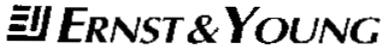

17.0 INDEPENDENT FEASIBILITY REPORT



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**INDEPENDENT FEASIBILITY REPORT
(Prepared for inclusion in the Prospectus)**

10 November 2003

The Board of Directors
Sunway Infrastructure Berhad; and
Sistem Lingkar-Lebuhraya Kajang Sdn Bhd
Level 16, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
46150 Petaling Jaya
Selangor

Dear Sirs,

**INDEPENDENT FEASIBILITY REPORT OF SISTEM LINGKARAN-LEBUHRAYA
KAJANG SDN BHD'S NEW RING ROAD PROJECT**

1. PREAMBLE

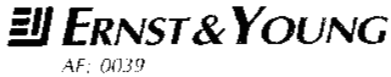
This report has been prepared for inclusion in the Prospectus of Sunway Infrastructure Berhad ("SIB") in connection with:

- the Institutional issue of 40,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.50 per share together with 20,000,000 new warrants to be allotted at no consideration on the basis of one (1) new warrant for every two (2) new ordinary shares of RM0.50 each subscribed; and
- the Retail issue of 12,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.50 per share together with 6,000,000 new warrants to be allotted at no consideration on the basis of one (1) new warrant for every two (2) new ordinary shares of RM0.50 each subscribed,

in connection with the listing of SIB on the Main Board of the Kuala Lumpur Stock Exchange.

This feasibility report essentially focuses on the salient aspects of the project undertaken by Sistem Lingkar-Lebuhraya Kajang Sdn Bhd ("SILK" or "the Company"), the subsidiary company of SIB for the design, construction, operation and maintenance of the 37 km Kajang Traffic Dispersal Ring Road (hereafter known as "Ring Road" or "KRR"). This report should be read in conjunction with all other information contained in the Prospectus in evaluating an investment in SIB.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkar-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

2. BRIEF PROFILE OF ERNST & YOUNG CORPORATE FINANCE

Ernst & Young Corporate Finance (“EYCF”) has been engaged by SIB and SILK as its independent feasibility consultant to assess the feasibility of the Ring Road project undertaken by SILK. EYCF is the corporate finance arm of Ernst & Young, one of the largest accounting and consulting practices in the world, with a network of professionals spanning more than 700 offices in over 130 countries.

With a worldwide staff of more than 100,000 people, Ernst & Young provides a range of services including auditing, taxation, corporate reconstruction and insolvency, business and corporate advice.

EYCF has substantial experience in financial feasibility studies and infrastructure companies. Ernst & Young’s clientele in transport concessions include Projek Lebuhraya Utara-Selatan Berhad, Kamunting Corporation Berhad, Shapadu Holdings Sdn Bhd, Expressway Lingkar Tengah Sdn Bhd, Linkedua (Malaysia) Berhad, Lingkar Trans Kota Holdings Berhad and Projek Usahasama Ringan Automatik Sdn Bhd.

Ernst & Young are the Statutory Auditors and Reporting Accountants of SIB. The EYCF team that was engaged in this independent feasibility assignment were neither involved in the audit nor the Reporting Accountant role for SIB.

3. SCOPE OF THE FEASIBILITY REPORT

The scope of work coverage undertaken for the independent feasibility report encompasses the following areas:-

- (a) Project scope;
- (b) Appraisal of agreements and contracts;
- (c) Environmental impact assessment;
- (d) Appraisal of SILK’s Business;
 - Commercial factors
 - Technical factors
 - Financial factors
- (e) Operation and maintenance;
- (f) Insurance risk assessment;
- (g) Project monitoring on design, development and construction;
- (h) Related party transactions; and
- (i) Conclusion as to the overall feasibility of the Project.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

The independent feasibility report undertaken has incorporated contributions from the management of SIB, SILK and information derived from the various reports issued by Symonds Travers Morgan (Malaysia) Sdn Bhd ("Independent Consulting Engineer"), Messrs MAG Technical and Development Consultants ("Principal Traffic Consultant"), Messrs Halcrow Consultants Sdn Bhd ("Independent Traffic Consultant"), Messrs Ernst & Young ("Reporting Accountants"), and Messrs Lee Hishammuddin ("Solicitors").

This independent feasibility report comments on the feasibility of the KRR project undertaken by SILK based on the following agreements/documents which SILK has entered into with the various counter parties:-

- (a) Concession Agreement dated 8 October 1997;
- (b) Turnkey Contract dated 31 July 2001;
- (c) Supplemental Concession Agreement dated 1 August 2001;
- (d) Al-Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") Issuance Facility Agreement dated 8 August 2001;
- (e) Project Account Agreement dated 8 August 2001 for the BaIDS issuance facility;
- (f) Trust Deed dated 8 August 2001 for the BaIDS issuance facility;
- (g) Security Deed dated 8 August 2001 for the BaIDS issuance facility; and
- (h) Shareholders Undertaking dated 8 August 2001 for the BaIDS issuance facility.

