd. (“**RRSB**”) to develop KidZania Kuala Lumpur. TAR holds a 80% stake in RRSB, with Boustead Curve Sdn Bhd (a wholly-owned subsidiary of the Boustead Group) owning the remaining 20% stake. KidZania Kuala Lumpur will be an indoor educational theme park which allows children to experience actual working life in different fields of occupation. Construction of this theme park is expected to cost RM50 million and is expected to be completed by 2012.

#### ***Investment in media and communications sector***

In December 2009, Khazanah, through its wholly-owned subsidiary Iskandar Malaysia Studios Sdn. Bhd. (“**IMS**”, formerly known as Beserah Ventures Sdn. Bhd.), entered into an agreement with Pinewood Malaysia Limited (“**Pinewood**”), a wholly-owned subsidiary of Pinewood Shepperton plc of the United Kingdom, to develop Pinewood Iskandar Malaysia Studios (“**PIMS**”). PIMS is an integrated media production studio facility to be located in Iskandar Malaysia. The facility is expected to be operational in 2013. The collaboration with Pinewood will allow PIMS to benefit from Pinewood’s reputation and extensive network in the US and Europe, placing PIMS in a strong position to penetrate the film and television market internationally. In December 2009, IMS also signed a memorandum of understanding with Astro Production Sdn. Bhd. (“**APSB**”) with regard to APSB’s utilisation of PIMS’ facilities. APSB is a wholly-owned subsidiary of ASTRO ALL ASIA NETWORKS plc (“**ASTRO**”). ASTRO is Malaysia’s leading cross-media group, with significant presence in DTH (Direct-To-Home) television services, commercial radio and television programming. Khazanah held a 29.34% stake in ASTRO as at 30 June 2010.

#### ***EduCity***

IIB is also planning the development of an international education hub, EduCity, in Iskandar Malaysia. On 20 November 2008, the medical faculty of Newcastle University, United Kingdom (“**NU Med Malaysia**”) began construction of its RM375 million branch campus, which is expected to be completed in 2011. NU Med Malaysia will initially offer degrees in medicine, with plans to extend to biotechnology and to include masters and research programmes.

On 4 June 2010, IIB’s subsidiary Education@Iskandar Sdn Bhd (“**EISB**”) entered into an agreement with Maritiem Instituut Willem Barentsz and Maritiem Instituut de Ruyter to set up the Netherlands Maritime Institute of Technology (“**NMIT**”) in Iskandar Malaysia. NMIT will offer diploma, degree and masters programmes in transport, port, shipping, marine, health, safety, security and environment management and maritime management.

On 2 November 2009, EISB signed an agreement with Marlborough College Overseas Ltd to develop and establish Marlborough College Malaysia in Iskandar Malaysia. Marlborough College is one of the leading British independent, co-educational boarding schools for pupils aged between 5 and 18.

On 30 March 2010, EISB and Raffles Education Corporation Limited (“**REC**”), a company listed on the Main Board of the SGX-ST, entered into an agreement referred to as a Development Agreement under which they plan to invest RM200 million to establish a university, Raffles University Iskandar, in Iskandar Malaysia. REC is in the process of obtaining approvals from Malaysia’s Higher Education Ministry. Following the approvals, REC and EISB intend to make their investments over the next five years. Raffles University Iskandar will be developed in three phases and aims to enrol approximately 5,000 students.

#### ***Afiat Healthpark***

Afiat Healthpark (“**Afiat**”) is located in Nusajaya and spans over 68 acres. Afiat aims to meet the present gaps in the healthcare market and respond to increasing public demand for better healthcare services and facilities. Afiat is expected to cater to three distinct areas of healthcare: modern medicine, traditional and complementary medicine and wellness.

In April 2008, ULHB sold 2.7 acres of land to Columbia Asia Sdn Bhd for the development of an 80-bed hospital and ULHB was involved in the construction of the infrastructure for the land. The hospital commenced its operations in June 2010.

## **Foreign investments of Khazanah**

### ***Investment in Oriental University City Limited***

In February 2010, Khazanah entered into an agreement to acquire a 10% stake in Oriental University City Limited (“**OUCL**”) from REC for RMB300 million (RM141.48 million). This purchase by Khazanah was completed on 31 March 2010. The investment was made through Khazanah’s wholly-owned subsidiary Rawa Investments (Cayman Islands) Ltd. OUCL (a wholly-owned subsidiary of REC), through its subsidiaries, owns Oriental University City, a 3.31 million square metre self-contained campus located in Langfang, Hebei Province in the People’s Republic of China.

### ***Investments in Islamic finance companies***

On 7 May 2008, one of the world’s largest retakaful groups, ACR ReTakaful Holdings Limited, was established by Khazanah, Dubai Group and Asia Capital Reinsurance. ACR ReTakaful Holdings Limited has a capital base of U.S.\$300 million (RM959.40 million) and has two operating companies, one based in Kuala Lumpur and the other in Bahrain. Each operating company was awarded an A- (Excellent) rating in 2008 from A.M. Best, one of the world’s leading rating agencies.

On 26 October 2008, Khazanah announced its acquisition of 10% of the share capital of Jadwa Investment, a leading Shariah-compliant investment company based in the Kingdom of Saudi Arabia, for a total consideration of U.S.\$75.90 million (RM242.73 million). This investment is expected to provide cross-linkages between Malaysian and Saudi Arabian businesses, laying the foundation for stronger economic co-operation between the two Muslim countries.

On 6 October 2009, Khazanah announced its commitment to invest U.S.\$150 million (RM479.70 million) in Fajr Capital Limited (“**Fajr Capital**”), a Dubai-based Islamic investment firm. The acquisition was completed with the conclusion of Fajr Capital’s first round of funding, which has brought together prominent shareholders from key Muslim markets, including Mohammed & Abdullah Al Subeaei Investments Company (MASIC) (a member of the Al-Subeaei Group of the Kingdom of Saudi Arabia) and the sovereign investment agencies Brunei Investment Agency and Abu Dhabi Investment Council. Fajr Capital focuses on Shariah-compliant financial services and complementary opportunities in the broader economy in major Muslim regions.

### ***Memorandum of Understanding between Khazanah and Korea Investment Corporation for greater collaboration***

In June 2009, Khazanah and Korea Investment Corporation (“**KIC**”) signed a Memorandum of Understanding to encourage co-operation and strengthen the business relationship between the two organisations. Both parties will benefit from this collaboration through the pooling of expertise and resources as well as exploring opportunities for business collaboration. KIC is the government investment arm of the Republic of Korea, with a total of U.S.\$25 billion (RM79.95 billion) assets under management.

## **Investment in life sciences**

In July 2009, Khazanah invested approximately U.S.\$25 million (RM79.95 million) in Small Bone Innovations, Inc. (“**SBi**”), a leading US-based specialised orthopaedics company. SBi was founded in 2004 as one of the earliest companies in the orthopaedics industry to focus exclusively on technologies and treatments for small bones and joints. On 15 December 2009, a joint venture based in Kuala Lumpur, SBi Asia Pacific Sdn. Bhd., was established by Pulau Duyung Ventures (Cayman Islands) Limited and SBi. The joint venture subsequently announced the first finger joint replacement surgeries conducted in Malaysia on 27 January 2010.

## **Investment in energy and green technology**

In July 2008, Khazanah’s wholly-owned subsidiary Cosmos Friendship Ltd (“**Cosmos**”) incorporated KCS Green Energy International (Group) Investments Company Ltd. (“**KCS**”, formerly known as Tanjung Rhu Investments Company Limited), in which Cosmos is the majority shareholder. Further, in July 2008, KCS formed a joint venture with Beijing China Sciences General Energy & Environment Co. Ltd. to develop

municipal waste-to-energy (“WTE”) projects in the People’s Republic of China. Under the joint venture agreement, Khazanah is committed to invest up to U.S.\$150 million in at least eight WTE projects over the next three to five years, including a municipal WTE plant in the city of Tai’an in Shandong Province which is wholly-owned by KCS Green Energy International (Group) Investments Company Ltd.

### **Recent restructurings and reorganisations of the Khazanah Group**

ULHB was incorporated on 20 August 2008 as part of a restructuring exercise undertaken by UEM World Berhad. The restructuring was undertaken to help ULHB to increase its growth so as to benefit its shareholders and allow direct equity participation by public investors. This culminated in the successful public listing of ULHB on BMS on 18 November 2008.

On 11 January 2010, ULHB announced a proposed renounceable rights issue of new ordinary shares of RM0.50 each to raise gross proceeds of approximately RM970 million. On 29 April 2010, ULHB announced the completion of its rights issue exercise following the listing of and quotation for 1,214,088,456 rights shares of RM0.80 each on BMS worth RM971 million.

In January 2009, pursuant to a tender offer, CIMB Group Holdings Berhad completed the acquisition of a further 49.91% stake in Thailand’s BankThai Public Company Limited (“**BankThai**”, now known as CIMB Thai Bank Public Company Limited), resulting in an increase of its shareholding in BankThai from 42.13% to 92.04%. This acquisition has given Khazanah its largest single holding in its investment portfolio.

### **Management of Khazanah**

#### **Board of Directors**

The Directors of Khazanah as at the date of this Offering Circular are set forth below:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Years appointed as Director</u>
Mohd Najib Hj Abdul Razak . . . . .	Chairman	57	1
Ahmad Husni Mohamad Hanadzlah . . . . .	Director	58	1
Nor Mohamed Yakcop . . . . .	Director	62	7
Md Nor Md Yusof . . . . .	Director	62	4
Raja Arshad Raja Uda . . . . .	Director	63	4
Mohammed Azlan Hashim . . . . .	Director	53	6
Mohamed Azman Yahya . . . . .	Director	46	6
Andrew Sheng Len Tao . . . . .	Director	63	2
Azman Hj. Mokhtar . . . . .	Managing Director	49	6

The biographies of the Directors of Khazanah are set forth below.

#### ***Mohd Najib Hj Abdul Razak***

Mohd Najib Hj Abdul Razak, aged 57, was appointed as the Chairman of Khazanah on 7 May 2009. He is currently Malaysia’s Prime Minister and Minister of Finance. Mohd Najib started his career at the Malaysian central bank, Bank Negara Malaysia, and later served at the national oil company, Petroliaam Nasional Berhad (Petronas). His political career began in 1976 when he was elected as the Member of Parliament for Pekan. At 22 years old, he was then the nation’s youngest MP. He has held various cabinet posts, including Deputy Minister at the Ministry of Energy, Telecommunications & Posts, Ministry of Education and Ministry of Finance. He also headed several ministries as Minister at the Ministry of Culture, Youth & Sports, Ministry of Defence and Ministry of Education. He also served as the Menteri Besar of Pahang from 1982 to 1986. Mohd Najib holds a degree in Industrial Economics from Nottingham University.

#### ***Ahmad Husni Mohamad Hanadzlah***

Ahmad Husni Mohamad Hanadzlah, aged 58, was appointed as Director of Khazanah on 18 May 2009. He is currently the Second Finance Minister. Ahmad Husni has held key positions in the Malaysian Cabinet since 2004 — namely Deputy Minister of International Trade and Industry, and later, Deputy Minister of Finance. Ahmad Husni has extensive working experience in the corporate sector, having served in several financial institutions,

namely Bumiputra Merchant Bankers Berhad, Asiavest Merchant Bankers and Chase Manhattan Bank N.A. He also served at several state government-linked agencies, namely Syarikat Majuperak Berhad and Perak Islamic Economic Corporation. He was previously Chairman of several key agencies and corporations, including the Malaysia External Development Corporation (MATRADE), Bumiputra Commerce Bank Berhad, Commercial Vehicle Licensing Board and National Higher Education Fund Corporation. He was also previously the Chairman of the Public Accounts Committee, Parliament of Malaysia. Ahmad Husni holds a degree in Economics from the University of Malaya.

