THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional advisers immediately.

GAMUDA BERHAD

[Registration No. 197601003632 (29579-T)]
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL OF ALL THE SECURITIES OF:

(I) KESAS SDN BHD BY KESAS HOLDINGS BERHAD, A 70.0% OWNED SUBSIDIARY OF GAMUDA BERHAD ("GAMUDA");
(II) SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD BY SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD, A 51.3% ASSOCIATE COMPANY OF GAMUDA;
(III) LINGKARAN TRANS KOTA SDN BHD BY LINGKARAN TRANS KOTA HOLDINGS BERHAD, A 42.7% ASSOCIATE COMPANY OF GAMUDA; AND
(IV) SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD BY PROJEK SMART HOLDINGS SDN BHD, A 50.0% JOINT VENTURE COMPANY OF GAMUDA.

(COLLECTIVELY REFERRED TO AS THE "PROPOSED DISPOSALS" AND EACH AS THE "PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER FROM TA SECURITIES HOLDINGS BERHAD TO THE SHAREHOLDERS OF GAMUDA IN RELATION TO THE PROPOSED DISPOSAL OF 70% INTEREST IN KESAS, THE PROPOSED DISPOSAL OF 50% INTEREST IN SMART AND THE PROPOSED DISPOSAL OF 30% INTEREST IN SPRINT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Independent Adviser

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of Gamuda which will be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof together with the Form of Proxy are enclosed herewith.

The Notice of the EGM together with the Form of Proxy is available at Gamuda's website at www.gamuda.com.my and also at Bursa Malaysia's website www.bursamalaysia.com. You are advised to follow the procedures set out in the Administrative Details for the EGM in order to register, participate and vote remotely via the Remote Participation and Voting facilities provided by Tricor.
The completed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or lodge electronically via Tricor's TIIH Online website at https://tiih.online, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

Please refer to the Administrative Details for the procedures on electronic lodgement of the Form of Proxy.

Last date and time for lodging the Form of Proxy	:	Monday, 25 July 2022 at 10.00 a.m.
Date and time of our forthcoming EGM	:	Wednesday, 27 July 2022 at 10.00 a.m.

This Circular is dated 12 July 2022

DEFINITIONS

"AADT"	:	Annual average daily traffic
"Adjusted Equity Value"	:	Equity Value less Pre-Completion Dividend
"Adjustment Amount"	:	The amount to be adjusted from the Initial Sum which is calculated in accordance with the formula set out in Section 2.2.1.1 of Part A of this Circular
"ALR" or "Purchaser"	:	Amanat Lebuhraya Rakyat Berhad [Registration No. 202101042363 (1442663-X)]
"ALR Sukuk Programme"	:	ALR's sukuk programme of RM5.5 billion to be established
"Board"	:	Board of Directors of our Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
"Business Day"	:	A day which is not a Saturday, a Sunday or a public holiday in Selangor and Kuala Lumpur, Malaysia
"Circular"	:	This circular to our shareholders dated 12 July 2022
"CLOO"	:	Conditional Letter of Offer from ALR
"Completion Amount"	:	An amount which is equivalent to the Initial Sum adjusted by the Adjustment Amount
"Completion Date"	:	The completion date of the respective executed Finalised SSPAs
"Concession Agreements"	:	Kesas Concession Agreement, SPRINT Concession Agreement, LITRAK Concession Agreement and SMART Concession Agreement, collectively
"Concession Holding Companies" or "Vendors"	:	Holding companies of the Expressway Concession Companies, being Kesas Holdings, SPRINT Holdings, LITRAK Holdings and SMART Holdings, collectively and each, a "Concession Holding Company" or "Vendor"
"Conditions Precedent"	:	Conditions precedent under the respective Finalised SSPAs which are to be fulfilled pursuant to the terms and conditions of the respective Finalised SSPAs and as set out in Section 3 of Appendix II to this Circular
"DCF"	:	Discounted cash flow
"DCF WACC"	:	The weighted average cost-of-capital that is applied for a DCF valuation methodology
"Deferred Consideration"	:	An amount of up to RM60 million, which is approximately five per centum (5%) of the Initial Sum retained by ALR at its election on Kesas Completion Date
"Director(s)"	:	Director(s) of our Company
"Disposal Considerations" or "Equity Value"	:	Collectively, the disposal considerations for each Proposed Disposal and each, "Disposal Consideration" or the equity value for the Securities as at the Valuation Date

"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"EV"	:	Enterprise value
"Expressway Concession Companies" or "Targets"	:	Kesas, SPRINT, LITRAK and SMART, collectively and each an "Expressway Concession Company" or "Target"
"Finalised SSPA"	:	The final form of the share sale and purchase agreement for the respective Proposed Disposals as agreed between ALR and each Concession Holding Company, the salient terms and conditions of which are set out in Appendix II of this Circular
"FFCF"	:	Future free cash flows
"FPE"	:	Financial period ended
"FSCR"	:	The finance service coverage ratio as prescribed by the relevant transaction document(s) of the ALR Sukuk Programme
"FYE"	:	Financial year ended 31 July for Kesas, financial year ended 31 March for LITRAK and SPRINT and financial year ended 31 December for SMART
"Gamuda" or "Company"	:	Gamuda Berhad [Registration No. 197601003632 (29579-T)]
"Government Compensation Receivable"	:	Amount due to the Expressway Concession Companies from the Government of Malaysia, computed by the respective Expressway Concession Companies, as at the Valuation Date as compensation or part compensation as a result of the Government of Malaysia imposing toll for any class of vehicle which is lower than the agreed toll rate as stipulated in the respective Concession Agreements, pending certification by the Malaysian Highway Authority
"Group"	:	For the Proposed Disposals, collectively our Company and our subsidiary companies
"HDE"	:	Highway Development Expenditure
"HLIB" or "Principal Adviser"	:	Hong Leong Investment Bank Berhad (Registration No. 97001000928 (10209-W))
"Holding Cost on Initial Sum"	:	Amount equivalent to the Initial Sum multiplied by two per centum (2%) per annum on a daily rest basis computed from the Valuation Date until and including the Completion Date
"IAL"	:	Independent advice letter issued by our Independent Adviser
"IEV"	:	Intrinsic Enterprise Value