In addition, the independent feasibility report has also relied on the following reports/documents, which were made available to us by SILK:-

- Principal Traffic Review Report dated July 2002 and updated reviews in February 2003 and September 2003;
- Independent Traffic Review Report dated August 2002 and updated reviews in February 2003 and September 2003;
- Financial Forecast and Projections (provided by the Management of SIB and SILK);
- Independent Consulting Engineer Reports dated 30 May 1997, April 2001, November 2001 and updated in June 2002, February 2003 and July 2003;
- Offering Circular dated 20 August 2001 for the BaIDS issuance facility;
- Legal Due Diligence Report in respect of SILK dated 25 December 2001; and
- Environmental Impact Assessment Report dated 16 April 1997.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



The independent feasibility report reflects EYCF's best judgement based on the information made available to it at the time of preparation. We draw the reader's attention to the risks inherent in the business and the sensitivity of the company's results to certain key assumptions. Estimates and projections contained herein shall not be relied upon as a promise or representation as to the future. Any use that a third party makes of this report, or any reliance on or decisions to be made based on it, are the responsibility of such third party. EYCF accepts no responsibility for any damages, if any, suffered by a third party as a result of decisions made or actions taken based on this report.

4. PROJECT SCOPE

SILK was awarded a concession by the Government of Malaysia ("Government") on a "Build-Operate-Transfer" ("BOT") basis to finance, design, upgrade, construct, operate and maintain a toll ring road to improve the transportation network in the south-eastern corridor of the Klang Valley, namely KRR, for a period of 36 years. At the end of the period, SILK will hand over all rights and responsibilities in respect of the Ring Road to the Government.

SILK is responsible for the design, upgrading of existing roads which measures approximately 16 km and construction of new sections measuring approximately 21 km and to operate (collect and retain toll), manage and maintain the completed Ring Road until expiry of the Concession. Tolling on the KRR is operated as an "open" toll system where vehicles are charged over the Concession Period, at the rates specified in the Supplemental Concession Agreement.

The KRR is approximately 37 km with 12 interchanges and 4 on-line toll plazas. It will function as a major road linking Balakong, Sungai Long, Bangi, Kajang, Putrajaya and Serdang.

The construction of KRR is divided into three (3) stretches namely the Government Funded Stretch 1, Government Funded Stretch 2 and the SILK Funded Stretch. Construction of the Government Funded Stretch 1 started in August 1999 and was completed on 29 December 2000 while the construction works of the Government Funded Stretch 2 and the SILK Funded Stretch are being carried out concurrently and scheduled to complete within 33 months from the date of the Supplemental Concession Agreement.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

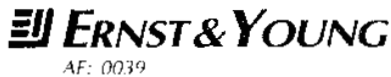
5. APPRAISAL OF AGREEMENTS, CONTRACTS AND PERMITS

Photocopies of the following principal agreements and contracts were sighted by Messrs Lee Hishammuddin as solicitors:-

- (a) Concession Agreement dated 8 October 1997 between the Government of Malaysia (the "Government") and SILK;
- (b) Supplemental Agreement dated 1 August 2001 between the Government and SILK;
- (c) BaIDS Issuance Facility Agreement dated 8 August 2001 between SILK, Deutsche Bank (Malaysia) Berhad ("DBMB") and Bank Islam Malaysia Berhad ("BIMB");
- (d) Trust Deed for the BaIDS issuance facility dated 8 August 2001 between SILK and PB Trustee Services Berhad ("PB Trustee");
- (e) Security Deed for the BaIDS issuance facility dated 8 August 2001 between SILK and PB Trustee;
- (f) Project Account Agreement for the BaIDS issuance facility dated 8 August 2001 between SILK and PB Trustee;
- (g) Turnkey Contract dated 31 July 2001 between SILK and Sunway Construction Berhad ("SunCon");
- (h) Memorandum of Agreement on the engagement of the Independent Consulting Engineer dated 19 July 2001 between SILK and Symonds Travers Morgan (Malaysia) Sdn Bhd;
- (i) Jabatan Kerja Raya Malaysia ("JKR") Design and Build Contract dated 18 February 2000 between SILK and JKR in relation to the Government Funded Stretch 1; and
- (j) Design and Build Contract dated 29 July 2002 between SILK and Lembaga Lebuhraya Malaysia ("LLM") for the design, construction and completion of the Government Funded Stretch 2.

Based on the photocopies of the abovementioned agreements, Messrs Lee Hishammuddin has confirmed that these contracts and agreements have been duly entered into and executed by the respective parties thereto and stamped.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

6. ENVIRONMENTAL IMPACT ASSESSMENT ("EIA")

An environmental impact assessment of the KRR was carried out to address possible concerns of the effects of the Ring Road construction on the overall environment in general and the population in particular. The final EIA report issued in December 1996 was approved by the Department of Environment ("DOE") on 16 April 1997 subject to some minor qualifications. An Environmental Management Plan ("EMP") was subsequently submitted and approved by the DOE in April 1999. Monthly monitoring reports are prepared in accordance with the EMP.