#### ***Nor Mohamed Yakcop***

Nor Mohamed Yakcop, aged 62, was appointed as Director of Khazanah on 12 November 2002. He is currently Minister in the Prime Minister's Department and a member of the Executive Committee of the National Economic Action Council after serving as the Second Minister of Finance until 9 April 2009. Previously, Nor Mohamed was Special Economic Adviser to the Prime Minister. Apart from a short period in the private sector in the late 1990s, he was with Bank Negara Malaysia from 1968 to 2000. During his service with Bank Negara Malaysia, Nor Mohamed was responsible for the implementation of a number of major projects, including the implementation of Islamic banking in Malaysia, the setting up of the bilateral payments mechanism between Bank Negara Malaysia and Central Banks of South-South countries and the setting-up of the Rating Agency Malaysia Berhad. As Special Economic Adviser to the Prime Minister, Nor Mohamed played a major role in a number of corporate restructuring exercises, including United Engineers (Malaysia) Berhad and Malaysian Airline System Berhad. Nor Mohamed graduated from the University of Malaya with a Bachelor of Economics (Honours) and also from the Catholic University of Leuven, Belgium with an M.B.A. (cum laude) degree.

#### ***Md Nor Md Yusof***

Md Nor Yusof, aged 62, was appointed as Director of Khazanah on 1 April 2006 and currently serves as the Chairman of its Executive Committee. He also sits on the Boards of several companies and institutions, including Malaysian Agrifood Corporation Bhd and Pelaburan Hartanah Bumiputera Berhad. Md Nor was appointed to the Board of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad) as Director on 27 June 2006 and assumed the post of Chairman on 31 July 2006. He is also Chairman of CIMB Group Sdn. Bhd. Md Nor spent 18 years of his working career with the Commerce group, and more notably as President and Chief Executive Officer of Bank of Commerce Berhad (BOC). Md Nor completed his term as Executive Chairman of the Securities Commission on 31 March 2006. Prior to that appointment, he was the Managing Director of Malaysian Airline System Berhad, after serving a period as Advisor to the Ministry of Finance. Md Nor graduated with a Bachelors Degree in Commerce from the University of Otago, New Zealand and is a qualified chartered accountant.

#### ***Raja Arshad Raja Uda***

Raja Arshad Raja Uda, aged 63, was appointed as Director of Khazanah on 1 April 2006. He was the former Executive Chairman and Senior Partner of PricewaterhouseCoopers (PwC) Malaysia. Raja Arshad was also Chairman of the Leadership Team of PwC Asia 7 and a member of the PwC Global Leadership Team. He was a member of the PwC Global IFRS Board and a member of the Standards Advisory Council of the International Accounting Standards Board. Raja Arshad is currently a Director of Sime Darby Berhad, a member of the Tax Panel Review and Pro Chancellor of Universiti Industri Selangor. He is also the Chairman of Ekuiti Nasional Berhad, Maxis Berhad and Yayasan Raja Muda Selangor. Over the years, Raja Arshad has had a number of public appointments. He is currently a member of the Malaysian Communications and Multimedia Commission, a member of the Tax Review Panel and a member of the Capital Market Advisory Council. Raja Arshad is also an Adjunct Professor at Universiti Utara Malaysia. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. Raja Arshad also served on the Council of the Malaysian Institute of Certified Public Accountants for 24 years, 3 years of which as its President.

#### ***Mohammed Azlan Hashim***

Mohammed Azlan Hashim, aged 53, was appointed as Director of Khazanah on 1 June 2004. He is also the Chairman of D&O Ventures Berhad, SILK Holdings Berhad and a director of Scomi Group Bhd. Mohammed Azlan has extensive working experience in the corporate sectors including financial services and investments. Among other roles, he has served as Chief Executive, Bumiputra Merchant Bankers Berhad, Group Managing Director, Amanah Capital Malaysia Berhad, and Executive Chairman, Bursa Malaysia Berhad (formerly known

as Kuala Lumpur Stock Exchange) Group. Mohammed Azlan is a Board Member of various government and non-government related organisations including Labuan Offshore Financial Services Authority. He holds a Bachelor of Economics (Monash) and is a qualified chartered accountant from Australia. Mohammed Azlan is a Fellow Member of the Institute of Chartered Accountants, Australia, Malaysian Institute of Accountants, Fellow Member of Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Honorary Member of The Institute of Internal Auditors, Malaysia.

#### ***Mohamed Azman Yahya***

Mohamed Azman Yahya, aged 46, was appointed as Director of Khazanah on 1 June 2004. He is the founder and Group Chief Executive of Symphony House Berhad, an outsourcing services company. Mohamed Azman is concurrently the Executive Chairman of Bolton Berhad, a property group. Both companies are listed on BMS. He also sits on the Board of Ekuiti Nasional Berhad. During the 1997 – 1998 Asian financial crisis, Mohamed Azman was appointed by the Government of Malaysia to set up and head Danaharta, the national asset management company. Subsequently, he also served as Chairman of the Corporate Debt Restructuring Committee, set up by Malaysia's Central Bank, to mediate and assist in debt restructuring programmes of viable companies until its closure in 2002. During his tenure with Danaharta from 1998 to 2003, Mohamed Azman received a number of international accolades including being named one of Asia's "Most Influential Banker" by Institutional Investor and "Restructuring Agency Chief of the Year" by Asiamoney. Mohamed Azman sits on the advisory panels of BMS' Securities Market Consultative Panel, the Malaysian Venture Capital Management Berhad, the National Council for Scientific Research and Development and the National Innovation Council and is a member of the Special Taskforce to facilitate Business (PEMUDAH), a public-private sector partnership to improve the public service delivery system. He is also a director of the Kuala Lumpur Business Club and Chairman of Motorsports Commission of Malaysia. Mohamed Azman started his career in auditing with KPMG in London before returning to Malaysia in 1988 where he built his career in investment banking as Chief Executive of Amanah Merchant Bank. He graduated with a first class honours degree in Economics from the London School of Economics and Political Science. He is also a member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants, and a fellow of the Malaysian Institute of Banks.

#### ***Andrew Sheng Len Tao***

Andrew Sheng Len Tao, aged 63, was appointed as Director of Khazanah on 22 July 2008. He is currently the Chief Adviser to the China Banking Regulatory Commission. Andrew also sits on the Boards of the Qatar Financial Centre Regulatory Authority and Sime Darby Berhad. He is a member of the Advisory Council of the Iskandar Regional Development Authority (IRDA), the International Advisory Panel of the Labuan Offshore Financial Services Authority (LOFSA), the Governing Council of the International Centre for Education in Islamic Finance (INCEIF) and the Advisory Council of the National Institute of Securities Market, India (NISM). Andrew is also currently an Adjunct Professor at the University of Malaya and Graduate School of Economics and Management, Tsinghua University, Beijing. His previous appointments include Chairman of the Securities and Futures Commission of Hong Kong (October 1998 – September 2005), Deputy Chief Executive at the Hong Kong Monetary Authority (October 1993 – September 1998), Senior Manager of Financial Sector Development at the World Bank (1989 – 1993), as well as various senior positions including Chief Economist and Assistant Governor at Bank Negara Malaysia (1976 – 1989). Andrew is a chartered accountant by training and holds a first class honours degree in Economics and an honorary doctorate of law from the University of Bristol, United Kingdom.

#### ***Azman Hj. Mokhtar***

Azman Hj. Mokhtar, aged 49, was appointed as Managing Director of Khazanah on 1 June 2004. Between 1994 and 1998, he was Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2002, he was Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn. Bhd. Azman Hj. Mokhtar graduated with M. Phil (Distinction) in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Malaysia.

## Senior management

The senior management of Khazanah as at the date of this Offering Circular is set forth below:

<u>Name</u>	<u>Position</u>
Azman Hj. Mokhtar . . . . .	Managing Director
Mohammad Zainal Shaari . . . . .	Executive Director, Chief Operating Officer
Ganen Sarvananthan . . . . .	Executive Director, Investments
Ben Chan . . . . .	Executive Director, Investments
Michael Jude Fernandes . . . . .	Executive Director, Investments
Joseph Dominic Silva . . . . .	Executive Director, Investments
Noorazman Abd Aziz . . . . .	Executive Director, Investments
Mohammed Rashdan Mohd Yusof . . . . .	Executive Director, Investments
Mohd Nadziruddin Mohd Basri . . . . .	Executive Director, Investments
Nungsari Ahmad Radhi . . . . .	Executive Director, Research and Investment Strategy
Shahnaz Al-Sadat Abdul Mohsein . . . . .	Executive Director, Strategic Human Capital Management
Mohd Izani Ashari . . . . .	Executive Director, Special Projects, Managing Director's Office
Mohd Izani Ghani . . . . .	Director, Chief Financial Officer
Ahmad Farouk Mohammed . . . . .	Director, Strategic Management Unit, Managing Director's Office
Sheranjiv Sammanthan . . . . .	Director, Managing Director's Office

The biographies of the senior management of Khazanah are set forth below.

### ***Azman Hj. Mokhtar***

The biography of Azman Hj. Mokhtar is set out in “Management of Khazanah — Board of Directors”.

### ***Mohammad Zainal Shaari***

Mohammad Zainal Shaari, aged 46, was appointed as Executive Director, Chief Operating Officer in February 2006. He joined Khazanah in October 2004 as its Director in the Managing Director's Office and Chief Risk Officer. Mohammad Zainal is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a fellow of the Association of Chartered Certified Accountants (ACCA) and was a Partner at PricewaterhouseCoopers, Malaysia and subsequent to that Executive Director at BinaFikir Sdn Bhd. Mohammad Zainal is primarily in charge of the operations and internal management of Khazanah.

### ***Ganen Sarvananthan***

Ganen Sarvananthan, aged 35, was appointed as Executive Director, Investments in February 2006. He joined Khazanah in October 2004 as Director, Investments. Ganen is a barrister-at-law and a member of Lincoln's Inn, London, having graduated with LLB (Hons) from University College London, United Kingdom. Prior to joining Khazanah, he was Director, Equity Capital Markets at UBS Investment Bank, Hong Kong, having previously served in UBS's Investment Banking/Corporate Finance Departments in London and Singapore. Ganen's duties in the Investment Division are primarily in relation to new investments and divestments in targeted sectors and geographies.

### ***Ben Chan***

Ben Chan, aged 43, was appointed as Executive Director, Investments in April 2008. He joined Khazanah in June 2005 as Director, Investments. Between 1992 and 1996, Ben researched the China and Hong Kong markets with Cazenove & Co and ING Barings in Hong Kong, where he was the Head of China Research. He returned to Malaysia in 1996 and served as Director of Research with several investment houses, covering the Malaysia and Singapore markets. Ben is a chartered accountant and holds a Bachelor of Commerce (with merit) from the University of New South Wales.

### ***Michael Jude Fernandes***

Michael Jude Fernandes, aged 40, was appointed as Executive Director, Investments in April 2008. Prior to joining Khazanah, he was the Executive Director and Member of the Board of Nicholas Piramal India Ltd (“NPIL”). During his tenure at NPIL, Michael completed the acquisition and integration of businesses in the UK



and Canada with sales of U.S.\$200 million, developed the organisation with a well-working matrix structure, implemented a new EVA-driven incentive structure and established strategic business units. Prior to NPIL, he spent 13 years as a consultant and later partner at McKinsey and Company. Michael was part of the leadership group of the pharmaceutical & healthcare practice in Asia/ Global and leader of select high profile public policy & retail work in India/Asia. Michael obtained his postgraduate Diploma in Management (MBA) from the Indian Institute of Management, Calcutta in 1993 and BSc. (Hons) in Economics from St Xavier's College, Calcutta University in 1991.

#### ***Joseph Dominic Silva***

Joseph Dominic Silva, aged 45, was appointed as Executive Director, Investments in May 2010. He joined Khazanah in August 2008 as Director, Investments. Prior to joining Khazanah, Dominic spent 18 years in the banking sector, 12 of which were spent with ABN AMRO Bank in regional and international roles across the areas of relationship management, structured finance, capital markets, risk and portfolio management and strategic business development. Prior to ABN AMRO Bank, he worked with a major Japanese financial group in Asia within the Corporate Finance division. Dominic is a Finance graduate from the University of Wales and he completed his Senior Management Programme at Henley Management College, UK.

#### ***Noorazman Abd Aziz***

Noorazman Abd Aziz, aged 54, was appointed as Executive Director, Investments in May 2010 after having spent two-and-a-half years as Managing Director of Fajr Capital Ltd, a Khazanah investee company. Prior to joining Fajr Capital Ltd, he worked at Citigroup, Bank Islam, Kuala Lumpur Stock Exchange and the Labuan Offshore Financial Services Authority. Noorazman is a practising member of the Association of Chartered Islamic Finance Professionals (ACIFP). He holds a BSc in Finance from Louisiana State University, USA.