"Indebtedness"	:	For the Proposed Disposals (other than the Proposed Disposal of SMART), "Indebtedness" shall be the aggregate of the following as at the Valuation Date: (a) any declared and/or accrued but unpaid dividends; (b) the debt instruments together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies up to and inclusive of the Valuation Date but excluding any bond redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the debt instruments; and (c) the amount of all financings and borrowings together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies to any banks and financial institutions up to and inclusive of the Valuation Date but excluding any redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay these financings and borrowings For the Proposed Disposal of SMART, "Indebtedness" shall be the aggregate of the following as at the Valuation Date: (a) any declared and/or accrued but unpaid dividends; and (b) the Sukuk Repayment Amount but excluding any sukuk redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the Sukuk Facilities
"Initial Sum"	:	The Equity Value less the Government Compensation Receivable
"Kesas"	:	Kesas Sdn Bhd (Registration No. 199301020816 (275554-U))
"Kesas Completion Date"	:	The completion date of the executed Finalised SSPA for the Proposed Disposal of Kesas
"Kesas Concession Agreement"	:	The concession agreement entered into between the Government of Malaysia and Kesas on 19 November 1993 of which the said concession agreement has been supplemented by the supplemental agreement dated 14 April 1995, the second supplemental agreement dated 24 June 2002, the third supplemental agreement dated 1 June 2011, the fourth supplemental agreement dated 4 April 2013 and the fifth supplemental agreement dated 18 July 2014
"Kesas Concession Period"	:	The concession period for the Shah Alam Expressway commencing from 19 November 1993 to 18 August 2023
"Kesas Holdings"	:	Kesas Holdings Berhad (Registration No. 199301022857 (277595-V))
"Kesas Offer"	:	Offer from ALR to acquire all the Securities of Kesas
"LAT"	:	Loss after tax

"LBT"	:	Loss before tax
"LDP Highway"	:	The expressway commonly known as "*Lebuhraya Damansara Puchong*" as more particularly described in Section 3.1 of Appendix III to this Circular
"LDP Highway Concession Period"	:	The concession period for the LDP Highway commencing from 15 August 1996 to 14 August 2030
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LITRAK"	:	Lingkaran Trans Kota Sdn Bhd (Registration No. 199501023849 (353053-W))
"LITRAK Concession Agreement"	:	The concession agreement entered into between the Government of Malaysia and LITRAK on 23 April 1996 of which the said concession agreement has been supplemented by the supplemental agreement dated 20 August 1999 and the second supplemental agreement dated 4 September 2007
"LITRAK Holdings"	:	Lingkaran Trans Kota Holdings Berhad (Registration No. 199501006186 (335382-V))
"LITRAK Offer"	:	Offer from ALR to acquire all the Securities of LITRAK
"Long Stop Date"	:	A date falling two (2) months from the date of execution of the Finalised SSPA being the period for the fulfilment of Conditions Precedent or such other date as may be mutually agreed upon in writing by Parties pursuant to the Finalised SSPA
"LPD"	:	Last practicable date of this Circular, being 30 June 2022
"MCO"	:	The Movement Control Order implemented by the Government of Malaysia, which started from 18 March 2020
"NA"	:	Net assets
"Net Retention Sum"	:	An amount equivalent to the Retention Sum less: (a) any amount of the warranty claim accepted by the relevant Concession Holding Company; and (b) any amount of the warranty claim as disputed between ALR and the relevant Concession Holding Company, and not resolved or determined as at the date of payment of Retention Sum.
"Offers"	:	Kesas Offer, SPRINT Offer, LITRAK Offer and SMART Offer, collectively and each an "Offer"

"Other Net Current Liabilities"	:	Current liabilities in accordance with the accounting policies, procedures and practices of the Expressway Concession Companies but shall exclude Indebtedness and provisions of heavy repairs/resurfacing obligations, less current assets in accordance with the accounting policies, procedures and practices of the Expressway Concession Companies but shall exclude Residual Cash and Government Compensation Receivable. In respect of the Proposed Disposal of Kesas only, the current liabilities for the purpose of computing "Other Net Current Liabilities" shall include additional provision for tax of RM3.8 million
"Parties"	:	Vendor and Purchaser, collectively and each a "Party"
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PNB"	:	Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X)) and persons connected to it, namely all funds managed by it or by companies related to it
"Pre-Completion Dividend"	:	Any dividend declared by the relevant Expressway Concession Company after the Valuation Date and paid to the relevant Concession Holding Company prior to or on the Completion Date, which amount shall be notified in writing by the Concession Holding Company to ALR
"Proposed Disposals"	:	Proposed Disposal of Kesas, Proposed Disposal of SPRINT, Proposed Disposal of LITRAK and Proposed Disposal of SMART, collectively
"Proposed Disposal of 30% interest in SPRINT"	:	Proposed Disposal of SPRINT in respect of Gamuda's 30% direct interest in SPRINT Holdings
"Proposed Disposal of 50% interest in SMART"	:	Proposed Disposal of SMART in respect of Gamuda's 50% direct interest in SMART Holdings
"Proposed Disposal of 70% interest in Kesas"	:	Proposed Disposal of Kesas in respect of Gamuda's 70% direct interest in Kesas Holdings
"Proposed Disposal of Kesas"	:	The Proposed Disposal of Kesas involves the sale by Kesas Holdings of 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas, to ALR for a disposal consideration of RM1,285 million to be fully satisfied in cash which is based on the EV of Kesas of RM1,240 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of Kesas
"Proposed Disposal of LITRAK"	:	The Proposed Disposal of LITRAK involves the sale by LITRAK Holdings of 50,000,000 ordinary shares in LITRAK, representing 100% of the issued share capital of LITRAK, to ALR for a disposal consideration of RM2,326 million to be fully satisfied in cash based on the EV of LITRAK of RM2,119 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of LITRAK