The Independent Consulting Engineer is of the opinion that the EIA report contains no unduly onerous or unreasonable requirements but expressed concerns over some very high cut slopes along the stretch from Sungai Long interchange to Reko East toll plaza, which are considered environmentally intrusive. According to the management of SILK, it is merely a statement raised by the Independent Consulting Engineer for the turnkey contractor's attention on the slope and does not contain any ramifications.

7. APPRAISAL OF SILK'S BUSINESS

SILK was incorporated on 20 December 1995 as a Malaysian private limited company to undertake the concessionary right for the proposed KRR. SILK's present authorised share capital is 300,000,000 ordinary shares of RM1.00 each of which 120,000,000 are issued and fully paid.

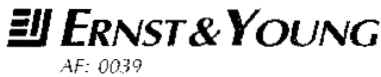
The viability of SILK's venture is further elaborated in the following sub-sections with reference to commercial, technical and financial factors.

7.1 COMMERCIAL FACTORS**7.1.1 Industry Overview and Its Outlook**

The Malaysian economy expanded by 4.2% in terms of real Gross Domestic Product ("GDP") growth in 2002 as compared to 0.4% in 2001. For the first quarter in 2003, real GDP further expanded by 4% despite uncertainties created by the external environment and the impact of Severe Acute Respiratory Syndrome ("SARS"). Growth for the first quarter of 2003 was largely supported by domestic demand, underpinned by stronger public sector spending and strong export performance across several sectors. Growth was also marked by continued expansion across all sectors of the economy, with the manufacturing and services sectors leading the growth.

Within Malaysia, the State of Selangor Darul Ehsan ("Selangor") and the Federal Territory of Kuala Lumpur ("Kuala Lumpur") are by far the dominant regions, which have undergone rapid development and are the most densely populated areas in the country. During the years 1988 to 1998, the number of licensed vehicles registered in Selangor and Kuala Lumpur recorded an average growth of 9.4% per annum. These rapid expansions are straining the existing road infrastructure in the major urban areas. As a result, traffic congestion problems are evident and likely to remain acute as long as additional road capacities are not provided.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

Recent surveys indicated that traffic growth in the southern part of Kajang was higher than expected, and higher composition of goods vehicles than previously noted which might be due to the increase in manufacturing industries to the south of Kajang or Negeri Sembilan.

Further, with the relocation of the international airport to Sepang and the government administrative centre to Putrajaya, the southern corridor of the Klang Valley as well as Kajang has experienced an accelerated pace of development. The upgrading of existing roads and construction of new highways have consequently lagged behind traffic growth, thus resulting in traffic congestion within Kajang Town.

7.1.2 Competitive Environment

The KRR forms a ring around Kajang town and will serve as a connecting link to the overall strategic road network in the South Eastern part of Klang Valley. It will allow through traffic not destined for the town center to bypass it and helps alleviate traffic congestion problem in the town center. Nevertheless, the availability of alternative routes or other means of transport may have a potential effect in terms of influencing the traffic volume of the KRR.

One area of competition arises from the impact of existing routes and the proposed construction of alternative routes. The existing routes refer to roads leading to the Kajang town center for connection to other roads thereon, namely Jalan Sungai Ramal and Jalan Sungai Chua from the south-west, Jalan Reko from the south, Jalan Semenyih from the south-east and Lebuhraya Cheras Kajang from the north. The most likely competitor is the proposed Saujana Impian Kajang Bypass cutting through the heart of Kajang linking the Lebuhraya Cheras Kajang and the proposed Kajang Seremban Highway, which is scheduled for completion in 2005. The Principal Traffic Consultant ("MAG Technical and Development Consultants" or "MAG") has included the potential threat of this route in the forecast but at a low operating capacity that only carries flows in the order of 10,000 – 25,000 vehicles per day.

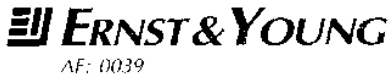
7.1.3 Traffic Volume

In forecasting the traffic volume for KRR, MAG has taken into consideration the existing and proposed future highway networks, major proposed developments around the KRR vicinity especially the Cyberjaya and Putrajaya development, estimates of future vehicles ownership and forecast GDP growth. In this regard, MAG have assumed growth rates for the study area of 3% per annum for the period 2000 to 2005, 6.0% for 2005 to 2010 and 4.5% for 2010 to 2020.