#### ***Mohammed Rashdan Mohd Yusof***

Mohammed Rashdan Mohd Yusof, aged 39, was appointed as Executive Director, Investments in May 2010. Prior to joining Khazanah, he was the Chief Executive Officer and Director of Maybank Investment Bank Berhad (Maybank IB). Prior to Maybank IB, Rashdan was the co-founder of BinaFikir Sdn Bhd. and had been its Managing Director since 2004. Prior to that, Rashdan worked in audit and business advisory services in PricewaterhouseCoopers both in London and Kuala Lumpur, specialising in financial services, for 10 years. Rashdan holds a 'double First Class' honours degree in economics from the University of Cambridge. He is an Associate of the Institute of Chartered Accountants in England and Wales. Rashdan is also an Associate Member of the Association of Corporate Treasurers of the United Kingdom and holds an Investment Representative licence from the Securities Commission of Malaysia.

#### ***Mohd Nadziruddin Mohd Basri***

Mohd Nadziruddin Mohd Basri, aged 42, was appointed as Executive Director, Investments in June 2010. He joined Khazanah in June 2007 as Director, Finance and was later promoted to the position of Chief Financial Officer in June 2007. Mohd Nadziruddin had been a Senior Manager with the Assurance and Business Advisory Division of Ernst & Young, when he was seconded to Malaysia Airlines in July 2001 to assist Management with the restructuring of the airline. He subsequently joined the airline as a permanent staff member in April 2003 where his last position was Senior General Manager — Airport Operations. Mohd Nadziruddin holds a Bachelor of Economics from the London School of Economics and Political Science and is a fellow of the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants.

#### ***Nungsari Ahmad Radhi***

Dr. Nungsari Ahmad Radhi, aged 50, was appointed as Executive Director, Research and Investment Strategy in February 2007. In his career of over 25 years, he has been an academic, a Member of Parliament, a columnist, a consultant and policy advocate. Prior to joining Khazanah, Dr. Nungsari had a brief stint at Sime Darby and was an Associate Director of Innovation Associates before that. His areas of interest have been in microeconomic aspects of policy and strategy research. Dr. Nungsari is trained in economics and mathematics and holds a PhD from the Krannert School of Management, Purdue University.

### ***Shahnaz Al-Sadat Abdul Mohsein***

Shahnaz Al-Sadat Abdul Mohsein, aged 41, was appointed as Executive Director, Strategic Human Capital Management in January 2009. She joined Khazanah as Director and Chief Financial Officer in August 2004. Shahnaz began her career with Arthur Andersen in Audit, Corporate Finance and Process Risk Consulting. Thereafter, she joined Malaysia Airlines where she was the General Manager, Internal Audit and a member of the Management Committee. Shahnaz holds an LLB (Hons.) degree from the University of Nottingham, United Kingdom and a Masters in Business Administration (MBA) from IMD, Lausanne, Switzerland. She is also a member of the Malaysian Institute of Certified Public Accountants (MICPA).

### ***Mohd Izani Ashari***

Mohd Izani Ashari, aged 49, was appointed as Executive Director, Special Projects, Managing Director's Office in May 2010. He joined Khazanah as Director of the Transformation Management Office in April 2009. Mohd Izani has 26 years of working experience, mainly with multinationals and large companies such as Shell, Maybank, Sime Darby, Petronas and Malaysia Airlines, covering six different industries. He spent 16 years of his career in organisation transformation/re-engineering where he played a significant role. At Khazanah, Mohd Izani leads the work on the GLCT Programme, and has been pivotal in the initial development which forms the foundation of the GLCT Programme.

Mohd Izani holds a Masters Degree in Construction Management from Reading University, UK and a Bachelor's Degree in Quantity Surveying from John Moores University, Liverpool, UK.

### ***Mohd Izani Ghani***

Mohd Izani Ghani, aged 42, was appointed as Director, Finance in April 2010 and assumed the role of Chief Financial Officer in June 2010. He joined Khazanah in March 2005. Mohd Izani was also appointed as a Non-Executive Non-Independent Director of Bank Muamalat Malaysia Berhad, nominated by Khazanah, on March 2009. He is a member of Board Risk Management and Nomination Committees.

Prior to Khazanah, Mohd Izani was with Putrajaya Holdings Sdn. Bhd. and Renong Group. He holds directorships in several special purpose companies, which are wholly-owned by Khazanah. On the funding front, Mohd Izani was deeply involved in the issuance of the world's first exchangeable sukuk for U.S.\$750 million in 2006, followed by the other exchangeable sukuk in 2007 and 2008.

Mohd Izani graduated from the London School of Economics and Political Science in 1991 with BSc (Economics) specialising in Accounting and Finance. He subsequently gained his professional accounting qualification from the Association of Chartered Certified Accountants and was admitted to fellowship in 2000. He is also a member of the Malaysian Institute of Accountants.

### ***Ahmad Farouk Mohammed***

Ahmad Farouk Mohammed, aged 37, was appointed as Director, Strategic Management Unit, Managing Director's Office in 2009. He joined Khazanah in early 2006. Prior to Khazanah, Ahmad Farouk worked in a strategic advisory firm where he focused on strategy-related projects. He initially worked in risk analysis in London. Ahmad Farouk served his apprenticeship in an actuarial consultancy in Kuala Lumpur, where he advised major life and general insurers and takaful operators in Malaysia and the region. Ahmad Farouk read Mathematics at the University of Cambridge.

### ***Sheranjiv Sammanthan***

Sheranjiv Sammanthan, aged 42, was appointed as Director, Managing Director's Office of Khazanah in June 2010. Prior to Khazanah, he spent 18 years with PricewaterhouseCoopers (PwC) both in London and Kuala Lumpur. Sheranjiv was a founding partner of the PwC Performance Improvement Consulting practice in Kuala Lumpur. He holds a degree in Commerce from the University of Birmingham, England and is an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW).

## SUMMARY OF PRINCIPAL SERIES TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Series Transaction Documents and is qualified in its entirety by reference to the detailed provisions of those Series Transaction Documents and the Transaction Documents. Copies of the Series Transaction Documents and the Transaction Documents will be available for inspection at the registered office of the Issuer and from the specified offices of the Issuing and Paying Agent and the Singapore Paying Agent. Defined terms used in the following summary that are not otherwise defined in this summary have the meanings given to them in “Conditions of the Trust Certificates”.*

### **The Wakalah Agreement**

In respect of each Series, the Issuer and the Wakeel shall on the Closing Date enter into a Wakalah Agreement pursuant to which the Issuer (on behalf of the Trust Certificates Holders of the relevant Series) shall appoint the Wakeel as its agent and shall instruct the Wakeel to invest the Series Proceeds in a Series Wakalah Venture in accordance with the terms of the Wakalah Agreement and the Investment Plan.

The Wakeel shall act as agent of the Issuer (on behalf of the Trust Certificates Holders of the relevant Series) at all times in respect of its rights and obligations under the Wakalah Agreement, the Investment Plan, and the Series Wakalah Venture Contracts.

The Investment Plan requires that for each Series (i) the Wakeel invests the Series Proceeds with effect from the Closing Date in a Series Wakalah Venture which generates the Expected Return; and (ii) the Investments included in each Series Wakalah Venture will comply with the Investment Conditions set out therein and described in this section.

The Wakeel will carry out its obligations in accordance with the Wakalah Agreement and Investment Plan as agent for the Issuer.

### **The Investments**

In respect of each Series, the Series Wakalah Venture shall comprise investments in (i) certain Shariah-compliant shares and (ii) a Commodity Murabahah Investment, in each case as described below. The Investment Conditions as set out in the Wakalah Agreement for each Series require, *inter alia*, that on the Closing Date, (i) an amount equal to no more than 49% of the Series Proceeds shall be invested in the relevant Commodity Murabahah Investment for each Series, and that (ii) an amount equal to at least 51% of the Series Proceeds for each Series shall be applied to acquire certain Shariah-compliant Shares, by way of transfer of beneficial ownership, to be held as part of the Series Wakalah Venture. Any loss incurred under each Series Wakalah Venture shall be borne by the Trust Certificates Holders of the relevant Series in proportion to the Nominal Value of the Trust Certificates held by each Trust Certificates Holder.

### **Cashflows**

Subject as provided below, in respect of each Series, the Wakeel shall be obliged to pay to the Issuer on the day falling one Business Day before each Periodic Distribution Date a sum in Singapore dollars equal to the Share Distribution.

The Wakeel shall calculate, on the day falling one Business Day before each Periodic Distribution Date, the Periodic Income. Provided that the Periodic Income is sufficient to satisfy the aggregate of (i) the Periodic Distribution Amount and (ii) all amounts (if any) payable prior thereto in accordance with Condition 4.2, the Wakeel shall be entitled to retain an Interim Incentive Fee. The Wakeel shall transfer to the Issuer on the day falling one Business Day before the Periodic Distribution Date the Periodic Income less the Interim Incentive Fee (if any).

### **Valuation Principles**

For the purposes of calculating the value of each Series Wakalah Venture and the relevant Investments comprised within each Series Wakalah Venture, including without limitation the Excess Shares (as defined below), the Valuation Principles, as set out in Condition 4.1(e) shall apply.

The Issuer has in the Wakalah Agreement appointed the Wakeel (or such other calculation agent, having been approved by the Trustee, from time to time) to act as calculation agent for the purposes of making all calculations and determinations required to be made in accordance with the Valuation Principles.

### **Sale and Purchase Agreement/Deed of Surrender**

Pursuant to the Sale and Purchase Agreement in respect of each Series, the Issuer (acting through the Wakeel as agent) shall purchase from the Seller certain Shariah-compliant Shares, by way of transfer of beneficial ownership, at their fair market value calculated in accordance with the Valuation Principles. In respect of the Series 2015 Trust Certificates, S\$540,000,000 of the Series Proceeds will be applied in the purchase of Shariah-compliant Shares and, in respect of the Series 2020 Trust Certificates, S\$810,000,000 of the Series Proceeds will be applied in the purchase of Shariah-compliant Shares, in each case by way of transfer of beneficial ownership on the Closing Date.

On the Closing Date (in respect of the Shariah-compliant Shares purchased pursuant to the terms of the Sale and Purchase Agreement) the Issuer shall execute the Closing Date Deed of Surrender and subsequently (in respect of any other shares which form part of the relevant Series Wakalah Venture), the Issuer shall execute a Deed of Surrender, surrendering in each case in favour of the Obligor any and all of its voting rights in respect of such shares.

In accordance with the terms of the Wakalah Agreement the Wakeel shall manage the shares forming part of each Series Wakalah Venture and shall exercise all rights as beneficial shareholder on behalf of the Issuer and shall instruct the Obligor as registered legal owner of the relevant shares to take all necessary steps to give effect to such decisions.

During the relevant terms of each Series, the aggregate fair market value of the relevant shares comprised in each Series Wakalah Venture must be at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

### **Obligor Undertaking**

Pursuant to the Obligor Undertaking granted in respect of each Series by the Obligor in favour of the Issuer and the Wakeel as its agent dated the Closing Date, if the aggregate fair market value of the shares comprised in the relevant Series Wakalah Venture falls below the Shares Investment Minimum Value at any time, the Obligor has undertaken that it will, provided that the Issuer or the Issuer (acting through the Wakeel as agent) has served an exercise notice in accordance with the terms of the Obligor Undertaking, enter into a substitution agreement pursuant to which it will accept transfer of the beneficial ownership in certain shares comprised in the relevant Series Wakalah Venture (the number and identity of such shares being at the discretion of the Wakeel) from the Issuer in consideration for the transfer of beneficial ownership in alternative Shariah-compliant Shares (such Shariah-compliant Shares having been separately notified by the Obligor and approved by the Wakeel as evidenced by the serving of the relevant Exercise Notice) by it to the Issuer so that the fair market value of the shares comprised in the relevant Series Wakalah Venture after the relevant substitution has been made is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

In addition, pursuant to the Obligor Undertaking, if at any time any shares comprised in the Series Wakalah Venture are no longer Shariah-compliant ("**Non-Shariah compliant Shares**"), the Obligor has also undertaken that it will, provided that the Issuer or the Issuer (acting through the Wakeel as agent) has served an exercise notice in accordance with the terms of the Obligor Undertaking, enter into a substitution agreement pursuant to which it will accept transfer of the beneficial ownership in the Non-Shariah compliant Shares from the Issuer in consideration for the transfer of beneficial ownership in certain Shariah-compliant Shares by it to the Issuer (such Shariah-compliant Shares having been separately notified by the Obligor and approved by the Wakeel as evidenced by the serving of the relevant Exercise Notice) the fair market value of which is at least equal to the fair market value of the Non-Shariah compliant Shares being substituted, with all such valuations being determined in accordance with the Valuation Principles.