"Proposed Disposal of SMART"	:	The Proposed Disposal of SMART involves the sale by SMART Holdings of the following: (a) 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART; and (b) 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART to ALR for a disposal consideration of RM1.00 to be fully satisfied in cash based on the EV of SMART of RM313 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SMART
"Proposed Disposal of SPRINT"	:	The Proposed Disposal of SPRINT involves the sale by SPRINT Holdings of 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT to ALR for a disposal consideration of RM904 million to be fully satisfied in cash which is based on the EV of SPRINT of RM1,808 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SPRINT
"Redemption Amount"	:	Means the following amount: (a) the Sukuk Repayment Amount (for illustrative purposes, RM319 million as at the LPD); and (b) any sukuk redemption premium, breakage fees and other fees, penalty fees or payments as may be necessary to retire and redeem the Sukuk Facilities on SMART Completion Date, if applicable
"Residual Cash"	:	Any cash balance, bank balance and money market/bank deposits retained by the Expressway Concession Companies as at and inclusive of the Valuation Date
"Retention Period"	:	A period of thirteen (13) months from the Valuation Date and for avoidance of doubt, shall expire on 31 January 2023
"Retention Sum"	:	An amount which is approximately one per centum (1%) of the amount derived by deducting Indebtedness from the EV, being an amount to be retained by the Purchaser from the Initial Sum
"Securities" or "Sale Shares"	:	In respect of Kesas, SPRINT and LITRAK, all the ordinary shares of Kesas, SPRINT and LITRAK, respectively. In respect of SMART, all the ordinary shares and preference shares of SMART
"SMART"	:	Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (Registration No. 200201031709 (599374-W))
"SMART Concession Agreement"	:	The construction cum concession agreement in respect of the Stormwater Management and Road Tunnel Project entered into between the Government of Malaysia and SMART on 2 June 2004
"SMART Concession Period"	:	The concession period for the Stormwater Management and Road Tunnel Project commencing from 1 January 2003 to 31 December 2042

"SMART Completion Date"	:	The date of completion of the executed Finalised SSPA for the Proposed Disposal of SMART
"SMART Holdings"	:	Projek SMART Holdings Sdn Bhd (Registration No. 200301002682 (605102-A))
"SMART Offer"	:	Offer from ALR to acquire all the Securities of SMART
"SPRINT"	:	Sistem Penyuraian Trafik KL Barat Sdn Bhd (Registration No. 199701014301 (429797-P))
"SPRINT Concession Agreement"	:	The concession agreement entered into between the Government of Malaysia and SPRINT on 23 October 1997 of which the said concession agreement has been supplemented by the supplemental agreement dated 4 September 1998, the second supplemental agreement dated 30 July 1999, the third supplemental agreement dated 21 November 2000 and the fourth supplemental agreement dated 27 December 2001
"SPRINT Highway"	:	The expressway commonly known as Western Kuala Lumpur Traffic Dispersal Scheme or "*Sistem Penyuraian Trafik KL Barat*" as more particularly described in Section 2.1 of Appendix III to this Circular
"SPRINT Highway Concession Period"	:	The concession period for the SPRINT Highway commencing from 15 December 1998 to 14 December 2034 for Packages A and B, and from 15 December 1998 to 14 December 2031 for Package C
"SPRINT Holdings"	:	Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (Registration No. 199701009441 (424937-A))
"SPRINT Offer"	:	Offer from ALR to acquire all the Securities of SPRINT
"SPRINT RULS"	:	The 6% redeemable unsecured loan stocks issued by SPRINT
"Sukuk Facilities"	:	Sukuk facilities of SMART Holdings
"Sukuk Repayment Amount"	:	Total outstanding amount of the principal of the Sukuk Facilities together with any accrued profit thereon owing, due or payable under the Sukuk Facilities up to and inclusive of SMART Completion Date for the purpose of redemption of the Sukuk Facilities on SMART Completion Date
"TA Securities" or "Independent Adviser"	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
"Valuation Date"	:	31 December 2021
"WACC"	:	Principal weighted average profit rate per annum in respect of the first issuance of sukuk under ALR Sukuk Programme
"Waiver Application"	:	An application submitted by the Principal Adviser on behalf of our Company to Bursa Securities to seek Bursa Securities' approval to grant a waiver to PNB from complying with the related party transaction requirements under Paragraph 10.08(7)(a) of the Listing Requirements
"Works Minister"	:	Minister of Works for the Ministry of Works (*KKR*), Malaysia

PRESENTATION OF INFORMATION

All references to "**our Company**" or "**Gamuda**" in this Circular are to Gamuda.
All references to "**our Group**" or "**Gamuda Group**" are to our Company and our subsidiary companies.
All references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, and where the context requires otherwise, shall include our Company and our subsidiaries.

All references to "**you**" or "**your**" in this Circular are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any legislation or guideline is a reference to that legislation or guideline as amended or re-enacted from time-to-time. Any reference to time in this Circular is a reference to Malaysian time, unless otherwise stated. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

This Circular includes forward-looking statements which are subject to uncertainties and contingencies. All statements other than statements of historical facts included in this Circular, including, without limitation, those regarding our prospects and plans of our Group for future operations, are forward-looking statements. There is no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

TABLE OF CONTENTS

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSALS

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION REGARDING THE PROPOSED DISPOSALS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

Key Information	Summary	Reference to Circular
Details of the Proposed Disposals	The Proposed Disposals are not inter-conditional and are mutually exclusive. The Proposed Disposals entails the following: **(i) Proposed Disposal of Kesas** The Proposed Disposal of Kesas involves the sale by Kesas Holdings of 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas, to ALR for a disposal consideration of RM1,285 million to be fully satisfied in cash. **(ii) Proposed Disposal of SPRINT** The Proposed Disposal of SPRINT involves the sale by SPRINT Holdings of 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT to ALR for a disposal consideration of RM904 million to be fully satisfied in cash. **(iii) Proposed Disposal of LITRAK** The Proposed Disposal of LITRAK involves the sale by LITRAK Holdings of 50,000,000 ordinary shares in LITRAK, representing 100% of the issued share capital of LITRAK, to ALR for a disposal consideration of RM2,326 million to be fully satisfied in cash. **(iv) Proposed Disposal of SMART** The Proposed Disposal of SMART involves the sale by SMART Holdings of the following: (a) 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART; and (b) 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART, to ALR for a disposal consideration of RM1.00 to be fully satisfied in cash. The highest percentage ratio applicable to the Proposed Disposals is approximately 32.3%, hence shareholders' approval is required.	Section 2