Based on the assumptions adopted in the traffic report, MAG has prepared a future traffic flow forecast during the concession period for the KRR with estimation on the average daily toll volume based on number of vehicles per day for the respective toll plazas. The result of the forecast shows an average total volume of 176,578 cars per day passing the tolls in 2004, which then increases gradually and reaches 840,000 cars per day in 2032 till the end of the concession period. [Source: Table 5.1: Average Daily Tollable Traffic, of the September 2003 Report prepared by MAG]

The total toll revenue collectible during the 33 years operating period from all four toll plazas amounts to approximately RM17.243 billion.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

The Independent Traffic Consultant (“Halcrow Consultants Sdn Bhd” or “Halcrow”), has reviewed the technical approach adopted by MAG in undertaking the traffic study and is of the opinion that the traffic forecasts and analysis has been prepared in a reasonable, competent and professional manner. Nevertheless, Halcrow also pointed out that notwithstanding that the traffic forecasts employed by MAG are based on old traffic survey data, they are regularly re-assessed as to their validity.

The main assumption implicit in the forecast prepared by MAG is that no other roads are constructed that would compete with KRR. Halcrow, however, is of the opinion that the assumption is only likely to be valid for the first ten years but not thereafter if growth continues. Furthermore, the Halcrow report highlighted that there are risks in the very substantial growth in traffic volume assumed for the KRR especially over the period from 2000-09. Halcrow noted in its report that the main risk of MAG’s forecast lies in the extent and timing of future development and land use changes particularly the planned development in Putrajaya and Cyberjaya.

Halcrow has prepared two test scenarios based on low and base case traffic to demonstrate the potential level of sensitivity and risks of the forecast. Results of the average daily traffic forecast in aggregate at all four toll plazas on the basis of the low and base cases compared to MAG’s forecast shows the achievability of MAG’s forecast at a range of 71% to 92% and 86% to 100% respectively during the entire concession period. [Source: Table 5 – Forecast Average Daily Traffic, Section 4.2, Traffic and Revenue Forecast Report dated September 2003 prepared by Halcrow]

The reduction of average vehicles per day is due to lower growth rate assumed by Halcrow. The difference between low case and base case scenario is attributable to assumption of slightly higher annual growth rates and lower toll elasticity.

The financial projections prepared by the management of SILK for the purpose of the Independent Feasibility Report and the listing exercise is based on MAG’s traffic volume. In addition, the management of SILK has assessed the two sensitivity analysis cases of low and base case prepared by Halcrow for comparison and concludes that the project is still financially viable.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)

7.2 TECHNICAL FACTORS**7.2.1 Existing Routes**

As the Klang Valley is the main economic hub in Malaysia, it is vital that the road transport infrastructure in the Klang Valley has sufficient capacity to meet with ever increasing daily travel demand from commuters, businesses, services and goods distribution activities. The move of the Government to shift the administration center to Putrajaya and the planned development of a high tech community in Cyberjaya as well as the new Kuala Lumpur International Airport in Sepang has seen rapid development in the South Klang Valley area. The development has, however, slowed down due to the financial crisis in late 1997/98 and the current economic condition.

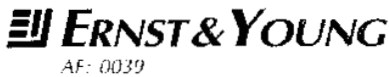
Currently the daily traffic flows observed on the main roads in and around Kajang are of the order of 22,000 to 63,000 vehicles. Due to capacity problems at road junctions, traffic passing through Kajang town center travels at relatively low speeds. Peak hour travel speed in the town centre was noted to be as low as 25 to 35 kph and 35 to 50 kph further away from town.

In Kajang, the highest traffic flows are observed at Lebuhraya Cheras Kajang, between Balakong and Kajang. An independent survey carried out near the tollgates indicates traffic flows of around 58,000 to 63,000 tollable vehicles per day.

Jalan Sungai Ramal and Jalan Sungai Chua are principally single 2-lane roads carrying 32,000 to 45,000 vehicles per day and are operating at or close to design capacity limits. Due to the presence of closely spaced road junctions, the road capacities are further reduced. The section of Jalan Sungai Chua close to Kajang town is operating at saturation limits. Traffic on this road travels relatively slower than other arterial roads due to the numerous at-grade signalised junctions, its road gradients and geometry. The problem is exacerbated due to kerbside parking and no stopping restrictions causing chronic congestion especially during peak periods or when there is a heavy rainfall.

Jalan Semenyih is a single 2-lane road with additional lanes provided at signalised junctions to improve accessibility to the intersecting roads leading to recently complete residential estates. Jalan Reko is a single 2-lane carriageway and is the most direct road connecting Kajang with Bangi. Daily traffic flows ranged from a high of 32,500 on the section closer to Kajang to a low of 15,500 towards Bangi.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)

**7.2.2 Project Alignment**

The proposed KRR alignment begins at the intersection of Jalan Balakong and Jalan Sungai Besi (near the Mines Wonderland), and the road follows the alignment of Jalan Balakong and routes above Lebuhraya Cheras Kajang, with the provision for traffic to interchange. After Lebuhraya Cheras Kajang, the road runs along a new alignment to the south of Sungai Long development and bends southwards to the north east of the Kajang Prison and interchange with the proposed Saujana Impian Kajang Bypass and extends further south and meets Jalan Semenyih.