### **Issuer Undertaking**

Pursuant to the Issuer Undertaking granted in respect of each Series by the Issuer (on behalf of the relevant Trust Certificates Holders) in favour of the Obligor and dated the Closing Date, if on the day falling one Business Day before any Periodic Distribution Date (the "**Valuation Date**") the fair market value of the shares comprised in

the relevant Series Wakalah Venture exceeds the Shares Investment Minimum Value (the amount of such excess being referred to as the “**Excess Shares**”), the Issuer has undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, sell to the Obligor all or some only of such Excess Shares by way of transfer of beneficial ownership in such Excess Shares (the number and identity of such shares being at the discretion of the Wakeel) at their fair market value (the “**Excess Shares Purchase Price**”) on such Valuation Date provided that the fair market value of the shares comprised in the relevant Series Wakalah Venture after such relevant sale and purchase has been made is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles. The Excess Shares Purchase Price will be determined in accordance with the Valuation Principles and will form part of the Share Distribution.

In addition, pursuant to the Issuer Undertaking, the Issuer has also undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, at any time enter into a substitution agreement with the Obligor pursuant to which it will transfer beneficial ownership in all or any of the shares comprised in the relevant Series Wakalah Venture (the number and identity of such shares being at the discretion of the Wakeel) to the Obligor in consideration for the transfer of beneficial ownership in alternative Shariah-compliant Shares to the Issuer by the Obligor, provided that immediately following such substitution the fair market value of all shares comprised in the relevant Series Wakalah Venture is at least equal to the Shares Investment Minimum Value, all as determined in accordance with the Valuation Principles.

If any dividends or other distributions accrue to the Series Wakalah Venture other than in the form of cash or shares, or if any other rights of any kind are given to shareholders (including without limitation the right to subscribe for new shares in the relevant company (a “**Rights Issue**”)), the Wakeel shall on behalf of the Issuer direct the Obligor to take all necessary action in respect thereof and/or to exercise such rights in accordance with the Wakeel’s instructions. The Seller has in the Sale and Purchase Agreement agreed to pay on behalf of the Issuer any amounts which may be required to be paid in order to give effect to the exercise of any of the Issuer’s rights attached to the shares comprised in the Series Wakalah Venture in accordance with the Wakeel’s instructions (including without limitation the amounts payable to fund a Rights Issue). Any amount so incurred by the Obligor shall be a “**Rights Exercise Amount**” and the day upon which the Obligor shall incur a Rights Exercise Amount shall be the “**Rights Exercise Date**”. Any benefit received by the Issuer as a result of the exercise of such right (the “**Benefit**”) (including without limitation the beneficial ownership in shares subscribed for pursuant to a Rights Issue) shall form part of the Series Wakalah Venture.

Pursuant to the Issuer Undertaking, if the Obligor incurs a Rights Exercise Amount pursuant to its exercise of the rights of the Issuer as described above, the Issuer has undertaken that it will, provided that the Obligor has served an exercise notice in accordance with the terms of the Issuer Undertaking, on the Rights Exercise Date sell the Benefit (including without limitation the shares subscribed for pursuant to a Rights Issue) to the Obligor in consideration for the amount equal to the Rights Exercise Amount incurred by the Obligor on behalf of the Issuer. The obligation on the Issuer to reimburse the Obligor an amount equal to the Rights Exercise Amount which the Obligor incurred on behalf of the Issuer shall be set off against the obligation of the Obligor to pay the consideration for the sale of the Benefit by the Issuer to the Obligor.

### **Purchase Undertaking**

In respect of each Series, the Obligor shall on the Closing Date issue the Purchase Undertaking in favour of the Issuer and the Trustee (for the benefit of the relevant Trust Certificates Holders) under which the Obligor undertakes to purchase from the Issuer all of the Investments in the Series Wakalah Venture in consideration for the Purchase Price on the Maturity Date or on the Dissolution Event Redemption Date, as the case may be. The Purchase Price of the Investments shall be determined in accordance with the Valuation Principles. The Purchase Price payable by the Obligor pursuant to the terms of the Purchase Undertaking shall be utilised to pay the Dissolution Distribution Amount due on the Trust Certificates, provided that the Purchase Price payable is sufficient to satisfy the same.

The Obligor’s payment obligations under the Purchase Undertaking shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.

### **Commodity Murabahah Investment Agreement**

On the Closing Date, in respect of each Series the Commodity Murabahah Investment Agreement will be entered into between the Buyer, the Issuer (acting through the Wakeel as agent) and CIMB Islamic Bank Berhad as Facility Agent.

In respect of the Series 2015 Trust Certificates, S\$60,000,000 of the Series Proceeds will be applied in the purchase of commodities and, in respect of the Series 2020 Trust Certificates, S\$90,000,000 of the Series Proceeds will be applied in the purchase of commodities, in each case on the Closing Date and as further described below. The amount of the Series Proceeds applied as aforesaid is referred to as the “Commodity Purchase Price”.

Pursuant to the Commodity Murabahah Investment Agreement for each Series, the Buyer shall deliver to the Issuer a purchase order and an undertaking to buy commodities. The Issuer (acting through the Wakeel as agent) shall appoint the Facility Agent to act as its agent to procure the purchase of commodities from a third party commodity broker solicited at the discretion of the Facility Agent (“**Broker A**”) at the spot price using the Commodity Purchase Price. The Issuer (acting through the Wakeel as agent) shall sell the commodities so purchased on its behalf by the Facility Agent to the Buyer on the settlement date specified in the purchase order in consideration for the Deferred Sale Price payable in accordance with the Payment Schedule. On the settlement date, the Buyer shall appoint the Facility Agent to act as its agent to sell the commodities which it purchased from the Issuer (acting through the Wakeel as agent) to a third party commodity broker other than Broker A solicited at the discretion of the Facility Agent (“**Broker B**”) on the settlement date at the spot price equivalent to the Commodity Purchase Price.

The Deferred Sale Price payable by the Buyer to the Issuer (acting through the Wakeel as agent) shall be equal to S\$678,492,986.30 in the case of the Series 2015 Trust Certificates and S\$1,235,525,547.93 in the case of the Series 2020 Trust Certificates (such amounts being equal to the sum of the aggregate Periodic Distribution Amounts and the Nominal Value of the relevant Series of Trust Certificates issued). In accordance with the Payment Schedule the relevant portion of the Deferred Sale Price will be payable as follows:

- (i) on the day falling one Business Day before each of the relevant Periodic Distribution Dates; and
- (ii) on the day falling one Business Day before the relevant Maturity Date, or on the Dissolution Event Redemption Date (as applicable).

### **Trust Deed**

The Master Trust Deed will be amended and supplemented by the Supplemental Trust Deed to be entered into between the Issuer and Trustee, in respect of each Series, on the Closing Date (such Supplemental Trust Deed, together with the Master Trust Deed, the “**Trust Deed**”). Both the Master Trust Deed and the Supplemental Trust Deed in respect of each Series are governed by English law.

Upon issue of the Global Certificate initially representing the Trust Certificates of each Series, the Trust Deed shall constitute the Trust declared by the Issuer and the Trustee in relation to each Series.

The Trust established under and in accordance with the terms of the Supplemental Trust Deed in respect of each Series is as follows:

- (a) the Issuer will declare a trust over the Trust Assets consisting of: (i) all of its rights, title, interest, entitlement and benefit in, to and under the Series Wakalah Venture; (ii) all of its rights, title, interest, entitlement and benefit in, to and under the Series Transaction Documents; and (iii) all proceeds of the foregoing; and
- (b) the Trustee will declare a trust over assets consisting of (i) the rights, title, interest and benefit, in, to and under the Supplemental Trust Deed and each of the other Series Transaction Documents to which it is a party (or to which it obtains the benefits thereunder); (ii) all amounts received by it from the Issuer, the Obligor and/or otherwise under or in connection with the Supplemental Trust Deed and each of the other Series Transaction Documents; and (iii) any realisation or enforcement proceeds,

to be held upon trust absolutely for the Trust Certificates Holders *pro rata* according to the outstanding Nominal Value of Trust Certificates held by each Trust Certificates Holder in accordance with the Supplemental Trust Deed and these Conditions.

Pursuant to the Trust Deed in respect of each Series, the Issuer will, *inter alia*, act as trustee in respect of the relevant Trust Assets, distribute the income from such Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

Under the Trust Deed in respect of each Series, the Issuer will irrevocably and unconditionally appoint the Trustee to be its attorney and in its name, on its behalf and as its acts and deed to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities and discretions vested in the Issuer

under the Trust Deed and the Series Transaction Documents (to the extent applicable) that the Trustee may consider to be necessary or desirable in order to, upon the occurrence of a Potential Dissolution Event or Dissolution Event, and subject to it being indemnified to its satisfaction, to exercise all of the rights of the Issuer under the Series Transaction Documents and make such distributions from the Trust Assets as the Issuer in its capacity as trustee is bound to make in accordance with the Trust Deed (together, the “**Delegation**” of the “**relevant powers**”). The Delegation to the Trustee is intended to be in the interests of the Trust Certificates Holders.

In addition to the Delegation of the relevant powers, certain powers under the Trust Deed in respect of each Series have been vested solely in the Trustee, including, *inter alia*, the power to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, the power to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to the Trust Deed, which is not materially prejudicial to the interests of the Trust Certificates Holders.

The Trust Deed in respect of each Series specifies, *inter alia*, that:

- (i) the Trustee may at its discretion refrain from exercising any right, power or discretion vested in the Trustee under the Trust Deed unless and until instructed by the Trust Certificates Holders by Extraordinary Resolution or so requested in writing by Trust Certificates Holders holding at least one-fifth in Nominal Value of the Trust Certificates outstanding in the relevant Series, as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised and in each case, only if indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs (including legal costs), charges, damages and expenses which it may incur by so doing; and
- (ii) no Trust Certificates Holder may proceed directly against the Issuer or the Obligor unless the Trustee, having become bound to proceed pursuant to the provisions of the Trust Deed fails to do so within a reasonable period (which in any event shall not exceed 30 days after the Trustee is bound to proceed) and such failure is continuing. No Trust Certificates Holder will have any power to require the Trustee to take any action otherwise than in accordance with the Trust Deed or to take any action itself which the Trustee would not be entitled to take under the Trust Deed or the Conditions.

### **Agency Agreement**

The Master Agency Agreement has been amended and supplemented by the Supplemental Agency Agreement to be entered into between the Issuer, the Trustee, the Singapore Paying Agent and the other Agents in respect of each Series on the Closing Date (such Supplemental Agency Agreement, together with the Master Agency Agreement, the “**Agency Agreement**”). Both the Master Agency Agreement and the Supplemental Agency Agreement in respect of each Series are governed by English law. The Agency Agreement in respect of each Series provides for, *inter alia*, payment of all sums in respect of the Trust Certificates of the relevant Series.

### **Costs Undertaking Deed**

The Master Costs Undertaking Deed in favour of, amongst others, the Issuer, the Trustee and the Agents, has been amended and supplemented by the Supplemental Costs Undertaking Deed to be granted by the Obligor on the Closing Date in favour of such parties in respect of each Series (such Supplemental Costs Undertaking Deed, together with the Master Costs Undertaking Deed, the “**Costs Undertaking Deed**”). Both the Master Costs Undertaking Deed and the Supplemental Costs Undertaking Deed in respect of each Series are governed by English law. Pursuant to each Costs Undertaking Deed, the Obligor has undertaken to, *inter alia*, pay all fees and expenses of the Trustee and each Agent, to indemnify the Issuer against any costs which it incurs in connection with each of the Series Transaction Documents and to indemnify the Trustee and each Agent against all losses, liabilities and claims incurred by each of them on the terms set out in the relevant Trust Deed and Agency Agreement, respectively.