Basis and justification for the Disposal Considerations	The Disposal Considerations are based on the Offers received from ALR via its CLOOs dated 2 April 2022. The respective Board of Directors of each Concession Holding Company had accepted the Offers subject to the terms and conditions of the respective CLOOs after taking into consideration, amongst others, the following: (a) the original cost of investment by each Concession Holding Company in each Expressway Concession Company; (b) the cash considerations stipulated in the CLOOs; (c) the audited financial results of Kesas and SMART for the FYE 2019, 2020 and 2021 and the audited financial results of LITRAK and SPRINT for the FYE 2020, 2021, 2022; (d) the basis of valuation of the Offers as set out in Section 3.1 of Part A of this Circular; and (e) the rationale as set out in Section 4 of Part A of this Circular.	Section 3
Rationale for the Proposed Disposals	The Proposed Disposals will enable our Company to monetise its long-term investment in the Concession Holding Companies and allow our shareholders to partially realise in cash, your investments in our Company as our Company intends to distribute part of the Disposal Considerations to all shareholders. In addition, our Company will also realise a combined gain of RM1,038.32 million from all the Proposed Disposals.	Section 4
Proposed utilisation of proceeds	Assuming that all the Proposed Disposals are successfully implemented and that the proceeds from each Proposed Disposal are distributed to the shareholders of each respective Concession Holding Company in its entirety, our Company's share of the Disposal Considerations amounts to approximately RM2,350 million. Our Company intends to utilise these proceeds as follows:	Section 5

	Gross proceeds		
Purpose	**RM' million**	**%**	**Estimated utilisation timeframe from the date of completion**
Dividend distribution	1,000.0	42.5	Within 12 months
Repayment of borrowings	900.0	38.3	Within 12 months
General corporate and working capital	441.6	18.8	Within 24 months
Estimated expenses for the Proposed Disposals	8.4	0.4	Within 3 months
Total	**2,350.0**	**100.0**	

Risks of the Proposed Disposals	(i) Risk of ALR unilaterally terminating any of the CLOOs without any reason at any point prior to the execution of the Finalised SSPAs; (ii) The completion of the Proposed Disposals is conditional upon a successful fund-raise by ALR which is highly dependent on the interest rate imposed by the financier and the aggregated cash flows of all the four (4) Expressway Concession Companies, especially Kesas and LITRAK; (iii) Risk of non-fulfilment of the Conditions Precedent which may result in the termination of the executed Finalised SSPAs; (iv) Risk of adverse developments in general political, economic and regulatory conditions in Malaysia; (v) Contractual risks including, but not limited to, the representations, warranties, covenants and indemnities which are given or to be given pursuant to the executed Finalised SSPAs; non-fulfilment of the pre-completion and completion obligations of the Concession Holding Companies under the executed Finalised SSPAs; and any breach of the terms and conditions set out in the executed Finalised SSPAs; and (vi) Risk of the Government of Malaysia paying an amount that is less than the Government Compensation Receivable shown in this Circular.	Section 6
Interest of Directors, major shareholders and persons connected	PNB, being the single largest shareholder of our Company and the second largest shareholder of LITRAK Holdings (after our Company) is deemed to be interested in the Proposed Disposals. The Principal Adviser had on behalf of our Company submitted the Waiver Application to seek Bursa Securities' approval to grant a waiver to PNB from complying with the related party transaction requirements under Paragraph 10.08(7)(a) of the Listing Requirements. Bursa Securities had vide its letter dated 10 June 2022 granted its approval of the Waiver Application subject to the conditions as set out in Section 1 of Part A of this Circular. As such, PNB is not required to abstain from voting in respect of its direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM.	Section 10
Directors statement and recommendation	**Our Board confirms that our Company and each of our Directors, Dato' Mohammed Hussein, Dato' Lin Yun Ling, Dato' Ir Ha Tiing Tai, YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, Tan Sri Dato' Setia Haji Ambrin bin Buang, Nazli binti Mohd Khir Johari, and Chan Wai Yen, are not accustomed to or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PNB.** Our Board recommends that our shareholders vote **in favour of** the resolutions pertaining to each of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART at our forthcoming EGM.	Section 13

GAMUDA BERHAD
(Registration No. 197601003632 (29579-T))
(Incorporated in Malaysia)

Registered Office:

Menara Gamuda
D-16-01, Block D
PJ Trade Centre
No. 8, Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan

12 July 2022

Board of Directors

YBhg Dato' Mohammed Hussein *(Independent Non-Executive Chairman)*
YBhg Dato' Lin Yun Ling *(Group Managing Director)*
YBhg Dato' Ir. Ha Tiing Tai *(Deputy Group Managing Director)*
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah *(Non-Independent Non-Executive Director)*
YBhg Tan Sri Dato' Setia Haji Ambrin bin Buang *(Independent Non-Executive Director)*
Puan Nazli binti Mohd Khir Johari *(Independent Non-Executive Director)*
Ms. Chan Wai Yen *(Independent Non-Executive Director)*
Encik Mohammed Rashdan bin Mohd Yusof *(Alternate Director to YBhg Dato' Lin Yun Ling)*
Mr. Justin Chin Jing Ho *(Alternate Director to YBhg Dato' Ir. Ha Tiing Tai)*

To: Our Shareholders

Dear Sir/Madam,

PROPOSED DISPOSALS

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1. INTRODUCTION

On 4 April 2022, HLIB had, on behalf of our Board, announced that:

(a) Kesas Holdings, being our 70.0% subsidiary company, had on 2 April 2022, received a CLOO from ALR in respect of Kesas Offer;

(b) SPRINT Holdings, being our 51.3% associate company, had on 2 April 2022, received a CLOO from ALR in respect of SPRINT Offer;

(c) LITRAK Holdings, being our 42.7% associate company, had on 2 April 2022, received a CLOO from ALR in respect of LITRAK Offer; and

(d) SMART Holdings, being our 50.0% joint venture company, had on 2 April 2022, received a CLOO from ALR in respect of SMART Offer.