From the interchange of Jalan Semenyih, the road moves along a new alignment to the south of Kajang town and heads westward towards UPM. This southern section interchanges with Jalan Reko which leads to Bangi and crosses over Sungai Langat before interchanging with Jalan Sungai Ramal. Here, a limb to the northeast is provided and terminates at the interchange with Lebuhraya Cheras Kajang. The southern section continues westward along the alignment of Jalan Sungai Ramal and interchange with the ramp to the Kuala Lumpur – Seremban Expressway and with road B13 towards Putrajaya bending northwards to terminate at UPM completing the ring.

7.2.3 Rationale for KRR

The population growth rate in Selangor had exceeded the overall growth rate for the whole country in the period between 1990-2000. This is due to the spreading of business centres and employment opportunities from Kuala Lumpur and the more established areas of Selangor in particular Petaling Jaya and Subang Jaya to the southern district where major development schemes such as the Kuala Lumpur International Airport, Cyberjaya and Putrajaya are being constructed. Similarly, development has also taken place in the areas around Klang, due to the expansion of port related activities. Another factor is the interstate and external migration from overseas due to labour shortages in Selangor.

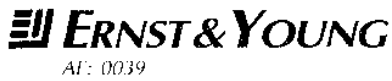
The existing road junctions in Kajang and the areas served by the Ring Road are provided at-grade. This design (at-grade junction) reduces the traffic carrying capacity of the intersecting roads. As mentioned earlier under Section 7.2.1, the existing roads are operating at saturation limits and close to design capacity.

The KRR will provide alternative routes for traffic not destined for Kajang town center and would help to reduce the amount of through traffic using the congested streets in the town center. The through traffic which can be re-routed includes:-

- North to East from Cheras/Ampang to Semenyih
- North to West from Cheras/Ampang to Putrajaya/Puchong
- North to South from Cheras/Balakong to Bangi and south
- East to West from Semenyih to Putrajaya/Puchong

The KRR will also complete the south-eastern connection to the proposed South Klang Valley Expressway and the proposed Kuala Lumpur Outer Ring Road, of which together would create the fourth and outermost ring road around Kuala Lumpur and Petaling Jaya.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

7.2.4 Construction Cost

SILK has entered into a turnkey contract with SunCon for a fixed lump sum amount of RM830 million. The Independent Consulting Engineer has reviewed the project construction cost estimate and considered it reasonable.

The Independent Consulting Engineer has reviewed the Design Report and concluded that the construction cost is reasonable with an acceptably small risk of cost overrun. Nonetheless, the Independent Consulting Engineer noted that the fixed lump sum contract removes any potential risks to SILK, while the turnkey contractor will benefit from any savings to be made. In addition, any variations to the scope of works requested by the Government will be reimbursable by the Government.

Road safety audits of the detailed design are substantially complete and the reports are being addressed by LLM.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

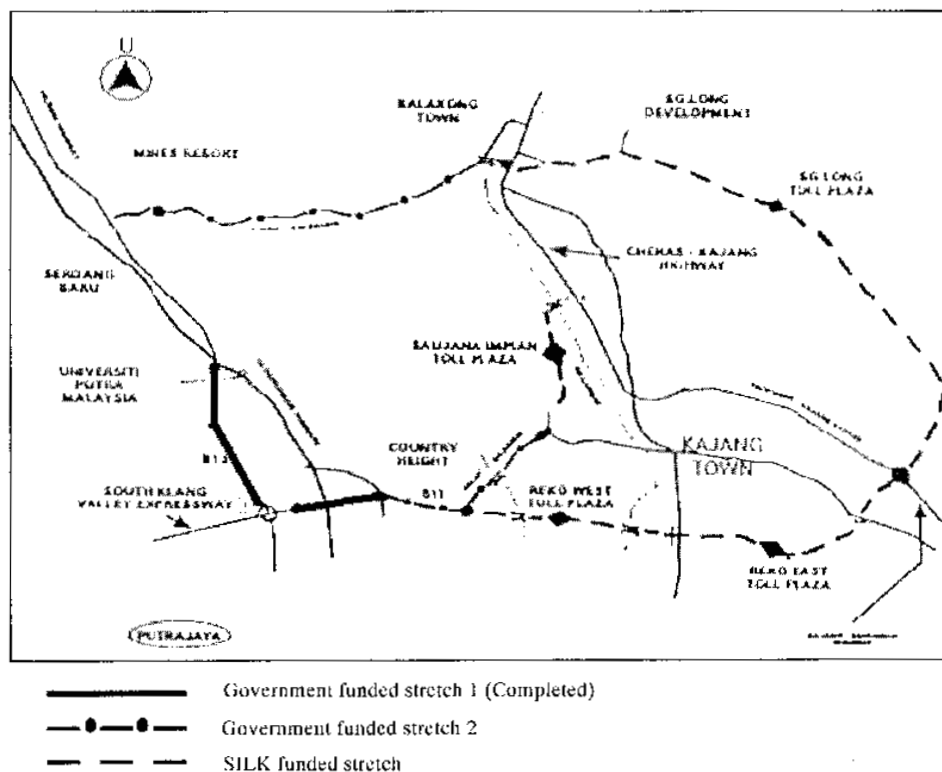
7.2.5 Construction progress

The turnkey contract with the Turnkey Contractor provides for the design and construction of the KRR to be completed by May 2004. Construction works in respect of Government Funded Stretch 1 was completed on 29 December 2000. Preliminary construction of the SILK funded stretch and the Government Funded Stretch 2 commenced in August 2001 and are being carried out concurrently and is expected to complete within a period of 33 months.