## SUBSCRIPTION AND SALE

Under the terms and conditions contained in a Subscription Agreement dated 3 August 2010 (the “**Subscription Agreement**”) among CIMB Bank Berhad, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (the “**Joint Bookrunners**”), the Obligor and the Issuer, the Issuer has agreed to issue and sell to the Joint Bookrunners S\$600,000,000 Nominal Value of the Series 2015 Trust Certificates and S\$900,000,000 Nominal Value of the Series 2020 Trust Certificates. Subject to certain conditions, the Joint Bookrunners have severally agreed to procure the subscription of and payment for the Trust Certificates, or failing which shall severally subscribe and pay for the Trust Certificates, in each case in respect of an amount equal to one-third of the Nominal Value of the Trust Certificates.

The Subscription Agreement provides that the obligations of the Joint Bookrunners to pay for and accept delivery of the Trust Certificates are subject to the approval of certain legal matters by their counsels and certain other conditions. Pursuant to the Subscription Agreement, the Obligor will pay to the Joint Bookrunners certain arrangement fees and selling commissions in respect of the issue and sale of the Trust Certificates.

The Joint Bookrunners propose to offer the Trust Certificates initially at the offering price on the cover page of this Offering Circular.

The Obligor has agreed to indemnify the Joint Bookrunners against liabilities incurred in respect of the offering of the Trust Certificates.

The Trust Certificates are a new issue of securities for which there currently is no market. The Joint Bookrunners have advised the Issuer that they intend to make a market in the Trust Certificates as permitted by applicable law. They are not obligated, however, to make a market in the Trust Certificates and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Trust Certificates.

### **Selling Restrictions**

#### *United States*

The Trust Certificates have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Joint Bookrunner has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Trust Certificates (i) as part of its distribution at any time, and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Trust Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Trust Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Trust Certificates are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

#### *United Kingdom*

Each Joint Bookrunner has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Trust Certificates in, from or otherwise involving the United Kingdom.



### *Malaysia*

The Trust Certificates may not be issued, offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons to whom the offer or invitation to purchase the Trust Certificates would fall within:

- (a) at the point of issuance of the Trust Certificates:
  - (i) Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 (“**CMSA**”);
  - (ii) Schedule 7 or Section 230(1)(b) of the CMSA; and
  - (iii) Schedule 9 or Section 257(3) of the CMSA;
- (b) after the issuance of the Trust Certificates:
  - (iv) Schedule 6 or Section 229(1)(b) of the CMSA; and
  - (v) Schedule 9 or Section 257(3) of the CMSA,

subject to any change in the applicable laws.

In addition, if any offer or sale of the Trust Certificates or any distribution of any document or other material in connection therewith is to be conducted in any jurisdiction other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale or distribution.

### *Negara Brunei Darussalam*

This Offering Circular is not an offer to sell or a solicitation of an offer to buy Trust Certificates made to the public in Negara Brunei Darussalam.

Each Joint Bookrunner has represented, warranted and agreed that it has not offered to sell or solicited an offer to buy, and will not offer to sell or solicit an offer to buy, directly or indirectly, any Trust Certificates in Negara Brunei Darussalam, except (a) in compliance with all applicable laws and regulations in Negara Brunei Darussalam and (b) through persons or corporate entities duly authorised and licensed under the applicable laws and regulations in Negara Brunei Darussalam to provide investment advice and/or deal in securities in Negara Brunei Darussalam.

### *Japan*

The Trust Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Bookrunner has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Trust Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### *Hong Kong*

Each Joint Bookrunner has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### *Singapore*

Each Joint Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Joint Bookrunner has represented, warranted and agreed that it has not offered or sold any Trust Certificates or caused the Trust Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Trust Certificates or cause the Trust Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## TAXATION

### **Malaysian Taxation**

*The description below is of a general nature and is only a summary of the law and practice currently applicable in Malaysia. Prospective investors should consult their own professional advisers on the relevant taxation considerations applicable to the acquisition, holding and disposal of the Trust Certificates and the receipt of distributions.*

### **Exchange Control**

An application was made to Bank Negara Malaysia pursuant to the provisions of the Joint Information Note issued jointly by the SC and Bank Negara Malaysia on 19 September 2008. Approval was obtained on 10 December 2008 for the Issuer to issue Islamic securities denominated in a currency other than Ringgit under the Programme to non-residents and residents. For exchange control purposes, the Issuer shall not undertake any transaction with the residents of, or deal in the currencies of, Israel without the prior permission of the Controller of Foreign Exchange of Malaysia.

### **Income Taxes**

Payments to any Trust Certificates Holder will not be subject to Malaysian withholding tax.

### **Capital Gains**

The issuance, disposition, redemption or transfer of the Trust Certificates outside Malaysia will not give rise to any capital gains tax in Malaysia. Payments of or in respect of principal and profit on the Trust Certificates, and any capital gains realised on the sale or exchange of the Trust Certificates, are not subject to the payment of any repatriation levy under Malaysia's exchange control measures.

### **Gift or Inheritance Tax**

There is neither gift nor inheritance tax in Malaysia.

### **Stamp Duties, Registrations or other Duties**

All instruments executed in connection with the Trust Certificates to be issued by the Issuer which issue has been approved by the SC is exempted from stamp duty pursuant to the provisions of the Stamp Duty (Exemption) (No. 23) Order 2000 (as amended by the Stamp Duty (Exemption) (No.3) (Amendment) Order 2005).

### **Singapore Taxation**

*The discussion below is a summary of certain tax consequences in Singapore. The following statements are general in nature and are based on existing provisions of the relevant tax laws and the regulations thereunder, relevant circulars issued by the MAS and practices in effect as of the date hereof, all of which are subject to any changes in such laws or guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made either on a prospective or a retroactive basis. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Trust Certificate Holder or of any person acquiring, selling, or otherwise dealing with the Trust Certificates or on any tax implications arising from the acquisition, sale or other dealings in respect of the Trust Certificates. These statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Trust Certificates and do not purport to deal with the tax consequences applicable to all categories of Trust Certificates Holders, some of which (such as dealers in securities) may be subject to special rules. Prospective Trust Certificates Holders are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Trust Certificates, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the issuance of the Trust Certificates accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Trust Certificates.*

### *Periodic Distribution Amounts under the Trust Certificates*

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons other than non-resident individuals is 17% from the year of assessment 2010. The applicable rate for non-resident individuals is 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments (including any amount payable from Islamic debt securities on or after 1 January 2005) will be exempted from tax, provided such income is not derived by individuals through a partnership in Singapore and is not considered as gains or profits from any trade, business or profession.

Section 43N(4) of the ITA defines the term “Islamic debt securities” to mean debt securities and trust certificates (where such trust certificates are certificates evidencing beneficial ownership in the underlying assets):

- (a) which are endorsed by any Shariah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shariah law; and
- (b) the amounts payable from such securities and trust certificates are periodic and supported by a regular stream of receipts from underlying assets.

Pursuant to a confirmation received from the MAS, the Trust Certificates issued under this Offering Circular would be treated as “Islamic debt securities” under Section 43N(4) of the ITA if the Trust Certificates fall within the above definition.

In addition, if the dealers for more than half of the issue of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates are Financial Sector Incentive (Bond Market) Company(ies) (as defined in the ITA) and the Trust Certificates are issued prior to 31 December 2013, the Series 2015 Trust Certificates and the Series 2020 Trust Certificates will constitute “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (“**Comptroller**”) may direct, of a return on debt securities in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates within such period as the Comptroller may specify and such other particulars in connection with such Trust Certificates as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Series 2015 Trust Certificates and the Series 2020 Trust Certificates of a statement to the effect that where any amount from the Series 2015 Trust Certificates or the Series 2020 Trust Certificates is payable to any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Series 2015 Trust Certificates or the Series 2020 Trust Certificates using funds from that person’s operations through the Singapore permanent establishment), the Periodic Distribution Amounts payable by the Issuer in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates which are derived from Singapore by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that

person to acquire such Trust Certificates are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates within such period as the Comptroller may specify and such other particulars in connection with such Trust Certificates as the Comptroller may require to the Comptroller and the MAS), the Periodic Distribution Amounts payable by the Issuer in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates derived from Singapore by any company in Singapore or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%; and
- (c) subject to:
  - (i) the Issuer including in all offering documents relating to the Series 2015 Trust Certificates and the Series 2020 Trust Certificates a statement to the effect that any person to whom an amount from such Trust Certificates is payable shall, where such amount is not exempt from tax, include such amount in a return of income made under the ITA; and
  - (ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates within such period as the Comptroller may specify and such other particulars in connection with such Trust Certificates as the Comptroller may require, the Periodic Distribution Amounts payable by the Issuer in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates which are derived from Singapore are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Series 2015 Trust Certificates or the Series 2020 Trust Certificates, the Series 2015 Trust Certificates or the Series 2020 Trust Certificates are issued to fewer than four persons and 50% or more of the principal amount of the Series 2015 Trust Certificates or the Series 2020 Trust Certificates is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Trust Certificates would not qualify as “qualifying debt securities”; and
- (b) even though the Series 2015 Trust Certificates and the Series 2020 Trust Certificates are “qualifying debt securities”, if, at any time during the tenure of the Series 2015 Trust Certificates or the Series 2020 Trust Certificates, 50% or more of the principal amount of such Trust Certificates is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Periodic Distribution Amounts derived from such Trust Certificates held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Trust Certificates are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of the Periodic Distribution Amounts in respect of the Series 2015 Trust Certificates and the Series 2020 Trust Certificates without deduction or withholding for Singapore tax under Section 45 or Section 45A of the ITA, any person to whom the Periodic Distribution Amounts or any other amounts from the Series 2015 Trust Certificates or the Series 2020 Trust Certificates is payable shall, where such amounts are not exempt from tax, include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the Islamic debt securities within such period as the Comptroller may specify and such other particulars in connection with the Islamic debt securities as the Comptroller may require

to the Comptroller and the MAS), income tax exemption is granted on the amount payable to any person from any Islamic debt securities:

- (a) which are “qualifying debt securities” and issued during the period from 16 February 2008 to 31 December 2013; and
- (b) the amount payable from which is not deductible against any income of the issuer of those securities accruing in or derived from Singapore.

Notwithstanding the foregoing, if at any time during the tenure of the Series 2015 Trust Certificates or the Series 2020 Trust Certificates, 50% or more of the issue of the Series 2015 Trust Certificates or the Series 2020 Trust Certificates is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, the Periodic Distribution Amounts from such Trust Certificates derived by:

- (a) any related party of the Issuer; or
- (b) any other person where the funds used by such person to acquire such Trust Certificates are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

### ***Capital Gains***

Any gains considered to be in the nature of capital made from the sale of the Trust Certificates will not be subject to tax in Singapore. However, any gains from the sale of Trust Certificates which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Trust Certificates who are adopting Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (“**FRS 39**”) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Trust Certificates, irrespective of disposal, in accordance with FRS 39. Please see the section below on “*Adoption of FRS 39 treatment for Singapore income tax purposes*”.

### ***Adoption of FRS 39 treatment for Singapore income tax purposes***

The Inland Revenue Authority of Singapore issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition and Measurement” (“**FRS 39 Circular**”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Trust Certificates who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Trust Certificates.

### ***Estate Duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Trust Certificates has been duly authorised by the resolutions of the Board of Directors of the Issuer on 21 October 2008 and 7 July 2010. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Trust Certificates. The undertakings of the Obligor have been duly authorised by resolutions of its Board of Directors on 22 July 2008 and 14 January 2009.