Each of the Kesas Offer, SPRINT Offer, LITRAK Offer and SMART Offer has been given by ALR on a standalone basis and is mutually exclusive from each other. Each Offer is for all and not part of the securities of each Expressway Concession Company.

On 18 April 2022, HLIB had, on behalf of our Board, announced that all the Concession Holding Companies have each separately accepted the respective Offers and have delivered the respective written acceptances to ALR on 18 April 2022.

On behalf of our Board, HLIB had on 8 June 2022 announced that on 7 June 2022, each of the Concession Holding Company have separately agreed with ALR and finalised the terms and conditions of the draft Finalised SSPAs. For avoidance of doubt, the Finalised SSPAs shall only be executed after the fulfilment of all the conditions set out in the respective CLOOs (which is expected to be fulfilled on the date of our forthcoming EGM, being 27 July 2022) and Section 8 of Part A of this Circular which includes, amongst others, the approvals of the shareholders of the respective Concession Holding Companies for the disposal of each Expressway Concession Company having been obtained and your approval at our forthcoming EGM. Our Company will be seeking, among others, authority to be given to our Directors to assent to any further modifications, conditions, variations and/or amendments to the Finalised SSPAs prior to the execution thereof, in the resolutions to be tabled at our forthcoming EGM. Nevertheless, in the event that there is any material modification, condition, variation and/or amendment to the terms and conditions of the Finalised SSPAs which is proposed to be made subsequent to your approval but prior to the execution of the Finalised SSPAs, our Company will once again seek your approval prior to executing the revised Finalised SSPAs containing such modification, condition, variation and/or amendment.

Our Company acknowledges that we are an interested party for the shareholder voting process at the EGM of LITRAK Holdings for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings), especially given our role as the key negotiator with ALR for all the Proposed Disposals. As such, the Proposed Disposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements and our Company shall abstain from voting at the EGM of LITRAK Holdings to be convened in respect of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings) and shall ensure that our nominee director abstain from deliberation and voting at any Board of Directors' meeting of LITRAK Holdings.

Arising from the above, our Board shall only table the following separate resolutions for your consideration at our forthcoming EGM:

(a) the Proposed Disposal of 70% interest in Kesas;

(b) the Proposed Disposal of 30% interest in SPRINT; and

(c) the Proposed Disposal of 50% interest in SMART.

Our Board wishes to highlight that the decision on the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings) is entirely dependent on the votes of the shareholders present and voting at the EGM of LITRAK Holdings, other than our Company.

The Proposed Disposals are also deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of PNB's common shareholding in both the companies involved in the Proposed Disposals (i.e. our Company and LITRAK Holdings (for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings)). PNB is the largest shareholder of our Company and second largest shareholder of LITRAK Holdings (after our Company).

As such, the Principal Adviser had on behalf of our Company submitted the Waiver Application to seek a waiver of Paragraph 10.08(7)(a) of the Listing Requirements which requires PNB to abstain from voting on the resolutions in respect of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART at our forthcoming EGM. Subsequent thereto, Bursa Securities' had vide its letter dated 10 June 2022 granted its approval of the Waiver Application, subject to the following conditions:

(a) a written confirmation from our Board that our Company and each of our Directors are not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PNB and the same is to be disclosed in this Circular;

(b) our Board and Audit Committee must ensure that each of the Proposed Disposal of 30% interest in SPRINT, Proposed Disposal of 50% interest in SMART and Proposed Disposal of 70% interest in Kesas is in the best interest of our Company, fair, reasonable and based on normal commercial terms and not detrimental to the interest of our shareholders;

(c) appointment of Principal Adviser and Independent Adviser (which is separate from the independent adviser of LITRAK Holdings) to advise our Company and our shareholders of the Proposed Disposal of 30% interest in SPRINT, Proposed Disposal of 50% interest in SMART and Proposed Disposal of 70% interest in Kesas in accordance with paragraph 10.08 of the Listing Requirements; and

(d) our Company shall ensure that our nominee director(s) abstain from deliberation and voting at any LITRAK Holdings' board meeting and that we shall abstain from deliberation and voting at any LITRAK Holdings' general meeting, in respect of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings) in accordance with paragraph 10.08 of the Listing Requirements.

In view of the waiver granted by Bursa Securities, PNB is not required to abstain from voting in respect of its direct and/or indirect shareholdings in our Company pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. Further details on PNB are as set out in Section 10 of Part A of this Circular.

Accordingly, our Board had, on 10 June 2022, appointed TA Securities to act as an Independent Adviser to advise our Directors and shareholders in relation to the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT. Details and roles of the Independent Adviser are set out in Section 11 of Part A of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS AND RELEVANT INFORMATION ON THE PROPOSED DISPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR INCLUDING THE IAL (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSALS

The Proposed Disposals are not inter-conditional and are mutually exclusive. The Proposed Disposals entails the following:

(i) Proposed Disposal of Kesas

The Proposed Disposal of Kesas involves the sale by Kesas Holdings of 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas, to ALR for a disposal consideration of RM1,285 million to be fully satisfied in cash which is based on the EV of Kesas of RM1,240 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of Kesas.

The Proposed Disposal of Kesas shall be in respect of all and not part of the securities of Kesas.

(ii) Proposed Disposal of SPRINT

The Proposed Disposal of SPRINT involves the sale by SPRINT Holdings of 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT to ALR for a disposal consideration of RM904 million to be fully satisfied in cash which is based on the EV of SPRINT of RM1,808 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SPRINT.