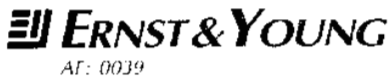
According to the Independent Consulting Engineer's review of the construction programme, the construction period is typical for a project of similar type and size and is considered feasible.

The overall completion of the KRR as at 7 November 2003 is 78% with approximately 6 months left to completion within the stipulated 33-month construction programme. The Independent Consulting Engineer, based on its updated July 2003 report commented that overall construction progress was hindered by protracted land acquisition procedures and the nationwide shortage of labour in 2002. As such, should there be any delay in the project, there could potentially be cost over-runs and an impact on the commencement of tolling.

Nevertheless, as of 7 November 2003, the land acquisition procedures have largely been resolved with approximately 0.48% of private land remaining to be acquired. In addition, The Independent Consulting Engineer has stated that the Turnkey Contractor is now working on an accelerated programme which is heavily weather dependent, by mobilising additional resources to help mitigate delays to the project whereby substantial staged completion is expected between the first to third quarters of 2004.



17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

7.3 FINANCIAL FACTORS

7.3.1 Capital Expenditure Plan

The capital expenditure plan as included in the Profit & Loss and Cashflow Estimate, Forecast and Projections is arrived at after taking into consideration necessary expenditure that needs to be incurred for the Ring Road development and based on certain criteria, forecasts and assumptions recommended to and endorsed by the Board of Directors of SILK.

The estimated project cost is RM1,250 million where pursuant to the Concession Agreement, the construction cost pertaining to the Government Funded Stretches totalling RM365 million and cost and expenses incurred in making available the land falling within the Government Funded Stretches amounting to RM85 million would be borne by the Government while the balance in relation to the SILK Funded Stretch would be borne by SILK, as follows:

| | SILK Funded Stretch | Government Funded Stretches | Total |
|-------------------|---------------------------|-----------------------------------|-----------------|
| | RM 'Mii | RM 'Mii | RM 'Mii |
| Land Use Payments | 215.00 | 85.00 | 300.00 |
| Construction Cost | 495.00 | *365.00 | 860.00 |
| Supervisory Cost | 15.63 | - | 15.63 |
| Working Capital | 74.37 | - | 74.37 |
| TOTAL | 800.00 | *450.00 | 1,250.00 |

* The construction cost of the Government Funded Stretches has been awarded to SILK and Gadek-Perspec Consortium Sdn Bhd for RM335 million and RM30 million respectively.

The supervisory cost and working capital amounting to a total of RM90 million would also be borne by SILK.

SILK has entered into a fixed price lump sum turnkey contract of RM830 million (excluding RM30 million value of works which was awarded to Gadek-Perspec Consortium Sdn Bhd) with SunCon for the design, execution and maintenance of works on the KRR. In addition, SILK has contracted to pay SunCon a sum of RM215 million as land use payments in respect of all costs, expenses or charges to be incurred by SunCon including any compensations required for the acquisition of land within the SILK Funded Stretch and the removal or resettling of squatters or other occupiers on the lands falling within the KRR.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

7.3.2 Adequacy of Debt and Equity Financing

The project cost for the construction of KRR (including the government funded stretches) is estimated at a total of approximately RM1,250 million inclusive of construction cost, toll equipment and electronic system, contingencies, project management, design and consultancy fees, land acquisition cost, pre-operating expenses and interest cost.

The project would require financing up front in the form of debt and equity. The financing structure is as follows:-

| Funding Structure | RM 'Mil | % |
|--|--------------|--------------|
| Shareholders Equity | 220 | 17.6 |
| Government Grant | 450 | 36.0 |
| Al-Bai Bithaman Ajil Islamic Debt Securities (BaIDS) | 580 | 46.4 |
| | 1,250 | 100.0 |

Of the proposed paid up capital of RM220 million, a total amount of RM120 million has been paid up. The balance of RM100 million will be contributed by the shareholders of SILK through the proposed net proceeds arising from the issuance of the following:

- Rights Issue of 20 million 20% 10-year cumulative non-convertible redeemable preference shares ("CN-RPS") at an issue price of RM1.00 per CN-RPS;
- Renounceable Rights Issue of 8 million new SIB shares at an issue price of RM1.20 per SIB share together with 4 million new Warrants; and
- Public Issue of 52 million new SIB shares at an issue price of RM1.50 per SIB share together with 26 million new Warrants.