### Listing

2. Application has been made to list the Trust Certificates on the LFX and approval in-principle has been obtained for the listing and quotation of the Trust Certificates on the SGX-ST. Subject to listing of the Trust Certificates on the SGX-ST, it is expected that dealing will commence on or about 12 August 2010. Admission of the Trust Certificates to the LFX will not result in the Trust Certificates being quoted for trading on the LFX. Neither the LFX nor the SGX-ST assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Trust Certificates to the LFX and admission of the Trust Certificates to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Obligor, the Khazanah Group or the Trust Certificates.
3. BMS granted its approval to list the Programme (under the exempt listing regime) on 30 December 2009. The Trust Certificates will be listed on BMS on, or as soon as reasonably practicable after, the Closing Date but will not be quoted for trading on BMS. BMS assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein.
4. Listing of the Trust Certificates on BMS, the LFX and the SGX-ST is conditional upon satisfaction of the requirements of that exchange.
5. For so long as the Trust Certificates are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Certificate is exchanged for Definitive Certificates, and unless the Issuer obtains an exemption from the SGX-ST, the Issuer will appoint and maintain a Paying Agent in Singapore where the Trust Certificates may be presented or surrendered for payment or redemption and make an announcement of such exchange through the SGX-ST, and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the Paying Agent in Singapore.

### Clearing Systems

6. The Trust Certificates have been accepted for clearance through CDP. The ISIN for the Global Certificate relating to the Series 2015 Trust Certificates is SG7X04960515. The ISIN for the Global Certificate relating to the Series 2020 Trust Certificates is SG7X05960522.

### No Significant Change and No Litigation

7. There has been no significant change in the financial or trading position or results of operations of the Issuer since its date of incorporation. The Issuer is not, and has not been, involved in any litigation, arbitration or administrative proceedings which may have, or have had since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
8. There has been no significant change in the financial condition of Khazanah since 31 December 2009. Khazanah is not, and has not been, involved in any litigation, arbitration or administrative proceedings which may have, or have had since 31 December 2009, a significant effect on its financial condition nor is Khazanah aware that any such proceedings are pending or threatened.

### Accounts

9. The first financial year of the Issuer ended on 31 December 2009. The audited financial statements of the Issuer as at and for the year ended 31 December 2009 have been filed with the Companies Commission of Malaysia. The Issuer has prepared annual audited accounts in accordance with generally accepted accounting principles in Malaysia. Copies of the Issuer's annual audited accounts will be available for inspection and obtainable free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Issuer. The Issuer has no subsidiaries.
10. Hanafiah, Raslan & Mohamad have audited, and rendered unqualified audit reports on, the Summarised Financial Statements of the Obligor included in this Offering Circular and have given and not withdrawn

their consent to the issue of this Offering Circular with the inclusion of the Summarised Financial Statements and their Audit Report relating to the Summarised Financial Statements in the form and context in which they are included.

### **Documents**

11. So long as any of the Trust Certificates remains outstanding, copies of the following documents will be available in English for inspection and obtainable free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Issuer and from the specified office of the Paying Agents:
  - (i) the constitutional documents of the Issuer;
  - (ii) the Transaction Documents; and
  - (iii) the Series Transaction Documents.

### **Reliance on Certificates**

12. The Trustee may rely without liability to the Trust Certificates Holders on any certificate prepared by the Directors of the Issuer and accompanied by a certificate or report prepared by an internationally recognised firm of accountants pursuant to the Conditions and/or the Trust Deed whether or not addressed to the Trustee, and whether or not the internationally recognised firm of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer to procure such delivery under the Conditions. Any such certificate or report shall be conclusive and binding on the Issuer, the Obligor, the Trustee and the Trust Certificates Holders.

### **Other Relationships**

13. The Joint Bookrunners and/or the Joint Lead Managers and certain of their affiliates may have performed commercial banking, investment banking, advisory and other services for Khazanah and other entities within the Khazanah Group from time to time for which they received customary fees and expenses. The Joint Bookrunners and/or the Joint Lead Managers may, from time to time, engage in transactions with, and perform services for Khazanah and other entities within the Khazanah Group, in the ordinary course of their business.



## FINANCIAL STATEMENTS OF KHAZANAH NASIONAL BERHAD

Summarised Financial Statements as at and for the years ended 31 December 2008 and 2009 (prepared from Audited Financial Statements as at and for the years ended 31 December 2008 and 2009):

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**Khazanah Nasional Berhad**  
**(Incorporated in Malaysia)**

The following summarised financial statements of Khazanah Nasional Berhad (“Khazanah”) for the financial year ended 31 December 2009 are prepared from the audited financial statements of Khazanah for the same period thereof. These summarised financial statements are intended to give information regarding Khazanah’s financial position as at 31 December 2009 and of the results and the cash flows for the year then ended.

Khazanah shall not accept any liability or loss arising from any decisions made based on these summarised financial statements.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Summarised financial statements  
Prepared from the audited financial statements  
For the financial year ended 31 December 2009**

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**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Income statement  
For the year ended 31 December 2009**

	Company	
	2009	2008
	RM'000	RM'000
Revenue .....	3,401,131	6,130,369
Dividend income .....	1,944,397	4,885,042
Gain from divestments .....	1,233,992	877,115
Other operating income .....	222,742	368,212
Operating expenses .....	(423,456)	(432,109)
Foreign exchange (losses)/gain, net .....	(96,520)	147,127
Allowance for impairment losses in investments and other provisions .....	(866,273)	(3,094,991)
Operating profit .....	2,014,882	2,750,396
Finance costs .....	(1,401,855)	(1,196,511)
Profit before taxation .....	613,027	1,553,885
Taxation .....	27,683	(350,425)
Net profit for the year .....	640,710	1,203,460

The accompanying notes form an integral part of the summarised financial statements.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Balance sheet  
As at 31 December 2009**

	Note	Company	
		2009 RM'000	2008 RM'000
<b>Non-current assets</b>			
Property, plant and equipment .....		21,830	22,215
Intangible assets .....		1,964	2,993
Investment in subsidiaries .....	1	15,031,473	16,109,640
Investment in associates .....	2	23,647,679	20,555,222
Other investments .....	3	5,093,352	3,040,898
Deferred tax assets .....		368,336	335,836
		<u>44,164,634</u>	<u>40,066,804</u>
<b>Current assets</b>			
Other receivables .....		7,141,950	7,300,289
Tax recoverable .....		557,819	570,020
Other investments .....	3	81,084	2,522,018
Investment in money market instruments .....		14,915	29,034
Cash and bank balances .....		3,704,528	1,518,015
		<u>11,500,296</u>	<u>11,939,376</u>
<b>Current liabilities</b>			
Borrowings .....	4	7,250,616	4,190,910
Other payables .....		2,141,493	4,839,850
		<u>9,392,109</u>	<u>9,030,760</u>
<b>Net current assets</b> .....		<u>2,108,187</u>	<u>2,908,616</u>
		<u>46,272,821</u>	<u>42,975,420</u>
<b>Financed by:</b>			
Share capital .....		5,443,953	5,443,953
Share premium .....		3,840,248	3,840,248
Retained profits .....		9,406,646	8,865,936
<b>Shareholders' funds</b> .....		<u>18,690,847</u>	<u>18,150,137</u>
<b>Non-current liabilities</b>			
Borrowings .....	4	27,581,974	24,582,208
Other long term liabilities .....		—	243,075
		<u>27,581,974</u>	<u>24,825,283</u>
		<u>46,272,821</u>	<u>42,975,420</u>

The accompanying notes form an integral part of the summarised financial statements.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Statement of changes in equity  
For the year ended 31 December 2009**

	<u>Share capital</u>	<u>Share premium</u>	<u>Distributable retained profits</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2008</b> .....	5,443,953	3,840,248	7,662,476	16,946,677
Net profit for the year .....	—	—	1,203,460	1,203,460
<b>At 31 December 2008</b> .....	<u>5,443,953</u>	<u>3,840,248</u>	<u>8,865,936</u>	<u>18,150,137</u>
<b>At 1 January 2009</b> .....	5,443,953	3,840,248	8,865,936	18,150,137
Net profit for the year .....	—	—	640,710	640,710
Dividend .....	—	—	(100,000)	(100,000)
<b>At 31 December 2009</b> .....	<u>5,443,953</u>	<u>3,840,248</u>	<u>9,406,646</u>	<u>18,690,847</u>

The accompanying notes form an integral part of the summarised financial statements.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Cash flow statement  
For the year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation .....	613,027	1,553,885
Adjustment for:		
Gain from divestments .....	(1,233,992)	(709,519)
Gain from exercise of covered warrants .....	—	(167,596)
Dividend income .....	(1,944,397)	(4,885,042)
Interest income .....	(178,645)	(365,411)
Unrealised losses/(gain) on foreign exchange, net .....	96,520	(147,127)
Depreciation .....	3,781	4,521
Amortisation of intangible assets .....	1,029	1,027
Allowance for impairment losses in investments and other provisions .....	866,273	3,094,991
Compensation scheme to an associate's employees .....	84,199	65,944
Amortisation of discounts on bonds .....	390,735	361,418
Amortisation of discounts on Periodic Payment Exchangeable Trust Certificates .....	322,629	310,008
Interest expense .....	676,714	524,746
Operating loss before working capital changes .....	(302,127)	(358,155)
Increase in receivables .....	(67,682)	(5,093,830)
(Decrease)/increase in payables .....	(2,335,862)	1,169,338
Interest paid .....	(817,105)	(323,304)
Dividend received .....	1,717,193	4,865,616
Income tax recovered .....	243,751	13,333
Compensation to an associate's employees .....	(39,138)	(64,885)
Net cash (used in)/generated from operating activities .....	(1,600,970)	208,113
<b>Cash flows from investing activities</b>		
Purchase of investments .....	(3,869,687)	(10,651,703)
Purchase of property, plant and equipment .....	(5,521)	(16,368)
Purchase of intangible assets .....	—	(37)
Interest received .....	178,645	311,869
Proceeds from repayment of bond investments .....	—	115,422
Proceeds from repayment of loans receivable .....	—	540,033
Proceeds from sale of investments .....	2,058,799	4,318,731
Net cash used in investing activities .....	(1,637,764)	(5,382,053)

The accompanying notes form an integral part of the summarised financial statements.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Cash flow statement  
For the year ended 31 December 2009—(Continued)**

	<u>2009</u>	<u>2008</u>
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Repayment of borrowings . . . . .	(450,000)	(2,512,570)
Drawdown of term loan . . . . .	3,404,800	8,460,000
Proceeds from issuance of Khazanah Bonds . . . . .	2,820,447	2,156,227
Redemption of Khazanah Bonds . . . . .	(2,350,000)	(4,000,000)
Proceeds from issuance of Periodic Payment Exchangeable Trust Certificates . . . . .	—	1,723,465
Proceeds from issuance of IMTN . . . . .	1,600,000	—
Proceeds from issuance of SUKUK Musyarakah and Islamic Commercial Papers . . . . .	500,000	—
Proceeds from exercise of covered warrants . . . . .	—	431,471
Dividend paid . . . . .	(100,000)	—
Net cash generated from financing activities . . . . .	<u>5,425,247</u>	<u>6,258,593</u>
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>2,186,513</b>	<b>1,084,653</b>
<b>Cash and cash equivalents at the beginning of the year . . . . .</b>	<b>1,518,015</b>	<b>433,362</b>
<b>Cash and cash equivalents at the end of the year . . . . .</b>	<b><u>3,704,528</u></b>	<b><u>1,518,015</u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances . . . . .	24,611	174,160
Fixed deposits . . . . .	<u>3,679,917</u>	<u>1,343,855</u>
	<u>3,704,528</u>	<u>1,518,015</u>

The accompanying notes form an integral part of the summarised financial statements.



**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements**

**1. Investment in subsidiaries**

	Company	
	2009	2008
	RM'000	RM'000
Shares at cost,		
Quoted shares in Malaysia .....	3,982,080	4,830,213
Unquoted shares in Malaysia .....	17,104,391	16,509,194
Unquoted shares outside Malaysia .....	1,115,273	1,115,273
	<u>22,201,744</u>	<u>22,454,680</u>
Less: Accumulated impairment losses .....	(7,170,271)	(6,345,040)
	<u>15,031,473</u>	<u>16,109,640</u>
Market values of quoted shares in Malaysia .....	<u>6,126,346</u>	<u>6,180,642</u>

**Special Purpose Vehicles (“SPVs”)**

Special Purpose Vehicles (“SPVs”) are wholly-owned subsidiaries of the Company that have been set up to actively hold investments or as funding vehicles of the Company.