In addition to the above, SPRINT had previously issued RM585,000,000 of SPRINT RULS to SPRINT Holdings, representing 100% of SPRINT RULS. All the SPRINT RULS shall be redeemed on the Completion Date for the Proposed Disposal of SPRINT.

The Proposed Disposal of SPRINT shall be in respect of all and not part of the securities of SPRINT.

(iii) Proposed Disposal of LITRAK

The Proposed Disposal of LITRAK involves the sale by LITRAK Holdings of 50,000,000 ordinary shares in LITRAK, representing 100% of the issued share capital of LITRAK, to ALR for a disposal consideration of RM2,326 million to be fully satisfied in cash based on the EV of LITRAK of RM2,119 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of LITRAK.

The Proposed Disposal of LITRAK shall be in respect of all and not part of the securities of LITRAK.

(iv) Proposed Disposal of SMART

The Proposed Disposal of SMART involves the sale by SMART Holdings of the following:

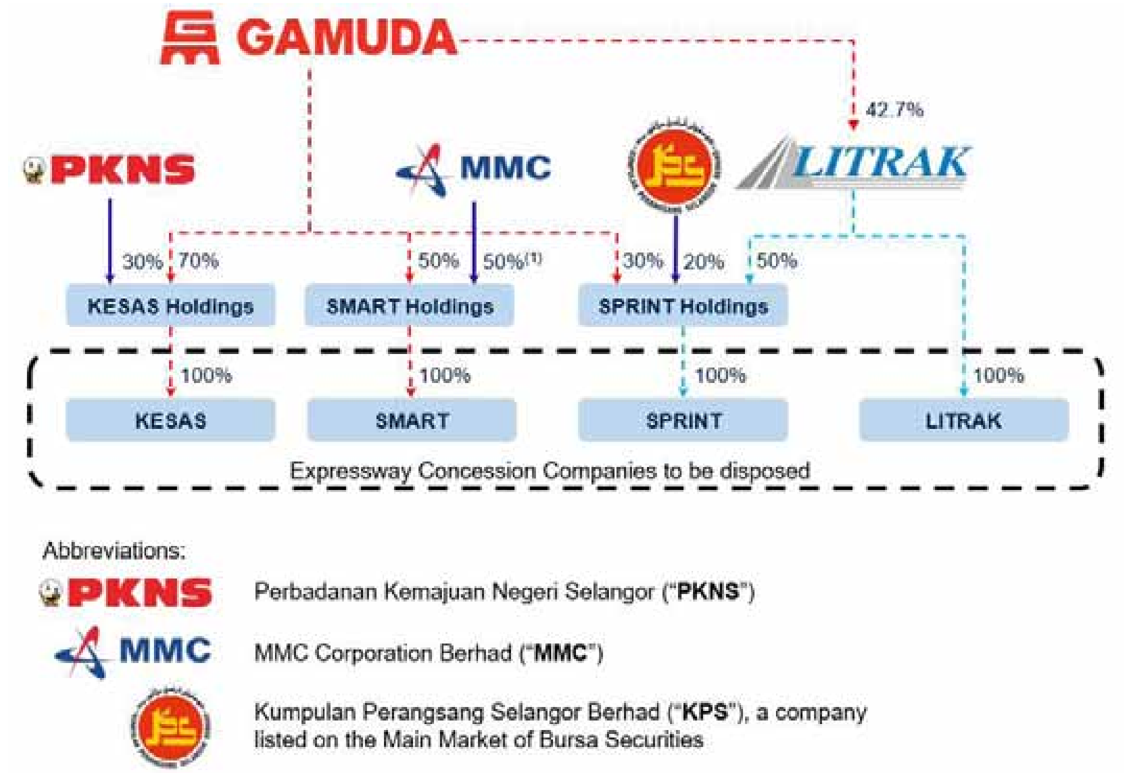
(c) 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART; and

(d) 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART,

to ALR for a disposal consideration of RM1.00 to be fully satisfied in cash based on the EV of SMART of RM313 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SMART.

The Proposed Disposal of SMART shall be in respect of all and not part of the securities of SMART.

Please refer to the diagram below for the corporate structure of our Company, the Concession Holding Companies and the Expressway Concession Companies.



Note:

(1) Held via 20% direct interest by Anglo-Oriental (Annuities) Sdn Bhd and 30% direct interest by MMC Engineering Group Berhad, both of which are wholly-owned subsidiaries of MMC.

The Board of Directors of KPS had on 7 April 2022 approved the Proposed Disposal of SPRINT. For the avoidance of doubt, the Proposed Disposal of SPRINT by KPS would not require the approval of shareholders of KPS. Further on 14 April 2022, the Board of Directors of PKNS and MMC had approved the Proposed Disposal of Kesas and Proposed Disposal of SMART, respectively.

2.1. Disposal Considerations

The Disposal Consideration for each Proposed Disposal as set out in the respective Finalised SSPAs shall be an amount equivalent to the Equity Value be calculated as follows:

Equity Value	=	EV – A + B + C – D

where:

EV = The EV as stipulated in the respective Finalised SSPAs.

For clarity, the EVs stipulated in the Finalised SSPAs are based on the Offers received from ALR via its CLOOs dated 2 April 2022, and based on the Valuation Date for the respective disposals.

A = Indebtedness

B = Residual Cash

C = Government Compensation Receivable

D = Other Net Current Liabilities

Under the Finalised SSPA for SMART, it is agreed and confirmed that notwithstanding the computation above, the Equity Value for the Proposed Disposal of SMART shall be Ringgit Malaysia One (RM1.00) only.

