

Yang Berbahagia Tan Sri-Tan Sri, Dato'-Dato', Distinguished guests, Ladies and Gentlemen,
Assalamualaikum and a very good morning.

It is indeed a great honour to be given this opportunity to make the welcoming address at this prestigious IFN Issuers & Investors Forum 2012 and to such a distinguished audience as this. I wish to put on record my sincere thanks to the organisers, Redmoney for this.

The Forum is now in its seventh year and has long been recognized by industry practitioners as one of the most important global Islamic finance events, bringing together issuers, investors and intermediaries.

The discussion at today's event will hopefully allow us, as issuers of Sukuk and Islamic papers, the opportunity to assess where we are today and where we can be tomorrow. We will highlight our industry's achievements and, more importantly, we will try to identify how we can maintain this momentum and strive for future success. We will demonstrate how we as global issuers can capitalize on the opportunities that arise as the Islamic capital markets develop in size, scope and diversity.

Let us reflect the recent global events relating to Islamic finance:

In the past two weeks, the Government of Turkey launched its much-anticipated debut sovereign Sukuk, raising US\$1.5 billion, but, perhaps more significantly, attracting orders worth more than US\$8 billion.

In July, another Sovereign came to the market with the State of Qatar successfully raising US\$4 billion;

Further, the General Authority for Civil Aviation in the Kingdom of Saudi Arabia raised US\$4 billion in a landmark transaction in May.

For Ringgit dominated sukuk, in March, Abu Dhabi National Energy company became one of the first UAE infrastructure companies to issue a 10 year Ringgit sukuk ie RM650million Sukuk Murabahah issue. Other notable Malaysian transactions included the Celcom Axiata RM5 billion Sukuk priced in August, DanaInfra Nasional's RM2.4 billion Sukuk priced in July, as well as PLUS Berhad's RM30.6 billion Sukuk, issued in January 2012.

Such deals, as well as numerous other significant transactions—many of which I believe, have been issued and structured by the very people present here today. Many of you here, I am sure played a role and were instrumental to putting Islamic finance and the Islamic capital markets at the forefront of growth and innovation in the global financial sector thus far.

Sovereign Sukuk in particular, plays a crucial role in the development of Islamic capital markets by providing vital benchmarks for the industry, as well as create important roadmaps to success for others to follow. We should be proud of our achievements and perhaps more importantly, we should be looking to the future and blazing new trails.

There are no doubts, challenges. Investors continually strive for yield and demand increased supply of top-rated, quality, asset-based Sukuk, as well as deeper and more liquid markets. As issuers, what can we do to address these concerns?

Risks also plays a part. With continued uncertainty in the Western financial markets, how do we as issuers ensure we fulfill our funding requirements, whilst at the same time control funding costs and effectively manage risks?

I am sure these questions shall be addressed and discussed in today's programme by the notable leading arrangers and intermediaries and issuers from Malaysia and farther afield. The focus of the discussions and presentations today will not only be on highly important factors that influence the decisions made by the issuers before entering into capital raisings, but also decisions pertaining to deal size, timing, structure, tenor, pricing and the selection of advisors and arrangers which are obviously vital to the success of any transaction. Other critical factors include: the proposed usage of raised funds and the assets the transaction is based on, which will influence any deal's attractiveness to investors and above all, determine Shariah compliance.

I am proud to say that the PLUS has been an active issuer and supporter of Islamic papers. The first refinancing of our conventional borrowings to Islamic papers was way back in 2002; at that time Islamic financing in Malaysia was still at infancy stage. In January this year, Projek Lebuhraya Usahasama Berhad, in short PLUS, being a subsidiary of PLUS Malaysia Berhad, issued the RM30.6 billion Sukuk which was and still remains as the world's single largest Sukuk issuance. This paper was rated AAA(IS) by Malaysian Rating Corporation Berhad (MARC), reflecting the strong credit quality of the transaction. I believe many of you may be familiar with the details of this deal, but perhaps for the benefit of everyone here, it would be appropriate for me to share some of the more notable features of the transaction.

As most are already aware PLUS is the largest highway operator in Malaysia and has been operating the country's toll highways since 1988. We currently operate and maintain 987 km of expressways in Malaysia. Prior to the privatization in December 2011, PLUS Expressways Berhad was listed on the Main Market of Bursa Malaysia Securities Bhd and was one of the top 10 largest listed tolled road companies globally, based on market capitalization before the delisting of RM23 billion. PLUS was also included in the Dow Jones Islamic Market Index since 2006.

The key objective of the privatisation is to rationalise the overall toll structure of all the expressway concessions under PLUS. It is a landmark initiative as PLUS owns and operates about 60% of the tolled expressways throughout the country. Based on the complexity and the high profile nature of the transaction, it is pertinent that the interests of all stakeholders are protected. The stakeholders include highway users of Malaysia, the bondholders, the shareholders as well as the Government of Malaysia.

As part of the privatization exercise, PLUS established two Sukuk programmes, namely the RM23.35 billion in nominal value Islamic Medium Term Notes and RM11.0 billion in nominal value Islamic MTN programme, guaranteed by the Government of Malaysia. The proceeds from the issuance of the Sukuk were utilized to pay the existing shareholders for their shares held - in line with the privatization of the company, refinance existing Sukuk and to finance certain critical capital expenditure that the company need to undertake such as 4th Lane widening for certain stretches of the highway, construction of deferred interchanges, etc.

These Sukuk generated very robust interests taking into consideration the large size of the issuance. PLUS' Sukuk issuance highlights the size and liquidity of the Malaysian Debt Capital Markets whereby, even with the large size of the issuance and long tenure of up to 27 years, the Sukuk generated many interests. Both the transactions represent many firsts, including:

- the single largest bond issuance in Malaysia to date;
- the single largest Ringgit-denominated Sukuk issuance to date; and
- the single largest Sukuk issuance globally (in any currency).

These deals not only represent the best of Malaysia, but the best of Islamic finance globally.

Malaysia continues to propel itself as the pioneer of the global Sukuk market, accounts for 70% of the total global issuance currently. This is as a result of the country's advanced Shariah governance framework, developed infrastructure and attractive incentives. The local Sukuk market is expected to get significant boost from the planned expenditures for major oil and gas projects, private finance initiative/public-private partnership projects under the Government's Economic Transformation Programme (ETP) and the 10th Malaysian Plan, with infrastructure continue to be the driving sector for the Sukuk market.

Moving forward with the recent financial turbulence faced in the Western countries, I am sure Islamic Financing will continue to garner interests globally as it has proven to make better sense, with its asset-backed structure. And with greater engagement between the industry players, the scholars and the authorities, I strongly believe we are well positioned to create greater awareness, understanding and appreciation of the issues and the direction for its resolution.

Ladies and Gentlemen, please allow me to take this opportunity to congratulate Redmoney, the organizer of this event, for taking the initiatives to provide a platform for the convergence of the industry players in this 2-day forum, to encourage the innovation and development of the Sukuk market which ultimately will provide a healthy environment for the growth of the global Islamic financial markets.

With that, ladies and gentlemen, I would like to wish you a fruitful and constructive two-day forum. Thank you.