The proforma financial statements captions of the Company after including the assets and liabilities held through the SPVs as at 31 December are as follows:

	2009	2008
	Proforma	Proforma
	RM'000	RM'000
Revenue .....	3,593,992	5,086,990
Profit from operations .....	1,681,769	3,236,962
Net profit/(loss) for the year .....	<u>815,821</u>	<u>(223,228)</u>
Investment in subsidiaries .....	14,102,120	15,137,484
Investment in associates .....	27,863,302	25,341,162
Other investments .....	7,914,998	5,116,592
Current investments .....	81,254	3,924,731
Other receivables .....	952,626	1,454,779
Cash and bank .....	4,517,169	1,608,278
Short term borrowings .....	7,246,758	7,486,442
Other payables .....	1,548,265	1,203,531
Long term borrowings .....	30,000,542	28,289,649
Currency translation reserve .....	(198,535)	17,764
Retained profits .....	<u>8,553,058</u>	<u>7,837,058</u>
Total assets .....	<u>56,211,753</u>	<u>54,117,494</u>
Total liabilities .....	<u>38,573,029</u>	<u>36,978,471</u>

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

**2. Investment in associates**

	Company	
	2009 RM'000	2008 RM'000
Shares at cost,		
Quoted shares in Malaysia	23,748,207	22,363,656
Unquoted shares in Malaysia	684,256	502,011
	<u>24,432,463</u>	<u>22,865,667</u>
Less: Accumulated impairment losses	(784,784)	(2,310,445)
	<u>23,647,679</u>	<u>20,555,222</u>
Market values of quoted shares in Malaysia	<u>44,493,379</u>	<u>28,637,762</u>

**3. Other investments**

**2009**

	Note	Short term	Long term	Total
		RM'000	RM'000	RM'000
Shares at cost,				
Quoted shares in Malaysia		—	605,232	605,232
Unquoted shares in Malaysia		—	674,319	674,319
		—	<u>1,279,551</u>	<u>1,279,551</u>
Less: Accumulated impairment losses				
Quoted shares in Malaysia		—	(99,848)	(99,848)
Unquoted shares in Malaysia		—	(80,920)	(80,920)
		—	<u>1,098,783</u>	<u>1,098,783</u>
Bonds				
Unquoted bonds in Malaysia		21,873	1,962,998	1,984,871
Add: Accretion of discount		6	171	177
Less: Amortisation of premium		(293)	(1,192)	(1,485)
Less: Accumulated impairment losses		(193)	(3,469)	(3,662)
		<u>21,393</u>	<u>1,958,508</u>	<u>1,979,901</u>
Structured products		60,000	60,000	120,000
Less: Accumulated impairment losses		(309)	—	(309)
		<u>59,691</u>	<u>60,000</u>	<u>119,691</u>
Loans receivable	(ii)	—	2,109,774	2,109,774
Less: Accumulated impairment losses		—	(334,384)	(334,384)
		—	<u>1,775,390</u>	<u>1,775,390</u>
Others	(i)	—	200,671	200,671
		<u>81,084</u>	<u>5,093,352</u>	<u>5,174,436</u>
Market value of quoted shares in Malaysia		—	<u>662,521</u>	<u>662,521</u>

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

2008

	<u>Note</u>	<u>Short term</u> RM'000	<u>Long term</u> RM'000	<u>Total</u> RM'000
Shares at cost,				
Quoted shares in Malaysia . . . . .		—	844,604	844,604
Unquoted shares in Malaysia . . . . .		—	641,032	641,032
		—	1,485,636	1,485,636
Less: Accumulated impairment losses . . . . .				
Quoted shares in Malaysia . . . . .		—	(176,714)	(176,714)
Unquoted shares in Malaysia . . . . .		—	(76,720)	(76,720)
		—	1,232,202	1,232,202
Bonds				
Unquoted bonds in Malaysia . . . . .		1,740,416	460,263	2,200,679
Add: Accretion of discount . . . . .		—	16,609	16,609
Less: Amortisation of premium . . . . .		(324)	(954)	(1,278)
Less: Accumulated impairment losses . . . . .		(193)	(8,082)	(8,275)
		1,739,899	467,836	2,207,735
Structured Products . . . . .		165,000	180,000	345,000
Less: Accumulated impairment losses . . . . .		(12,074)	(10,810)	(22,884)
		152,926	169,190	322,116
Loans receivable . . . . .	(ii)	—	1,455,815	1,455,815
Less: Accumulated impairment losses . . . . .		—	(284,145)	(284,145)
		—	1,171,670	1,171,670
Others . . . . .	(i)	629,193	—	629,193
		2,522,018	3,040,898	5,562,916
Market value of quoted shares in Malaysia . . . . .		—	560,090	560,090

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

*(i) Others*

	<u>Note</u>	Company	
		2009	2008
		RM'000	RM'000
MOF option cost . . . . .	(a)	—	250,027
Cash settled call options . . . . .	(b)	200,671	379,166
		200,671	629,193

*(a) MOF option cost*

Included in prior year's other investments is the cost of an option to purchase 194 million shares in Telekom Malaysia Berhad ("TM") and 194 million shares in Axiata (formerly known as TM International Berhad) from MOF at an exercise price of RM2.58 per TM share and RM6.63 per Axiata share.

During the year, the Company has exercised the option.

*(b) Cash settled call options*

Cash-settled call options represent options to purchase shares in CIMB Group Holding Berhad [formerly known as Bumiputra-Commerce Holdings Berhad ("BCHB")] and its subsidiary at an exercise price of RM0.00001 per call option. These call options are subject to the fluctuation of the share price and do not have any voting rights. The voting rights reside with a charitable trust, Takrif Aspirasi Sdn. Bhd. ("Takrif").

At the expiry of these options on 30 April 2009, both the Company and Takrif had agreed to an extension of 3 years. The new expiry date would be on 30 June 2012, and any remaining call options that have not been exercised by the Company shall be automatically cash settled.

***(ii) The loan receivable is unsecured, bears interest ranging from 4% to 5% (2008: 4% to 5%) per annum and has no fixed terms of repayment.***

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

**4. Borrowings**

	<u>Note</u>	<u>Short term</u> RM'000	<u>Long term</u> RM'000	<u>Total</u> RM'000
<b>2009</b>				
Khazanah Bonds—secured .....	(i)	998,216	7,314,727	8,312,943
Periodic Payment Exchangeable Trust Certificates .....	(ii)	—	7,814,927	7,814,927
Islamic Medium Term Notes .....	(iii)	—	1,599,920	1,599,920
Short term revolving credit .....		1,000,000	—	1,000,000
Amount due to SPV .....	(iv)	1,000,000	7,000,000	8,000,000
Term loans—unsecured .....	(v)	4,252,400	3,852,400	8,104,800
		<u>7,250,616</u>	<u>27,581,974</u>	<u>34,832,590</u>
<b>2008</b>				
Khazanah Bonds—secured .....	(i)	2,261,660	5,190,101	7,451,761
Periodic Payment Exchangeable Trust Certificates .....	(ii)	—	7,692,107	7,692,107
Short term revolving credit .....		1,000,000	—	1,000,000
Amount due to SPV .....	(iv)	479,250	7,000,000	7,479,250
Term loans—unsecured .....	(v)	450,000	4,700,000	5,150,000
		<u>4,190,910</u>	<u>24,582,208</u>	<u>28,773,118</u>

*(i) Khazanah bonds—secured*

	<u>Company</u>	
	<u>2009</u> RM'000	<u>2008</u> RM'000
At 1 January .....	7,451,761	7,942,653
Issued during the year .....	2,820,447	2,156,227
Amortisation of discount for the year .....	390,735	352,881
Less: Redeemed during the year .....	<u>(2,350,000)</u>	<u>(3,000,000)</u>
At 31 December .....	<u>8,312,943</u>	<u>7,451,761</u>

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

The maturity structure of Khazanah Bonds are as follows:

	Company	
	2009 RM'000	2008 RM'000
<b>Due within one year</b>		
Zero coupon Khazanah bonds, at nominal value .....	1,000,000	2,350,000
Less: Unamortised discount * .....	(1,784)	(88,340)
	<u>998,216</u>	<u>2,261,660</u>
<b>Due after one year, and within five years</b>		
Zero coupon Khazanah bonds, at nominal value .....	—	1,000,000
Less: Unamortised discount * .....	—	(37,560)
	<u>—</u>	<u>962,440</u>
<b>Due after five years</b>		
Zero coupon Khazanah bonds, at nominal value .....	12,000,000	7,000,000
Less: Unamortised discount * .....	(4,685,273)	(2,772,339)
	<u>7,314,727</u>	<u>4,227,661</u>
* The total unamortised discount is derived as follows:		
Total discount upon issuance .....	(5,301,188)	(4,451,331)
Total amortisation to date .....	614,131	1,553,092
Total unamortised discount at 31 December .....	<u>(4,687,057)</u>	<u>(2,898,239)</u>

The details of the Bonds are as follows:

- The Bonds bear no coupon and shall be redeemed by the Company in full at their face value on the maturity dates.
- Subject to any written law, the Bonds rank pari passu among themselves and equally with all other unsecured obligations (other than subordinated obligations and priorities created by law, if any) of the Company.
- The Bonds are irrevocably guaranteed by the Government of Malaysia.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

During the year, the following secured bonds were redeemed:

- Bond issued on 18 September 1999 giving proceeds of RM600,444,160 and matured on 18 September 2009 with a redemption value of RM1,200,000,000.
- Bond issued on 18 September 2004 giving proceeds of RM951,817,800 and matured on 18 September 2009 with a redemption value of RM1,150,000,000.

During the year, the following secured bonds were issued:

- Bond issued on 20 March 2009 giving proceeds of RM639,564,327 and maturing on 20 March 2019 with a redemption value of RM1,000,000,000 with a yield to maturity of 4.52%.
- Bond issued on 20 March 2009 giving proceeds of RM732,062,422 and maturing on 20 March 2024 with a redemption value of RM1,500,000,000 with a yield to maturity of 4.84%.
- Bond issued on 27 August 2009 giving proceeds of RM959,346,491 and maturing on 27 August 2019 with a redemption value of RM1,500,000,000 with a yield to maturity of 4.52%.
- Bond issued on 27 August 2009 giving proceeds of RM489,473,310 and maturing on 27 August 2024 with a redemption value of RM1,000,000,000 with a yield to maturity of 4.82%

*(ii) Periodic payment exchangeable trust certificates*

	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>RM'000</b>	<b>RM'000</b>
USD750 m 5-year Exchangeable Trust Certificates . . . . .	(a)	2,873,115	2,781,213
USD850 m 5-year Exchangeable Trust Certificates . . . . .	(b)	3,063,548	3,028,545
USD550 m 5-year Exchangeable Trust Certificates . . . . .	(c)	1,878,264	1,882,349
		7,814,927	7,692,107

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

*(a) USD750 million 5-year Exchangeable Trust Certificates*

On 4 October 2006, the Company via a special purpose company, Rafflesia Capital Limited (the “Issuer”), issued the world’s first Shariah-compliant exchangeable trust certificates (the “Certificates”). This issuance creates an exchangeable Sukuk benchmark for Islamic investors with an innovative structure that is widely accepted by international investors.

The issuance comprises USD750 million 5-year Certificates and is exchangeable into ordinary shares of RM1 each of Telekom Malaysia Berhad (“TM”), the Exchange Property, currently held by the Company. The Certificates were priced at 100% of the principal amount with a yield to maturity of 5.07% and carry maximum annual periodic payment of 1.25% paid annually from their nominal amount. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 121.14% of their nominal amount on 4 October 2011 (“the Scheduled Dissolution Date”).

***Periodic payments***

Save for the first Periodic Payment date which is on 18 October 2007, the Issuer will make the Periodic Payments on 4 October in each year until maturity in an amount equivalent to:

- (i) the proportionate Dividend Income (arising from the Exchange Property which have been received by the Company) paid to the Issuer from and including the Closing Date to and including the last Dividend Pass-through Date immediately preceding the relevant Periodic Payment Date, less
- (ii) any Periodic Payments paid prior to such Periodic Payment Date, provided that the maximum Periodic Payment in each year shall not exceed 1.25% p.a. of the nominal amount of each Certificate, and provided further that Impure Income from all Dividends and other income received in respect of the Exchange Property shall not become part of Dividend Income or Exchange Property.