For illustrative purposes and for the avoidance of doubt, our Company's estimated portion of the Adjusted Equity Value and the total equity holders' proceeds are set out below:

	Ref	Proposed Disposal of Kesas	Proposed Disposal of SPRINT	Proposed Disposal of LITRAK	Proposed Disposal of SMART	Total
		100%	100%	100%	100%	100%
		RM million	RM million	RM million	RM million	RM million
EV		1,240	1,808	2,119	313	5,480
Less:						
Indebtedness[(i)]	(A)	(198)	(1,146)	(395)	(319)	(2,058)
Other Net Current Liabilities[(ii)]	(D)	(9)	(10)	(30)	(8)	(57)
Add:						
Residual Cash	(B)	208	205	464	8	885
Government Compensation Receivable[(iii)]	(C)	44	47	168	6	265
Equity Value		**1,285[(iv)]**	**904**	**2,326**	**-[(v)]**	**4,515**
Less:						
Pre-Completion Dividend		-	-	(80)	-	(80)
Adjusted Equity Value	**(E)**	**1,285**	**904**	**2,246**	**-**	**4,435**
Add:						
Holding Cost on Initial Sum[(vi)]	**(F)**	15	11	27	-	53
Total equity holders' proceeds	**(G) = (E+F)**	**1,300**	**915**	**2,273**	**-**	**4,488**
Gamuda's effective interest	(i)	70.0%	51.3%	42.7%	50.0%	
Gamuda's portion of the Adjusted Equity Value	**(H) = (E*i)**	**900**	**464**	**958**	**-**	**2,322[(vii)]**
Gamuda's portion of total equity holders' proceeds[(viii)]	**(J) = (G*i)**	**910**	**469**	**971**	**-[(v)]**	**2,350**

Notes:

(i) Indebtedness as at the Valuation Date.

(ii) Other Net Current Liabilities as at the Valuation Date.

(iii) Government Compensation Receivable by the Expressway Concession Companies as at the Valuation Date are as follows:

Period	Kesas	SPRINT	LITRAK	SMART
1 January 2020 to 31 December 2020	-	-	46	-
1 January 2021 to 31 December 2021	44	47	122	6
Total	**44**	**47**	**168**	**6**

(iv) The change in Equity Value from RM1,282 million as disclosed in the announcement dated 4 April 2022 to RM1,285 million is due to the adjustment for taxes paid in excess for the financial year of Kesas ended 31 July 2021.

(v) The Equity Value for the Proposed Disposal of SMART is a nominal RM1.00. Hence, our Company's share for the Proposed Disposal of SMART is RM0.50.

(vi) Holding Cost on Initial Sum is computed based on the assumption that the Completion Date falls on 15 August 2022. The Holding Cost on Initial Sum will be higher if the Completion Date is later than 15 August 2022.

(vii) Taking into account our Company's portion of LITRAK Holdings' net cash position as at the LPD and the proceeds from the exercise of in-the-money LITRAK Holdings' employee share options, our Company's portion of the Adjusted Equity Value is RM2,333 million.

(viii) For illustrative purposes only, assuming all the Proposed Disposals are completed and the Completion Date is on 15 August 2022, the breakdown and the tentative timeline of receipt of the proceeds are as follows:

	Kesas (RM' million)	SPRINT (RM' million)	LITRAK (RM' million)	SMART (RM' million)	Total (RM' million)
Within 45 days from Completion Date	830	431	884	-	**2,145**
Within 7 months from Completion Date	80	-	-	-	**80**
Within 12 months from Completion Date	-	38	87	-	**125**
Total	**910**	**469**	**971**	**-**	**2,350**

The sums in the table above did not include any interest income (other than Holding Cost on Initial Sum) potentially accruing on any of the balances shown in the table.

The above illustrated Deferred Consideration to be received by our Company within an estimated timeline of seven (7) months from Completion Date is a specific request by ALR to allow itself better cash flow management in its initial months of operating of the highways and thus optimising the credit rating of its eventual Sukuk issuance for its fund-raising.

The above illustrated proceeds to be received by our Company within an estimated timeline of twelve (12) months from Completion Date consists of the following:

(a) Retention Sum which is to safeguard the warranties provided by the Concession Holding Companies in favour of ALR pursuant to the executed Finalised SSPA; and

(b) Government Compensation Receivable which is to be paid to the relevant Concession Holding Company, being an amount equivalent to such Government Compensation Receivable received from the Government of Malaysia.

Taking into consideration of the above, HLIB is of the view that the terms of payment of the Disposal Consideration are fair and reasonable to our Company and our shareholders given that more than 90.0% of our portion of the total proceeds are to be received within forty-five (45) days from the Completion Date. Our portion of the remaining proceeds to be received by our Company within seven (7) months and twelve (12) months from the Completion Date is less than 10.0% of our Company's portion of the total proceeds, comprises of our portion of the Government Compensation Receivable, Retention Sum and Deferred Consideration for the purposes as stated above.

2.2. Mode of Settlement of the Disposal Considerations

The Disposal Consideration for each Proposed Disposal is to be satisfied entirely in cash by ALR to the respective Concession Holding Companies in the following manner:

2.2.1. For the Proposed Disposals of Kesas, SPRINT and LITRAK

Completion Amount	**=**	**Initial Sum + Holding Cost on Initial Sum – Pre-Completion Dividend – Retention Sum – (for KESAS only) Deferred Consideration**
Initial Sum	=	Equity Value – Government Compensation Receivable
Holding Cost on Initial Sum	=	Amount equivalent to the Initial Sum multiplied by two per centum (2%) per annum on a daily rest basis computed from the Valuation Date until and including the Completion Date
Retention Sum	=	(EV – Indebtedness) X 1%

2.2.1.1. Payment of Completion Amount

On the Completion Date, ALR shall pay to the respective Holding Companies the Completion Amount equivalent to the Initial Sum adjusted by an Adjustment Amount which is calculated as follows:

Holding Cost on Initial Sum *less* Pre-Completion Dividend *less* Retention Sum.

In respect of the Proposed Disposal of Kesas only, the Adjustment Amount shall also include the Deferred Consideration which is to be deducted from the Completion Amount and to be paid to Kesas Holdings with interest based on WACC pursuant to the executed Finalised SSPA for the Proposed Disposal of Kesas.

In respect of the Proposed Disposal of SPRINT only, the SPRINT RULS redemption amount, being an amount of RM585,000,000 which shall be advanced by ALR to SPRINT for the purpose of redeeming the SPRINT RULS on the Completion Date for the Proposed Disposal of SPRINT shall also be deducted from the Adjustment Amount.