The above is meant to meet the terms of the BaIDS and the Supplemental Concession Agreement.

The Government has agreed with SILK under the Concession Agreement to bear the cost of RM450 million (net of the RM30 million value of works awarded to Gadek-Perspec Consortium Sdn Bhd) for the construction cost and land cost pertaining to the Government Funded Stretches which would be paid to SILK based on progress billings. As at 1 November 2003, a total amount of RM250.15 million has been released to SILK by the Government in relation to both the Government Funded Stretches 1 and 2. The Government Funded Stretch 1 was completed on 29 December 2000.

SILK has raised RM580 million through the issuance of the BaIDS with an aggregate face value of RM2.01 billion. The BaIDS will be redeemed via 15 instalments commencing on the sixth (6) anniversary of the issuance date, 22 August 2007.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

7.3.3 Profit and Cashflow Forecast and Projections

The profit and cashflow forecast and projections of the SIB Group incorporates the profit and cashflow forecast and projections of the concession which have been prepared by the Board of Directors of SIB. The profit and cashflow forecast and projections of the SIB together with the underlying assumptions have been reviewed by Messrs Ernst & Young, the Reporting Accountants for which Messrs Ernst & Young has issued separate letters thereon.

In their letters, Messrs Ernst & Young have highlighted the hypothetical nature of certain assumptions used in the preparation of the profit and cashflow forecast and projections ("Financial Forecast and Projections"). Subject to the limitations contained therein, Messrs Ernst & Young are of the opinion that the accounting policies and calculations of the Financial Forecast and Projections have been properly compiled on the basis of the assumptions made by the directors of SIB and on a basis consistent with the accounting policies normally adopted by SIB.

7.3.4 Assumptions Underlying the Financial Forecast and Projections

The Financial Forecast and Projections have been prepared based on certain bases and assumptions derived from certain expert reports, contracts and agreements such as the Concession Agreement, the Supplemental Concession Agreement, the Principal Traffic Consultant Report and the Independent Consulting Engineer Report.

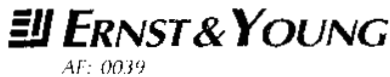
The critical factors and assumptions used in the Financial Forecast and Projections, several of which, are hypothetical in nature and may have a material bearing on the KRR project are highlighted below.

7.3.5 Critical Factors and Assumptions in the Profit and Cashflow Forecast and Projections

In compiling the profit and cashflow forecast and projections, certain key factors and assumptions have been made, the achievability of which will have a critical bearing on the project:-

- (i) There will be no major delays in the completion of construction works that may materially affect the commencement of toll operations. The overall stage of completion of the KRR project was 78% as at 7 November 2003. Any delay on completion may have an impact on both cost and commencement of tolling.
- (ii) Tolling will commence in August 2004 for 33 years ending July 2037.
- (iii) The increase in toll rates for various categories of vehicles in years 2004 to 2037 will be approved by the Government.
- (iv) The land use payments of RM215 million to be paid by SILK represent consideration for the right to use and occupy the land for the purposes of the concession as stated in the Concession Agreement. The amount is assumed to be fully deductible for tax purposes in the year it is incurred. It is assumed that the land use payments will be incurred as forecasted and projected.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

- (v) Land use payments in respect of all costs, expenses or charges including any compensation required for the acquisition of land within the SILK Funded Stretch and the removal or resettling of squatters or other occupiers on the lands falling within the KRR will not exceed RM215 million.
- (vi) The projected toll revenues will be achieved irrespective of alternative transportation modes and routes that may be introduced and implemented in the future. There will be no material deviations in the actual traffic volume of the Ring Road when compared to the projected volume, which is based on the traffic volume report prepared by the Principal Traffic Consultant.
- (vii) The existing financing facility will remain available to SILK and will be repaid according to the scheduled repayment terms.
- (viii) All sums in respect of the Government Funded Stretches for various stages of completion will be paid immediately by the Government as and when the amounts fall due.
- (ix) The balance of RM100 million will be met through the contribution from shareholders through net proceeds from the following by 30 December 2003:
 - Rights Issue of 20 million 20% 10-year CN-RPS at an issue price of RM1.00 per CN-RPS;
 - Renounceable Rights Issue of 8 million new SIB shares at an issue price of RM1.20 per SIB share together with 4 million new Warrants; and
 - Public Issue of 52 million new SIB shares at an issue price of RM1.50 per SIB share together with 26 million new Warrants.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

8. OPERATION AND MAINTENANCE

SILK's proposal for the operation and maintenance of the Ring Road contained in their Operations, Maintenance and Management Report has been reviewed by the Independent Consulting Engineer and the findings are as follows:-

Operational activities will principally comprise:-

- (a) operation of the toll collection system
- (b) traffic management
- (c) emergency and recovery functions

Maintenance activities are broadly divided into routine maintenance and heavy repairs. Routine maintenance include roadway clearing, grass cutting, desilting and drainage system clearing while heavy repair consists of road resurfacing, equipment replacement and heavy maintenance.