**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

***Exchange right***

The Certificates are exchangeable for ordinary shares of par value of RM1.00 each of TM, during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property shall initially comprise 254,239,632 of TM Shares and shall include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Provided that the Company does not exercise Cash Settlement Right, on the exercise of Exchange Rights, Certificate holders will initially be entitled to receive 33,898.617 TM Shares for each USD100,000 nominal value of Certificates.

Due to the demerger exercise undertaken by the TM Group in 2008, an adjustment to the Exchange Property was made whereby the Certificateholders will be entitled to receive 35,470.5413 TM Shares and 35,470.5413 Axiata Shares for each USD100.000 nominal value of Certificates effective 25 April 2008.

Also in 2008, as a result of the final dividend paid by TM on 15 May 2008 which exceeded the reference amount as defined in the Conditions of the Certificates, a further adjustment to the Exchange Property was made resulting in the Certificateholders being entitled to receive 36,637.4701 TM Shares and 36,009.4078 TMI Shares for each USD100.000 nominal value of Certificates effective 26 May 2008.

***Exchange period***

Each Certificateholder has the right (“Exchange Right”) to exchange a Certificate at any time during the Exchange Period, beginning on and including 14 November 2006 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

*(b) USD850 million 5-year Exchangeable Trust Certificates*

On 5 July 2007, the Company via a special purpose company, Cherating Capital Limited (the “Issuer”), issued a Shariah-compliant exchangeable trust certificates (the “Certificates”).

The issuance comprises USD850 million 5-year Certificates and is exchangeable into ordinary shares of RM0.25 each of PLUS Expressways Berhad (“PLUS”), the Exchange Property, currently held by the Company. The Certificates were priced at 100% of the principal amount with a yield to maturity of 4.58% and carry maximum annual periodic payment of 2.0% paid annually from their nominal amount. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 114.14% of their nominal amount on 5 July 2012 (“the Scheduled Dissolution Date”).

***Periodic payments***

Save for the first Periodic Payment date which is on 25 July 2008, the Issuer will make the Periodic Payments on 5 July in each year until maturity in an amount equivalent to:

- (i) the proportionate Dividend Income (arising from the Exchange Property which have been received by the Company) paid to the Issuer from and including the Closing Date to and including the last Dividend Pass-through Date immediately preceding the relevant Periodic Payment Date, less
- (ii) any Periodic Payments paid prior to such Periodic Payment Date, provided that the maximum Periodic Payment in each year shall not exceed 2.0% p.a. of the nominal amount of each Certificate, and provided further that Impure Income from all Dividends and other income received in respect of the Exchange Property shall not become part of Dividend Income or Exchange Property.

**Khazanah Nasional Berhad  
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**Notes to the Company financial statements—(Continued)**

The Issuer will make Periodic Payments solely from Dividend Income received by it from the Company and subject to the order of priority described under.

***Exchange right***

The Certificates are exchangeable for ordinary shares of par value of RM0.25 each of PLUS, during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property shall initially comprise 750,913,103 of PLUS Shares and shall include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Provided that the Company does not exercise Cash Settlement Right, on the exercise of Exchange Rights, Certificate holders will initially be entitled to receive 88,342,718 PLUS Shares for each USD100,000 nominal value of Certificates.

***Exchange period***

Each Certificateholder has the right (“Exchange Right”) to exchange a Certificate at any time during the Exchange Period, beginning on and including 14 August 2007 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

**Khazanah Nasional Berhad  
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**Notes to the Company financial statements—(Continued)**

*(c) USD550 million 5-year Exchangeable Trust Certificates*

On 12 March 2008, the Company via a special purpose company, Paka Capital Limited (the “Issuer”), issued a Shariah-compliant exchangeable trust certificates (the “Certificates”).

The issuance comprise USD550 million 5-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of HKD0.10 each of Parkson Retail Group Limited (“Parkson”), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional / scheduled dissolution of 0.69%. Unless previously exchanged, redeemed, or purchased and cancelled, the Certificates will be redeemed at 103.50% of their nominal amount on 12 March 2013 (“the Scheduled Dissolution Date”).

***Exchange right***

The Certificates are exchangeable for a pro rata share of Parkson ordinary shares with par value of HKD0.10 each, during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property shall initially comprise 44,028,000 Shares and shall include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Provided that the Company does not exercise Cash Settlement Right, on the exercise of Exchange Rights, Certificate holders will initially be entitled to receive 8,005.0375 Parkson Shares for each USD100,000 nominal value of Certificates.

On 7 September 2008, the Parkson shares of HKD0.10 each were subdivided into 5 shares of HKD0.02 each resulting in a change to the Exchange Rights, Certificate holders are entitled to 40,025.1873 Parkson Shares for each USD100,000 nominal value of Certificates.

**Khazanah Nasional Berhad  
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**Notes to the Company financial statements—(Continued)**

***Exchange period***

Each Certificateholder has the right (“Exchange Right”) to exchange a Certificate at any time during the Exchange Period, beginning on and including 12 March 2008 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

***(iii) Islamic Medium Term Notes***

On 24 April 2009, the Company issued a 5 and 7 years Islamic Medium Term Notes (“IMTN”) amounting to RM1 billion and RM500 million respectively, at a coupon rate of 4.22% and 4.49% per annum, payable semi-annually in arrears. The net proceeds from the IMTN was used to refinance the Company’s existing loan facilities.

***(iv) Amount due to SPV***

The amount due to SPV arose from the issuance of Islamic Medium Term Notes (“MTN”) Sukuk Musyarakah and Islamic Commercial Papers (“ICP”). The terms of the amount due to SPV are similar to the terms of the MTN and ICP. The MTN has yields to maturity of 4.10% to 5.24% and tenures of 5 to 7 years, the principal repayment is a bullet amount and the periodic distribution is made on semi-annual basis. The ICP carries a discount of 4.15% and tenures up to 12 months while its principal repayment is a bullet amount.

***(v) Term loans—unsecured***

	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>2009</b>			
Unsecured Term Loans .....	4,252,400	3,852,400	8,104,800
<b>2008</b>			
Unsecured Term Loans .....	450,000	4,700,000	5,150,000

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

The unsecured term loans bear interest ranging from 3.14% to 4.80% (2008: 3.75% to 4.35%) per annum. The long term portion is repayable by 2015.

**5. Financial risk management objectives and policies**

The Company's exposure relates mainly to equity/investment, market, interest rate, foreign exchange, credit and liquidity/funding risks. The Company has an approved set of guidelines and policies as well as internal controls which set out its overall business strategies to manage these risks. The Company's overall financial risk management objective is to enhance shareholder's value through effective management of the Company's risks.

**Equity/Investment risk**

Equity risk is the exposure to fluctuations in the value of equity shares or income streams from equity ownership in an incorporated entity.

Investment risk is the risk of an investment not being able to provide a rate of return that is commensurated with its level of risk.

Equity/investment risk management includes due diligence in screening the investment proposals according to the Company's investment guidelines and procedures, constant communication and close monitoring of the performance of investee companies.

**Market risk**

Exposure to market risk arises in the normal course of the Company's business from uncertainty in market prices of its financial instruments or security assets.

The Company actively manages its market risk through established investment guidelines and policies as well as portfolio asset allocation and diversification strategies. The Company does not participate in any speculative activities. For security assets, the Company maintains sufficient financial resources to offer its lenders should the market value of the security assets falls below the margin required by the lenders.

**Khazanah Nasional Berhad**  
**(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

**Interest rate risk**

A portion of the Company's income and operating cash flows are affected by changes in market interest rates. Interest rate exposure arises from the Company's borrowings and deposits.

The Company actively manages its interest rate risk by maintaining a portfolio of financial instruments guided by its investment guidelines and policies, and regular reviews of its debt portfolio, interest rates and market expectations.

**Foreign currency risk**

The Company's exposure to foreign exchange risk arises mainly from investments and borrowings denominated in US Dollars ("USD"), Pounds Sterling ("GBP") and Swiss Franc ("CHF").

The Company maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short term imbalances are addressed by buying or selling foreign currencies at spot rates.

**Credit risk**

Credit risk or the risk of counter parties defaulting is monitored and controlled by the application of credit approval, limits and monitoring procedures. Credit risk are minimised and monitored via strictly limiting the funding/borrowing to subsidiaries and associates.

Credit evaluations are performed on all parties requiring credit over a certain amount and strictly limiting the Company's associations to business partners with high credit worthiness. Receivables are monitored on an ongoing basis.

**Liquidity/funding risk**

Liquidity/funding risk is the risk that funds will not be available to meet liabilities as they fall due.

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible investments to meet its working capital requirements. To ensure availability of funds, the Company closely monitors its cash flow position on a regular basis.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**Notes to the Company financial statements—(Continued)**

**Fair values**

The fair values of financial assets and liabilities approximate their respective carrying values on the balance sheets of the Company except for the financial assets and financial liabilities as disclosed in Note 6.

**6. Financial instruments and related disclosures**

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheet of the Company are represented as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Financial assets</b>				
Unquoted shares . . . . .	593,399	866,558	564,312	675,640
Unquoted bonds . . . . .	1,979,901	2,006,777	2,207,735	2,244,919
Structured products . . . . .	119,691	123,545	322,116	373,034
Loans receivable . . . . .	1,775,390	1,845,507	1,171,670	1,099,222
Amount due from related companies . . . . .	6,982,210	*	6,234,793	*
Amount due from holding body . . . . .	—	—	877,962	*
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>				
Term loans—unsecured . . . . .	8,104,800	9,173,862	6,150,000	6,330,397
Khazanah Bonds—secured . . . . .	8,312,943	8,871,920	7,451,701	8,066,002
Periodic Payment Exchangeable Trust Certificates . . . . .	7,814,927	8,100,496	7,692,107	9,012,212
Islamic Medium Term Notes . . . . .	1,599,920	1,224,178	—	—
Amount due to related companies . . . . .	1,158,094	*	4,366,296	*
Amount due to holding body . . . . .	408,778	*	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

\* In the opinion of the directors, it is not practicable to estimate the fair values of amounts due from/to related companies and amount due from/(to) holding body, principally due to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from fair values that would eventually be received or settled.



**Khazanah Nasional Berhad  
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**Notes to the Company financial statements—(Continued)**

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

*(i) Cash and cash equivalents, receivables and payables*

The carrying balances approximate the fair value due to the relatively short term maturity of these financial instruments except for amounts due from/(to) related companies and amounts due from/(to) holding company principally due to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or paid.

*(ii) Quoted and unquoted shares*

The fair value of quoted shares are based on the last done prices on the stock exchange at the close of business on the balance sheet date. The fair value of the quoted shares is detailed in Note 3.

The fair value of unquoted shares are based on the Net Asset Value of the respective investment at the balance sheet date.

*(iii) Unquoted bonds and structured products*

The fair value of unquoted bonds and structured products are based on the indicative fair values obtained from Bondweb, Bloomberg and/or respective licensed banks.

*(iv) Loans receivable*

The fair value of loans receivable are estimated by discounting the estimated future cash flows using current interest rates for financial assets with similar risk profile.

*(v) Term loans*

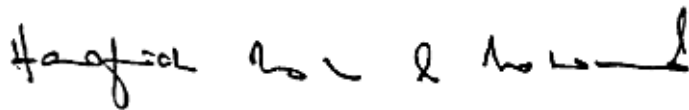
The fair value of term loans are estimated by discounting the estimated future cash flows using current interest rates for financial liabilities with similar risk profile.

Report of the auditors to the directors of  
Khazanah Nasional Berhad  
(Incorporated in Malaysia)

We have audited the financial statements of Company for the year ended 31 December 2009, from which the summarised financial statements set out on pages 1 to 22 were derived, in accordance with applicable Approved Standards on Auditing in Malaysia. In our report dated 6 April 2010 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

We confirm, that the accompanying summarised financial statements have been extracted and in agreement with the audited financial statements.

For a full appreciation of the Company's position and the results of its operations for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.



Kuala Lumpur, Malaysia  
6 April 2010

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