Under the terms of the Concession Agreement, SILK is required to maintain from the commencement and throughout the duration of the execution of the construction works, the existing roads comprised within the KRR which may be accessible to the public and any part thereof after completion.

In conclusion, the Independent Consulting Engineer is of the opinion that the proposed operating and maintenance costs of the Ring Road appear adequate in terms of organising structure and staffing levels, which includes a 4% cost escalation per annum based on industry norm rates for Malaysia and appear reasonable in line with similar projects elsewhere in the country.

9. INSURANCE RISK ASSESSMENT

The Company has received the following insurance policies and bonds from SunCon through the turnkey contract:-

| Insurance Policies/Bonds | Sum Insured (RM'000) |
|---|-------------------------|
| - Workmen Compensation Insurance Policy | 72,085 |
| - Contractors' All Risk Policy | 730,850 |
| - Performance Bond | 120,775 |
| - Maintenance Bond | 250 |

The Company has confirmed that the above policies/bonds are in line with the requirements as set out in the Concession Agreement.

The Company has indicated that future insurance coverage will be obtained as and when necessary as required by the Concession Agreement during the operational period of the Ring Road up to the expiry date of the Concession.

17.0 INDEPENDENT FEASIBILITY REPORT (Cont'd)



Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
Independent Feasibility Report

10. PROJECT MONITORING ON DESIGN AND CONSTRUCTION

SILK has appointed Symonds Travers Morgan (Malaysia) Sdn Bhd as the Independent Consulting Engineer who will be responsible for reviewing and advising on matters relating to the design, supply, construction and operation of the Ring Road to ensure compliance with the requirements under the Concession Agreement, Supplemental Concession Agreement and the Design & Build Contract as well as monitoring the performance of the turnkey contractor. The Independent Consulting Engineer shall verify all interim certificates and payments to the turnkey contractor and highlight possible technical problems on site, cost and time overruns and suggest possible remedial action and also prepares monthly reports on the physical progress of the construction works, quarterly financial reviews and a road safety audit of the detailed design for the whole Ring Road.

In addition, SILK has appointed Jurutera Perunding Kemajuan Sdn Bhd, SMHB Sdn Bhd, Perunding Arcareka Sdn Bhd, Arup Jururunding Sdn Bhd, Isotech Consult Sdn Bhd, Perunding Zaini Khoo & Rakan-Rakan Sdn Bhd as supervising consultants while SunCon has appointed Gue & Partners Sdn Bhd and VE Consult Sdn Bhd as specialist consultants to undertake the necessary tests and examination of materials used and its workmanship, measure the construction works and certify payment certificates, issue completion and defects liability certificates and perform any other functions as stipulated in the turnkey contract.

11. RELATED PARTY TRANSACTIONS

The turnkey contract has been awarded by SILK to SunCon. SunCon is deemed related to the Company by virtue of a director, Tan Sri Dato' Seri (Dr.) Cheah Fook Ling's mutual interest and common directorship in both SunCon and the Company.

12. CONCLUSION ON OVERALL FEASIBILITY OF THE RING ROAD PROJECT

We have considered the reports/advice of the experts/consultants, the assumptions underlying the financial projections which are derived from certain expert reports, contracts/undertakings and agreements such as the Principal Traffic Consultant Report, the Independent Traffic Consultant Report, the Independent Consulting Engineer Report and the Legal Due Diligence Report thereon as well as the key assumptions that may have a material impact on the success of the KRR.

On the basis of the foregoing, we have concluded that SILK is feasible in both the financial and technical sense for the purpose of evaluating an investment in SIB.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Ernst & Young', written over a horizontal line.

Ernst & Young
Corporate Finance

10 November 2003

18.0 DIRECTORS' REPORT



SUNWAY INFRASTRUCTURE BERHAD (Co. No: 405897-V)

(FORMERLY KNOWN AS SILK CONCESSIONAIRE HOLDINGS BERHAD)
(A MEMBER OF THE SUNWAY GROUP)

Registered Office:

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan

7 November 2003

The Shareholders
Sunway Infrastructure Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Sunway Infrastructure Berhad ("SIB" or "Company"), I report after due enquiry that during the period from 30 June 2003 (being the date to which the last audited accounts of the Company and its subsidiary companies have been made) up to 7 November 2003 (being a date not earlier than fourteen (14) days before the date of issue of this Prospectus), that:

- (a) the business of the Company and its subsidiary companies has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Company and/or its subsidiary companies;
- (e) there have not been, since the last audited accounts of the SIB Group, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) save as disclosed in the Reporting Accountants' Report and Proforma Consolidated Balance Sheet in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and/or its subsidiary companies.

Yours faithfully
For and on behalf of the Board of Directors
SUNWAY INFRASTRUCTURE BERHAD

Dato' Tan Kwa Loke

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Tel: 603-8945 1818 Fax: 603- 8945 2373

REGISTERED OFFICE : Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
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