For the avoidance of doubt, the Adjustment Amount shall be added to the Initial Sum if the Adjustment Amount is positive and subtracted from the Initial Sum if the Adjustment Amount is negative.

2.2.1.2. Payment of Government Compensation Receivable

Where there is Government Compensation Receivable received by the Expressway Concession Companies from the Government of Malaysia (which has been notified in writing* to the Expressway Concession Companies and ALR): (i) prior to the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to such Government Compensation Receivable on the Completion Date; and (ii) on or after the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to the Government Compensation Receivable in relation thereto within five (5) Business Days upon receipt by the relevant Expressway Concession Company of any Government Compensation Receivable from the Government of Malaysia.

* As at the LPD, a total of RM110.8 million Government Compensation Receivable for the period of twenty four (24) months from 1 January 2020 to 31 December 2021, has been received by LITRAK from the Government of Malaysia on 14 January 2022 whereby ALR shall pay the amount to LITRAK Holdings on Completion Date.

The Government Compensation Receivable shown in this Circular are still pending certification and audit of traffic numbers by the Malaysian Highway Authority. Historically for the past three (3) years, the difference between the estimated and certified Government Compensation Receivable is less than 5% for all four (4) Expressway Concession Companies. Hence, the risk of material difference in the Government Compensation Receivable amount is low.

The shortfall risks assumed by the relevant Concession Holding Company is fair and reasonable for the Concession Holding Companies as the Government Compensation Receivable are effectively owed to the Concession Holding Company by the Government of Malaysia in relation to a period up to the Valuation Date.

Hence, where there is variation to the actual Government Compensation Receivable, the amount representing the Disposal Consideration shall be correspondingly adjusted.

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2.2.1.3. Payment of Retention Sum

The Retention Sum is subject to a payment of interest by ALR to the respective Concession Holding Companies at a rate equivalent to the WACC (currently estimated at five per centum (5%) per annum). The interest on such amount of the Retention Sum, is calculated on a daily rest basis from the Completion Date until the date of actual payment of the Retention Sum by ALR to the respective Concession Holding Companies, pursuant to the terms agreed in the respective Finalised SSPAs.

On the last day of the Retention Period, ALR shall pay to the respective Concession Holding Companies the Net Retention Sum together with interest thereon at the WACC calculated on daily rest basis from the Completion Date until the date of payment of the Net Retention Sum by ALR to the respective Concession Holding Companies.

In relation to any amount of the warranty claim as disputed and not resolved or determined on the last day of the Retention Period, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the executed Finalised SSPAs, as the case may be, ALR shall if applicable, pay to the respective Concession Holding Companies such amount as is payable to the respective Concession Holding Companies after the resolution or determination together with interest thereon at the WACC calculated on daily rest basis from the Completion Date to the date of payment thereof within five (5) Business Days from the date of resolution and/or determination.

2.2.1.4. Payment of Deferred Consideration (applicable only for the Proposed Disposal of Kesas)

ALR shall, upon having sufficient excess cash*, forthwith pay to Kesas Holdings the Deferred Consideration which is subject to interest thereon at the WACC (currently estimated at five per centum (5%) per annum) calculated on a daily rest basis from the Kesas Completion Date until the date of payment thereof, provided that such payment shall not result in a downgrade of the credit rating of ALR's Sukuk Programme.

It is anticipated that such repayment shall be achieved within seven (7) months from the Kesas Completion Date, after taking into consideration of the projected cashflows of the Expressway Concession Companies assuming at least the recent actual traffic volume in this endemic phase (as achieved on the last week of May 2022), is maintained for that same period.

The arrangement of Deferred Consideration for the Proposed Disposal of Kesas is a specific request by ALR to allow itself better cashflow management in its initial months of operating of the highways, and thus optimising the credit rating of its eventual Sukuk issuance for its fund-raising.

* Shall mean incremental cash which may entirely be used to repay the Deferred Consideration (with interest), without adversely affecting the credit rating of ALR's Sukuk Programme, at the time of repayment.

2.2.1.5. Illustration of Disposal Considerations

For illustrative purposes and for the avoidance of doubt, the Disposal Considerations for the Proposed Disposals of Kesas, SPRINT and LITRAK are set out below:

	Proposed Disposal of Kesas	Proposed Disposal of SPRINT	Proposed Disposal of LITRAK	Total
	100%	100%	100%	100%
	RM million	RM million	RM million	RM million
Equity Value	1,285	904	2,326	4,515
Less:				
Government Compensation Receivable[(i)]	(44)	(47)	(168)[(ii)]	(259)
Initial Sum	**1,241**	**857**	**2,158**	**4,256**
Add:				
Holding Cost on Initial Sum[(iii)]	15	11	27	53
Less:				
Pre-Completion Dividend	-	-	(80)	(80)
Retention Sum	(10)	(7)	(17)	(34)
Deferred Consideration	(60)	-	-	(60)
Completion Amount	**1,186**	**861**	**2,088**	**4,135**
Gamuda's effective interest	70.0%	51.3%	42.7%	
Gamuda's portion of the Completion Amount	**830**	**442**	**892**	**2,164**
Gamuda's portion of Government Compensation Receivable, Retention Sum and Deferred Consideration	**80**	**27**	**79**	**186**
Gamuda's portion of total equity holders' proceeds	**910**	**469**	**971**	**2,350**

Notes:

(i) Government Compensation Receivable as at the Valuation Date are as follows:

Period	Kesas	SPRINT	LITRAK	SMART
1 January 2020 to 31 December 2020	-	-	46	-
1 January 2021 to 31 December 2021	44	47	122	6
Total	**44**	**47**	**168**	**6**

(ii) A total of RM110.8 million Government Compensation Receivable has been received by LITRAK from the Government of Malaysia on 14 January 2022, whereby ALR shall pay the amount to LITRAK Holdings on Completion Date.

(iii) Holding Cost on the Initial Sum computed based on the assumption that the Completion Date falls on 15 August 2022. The Holding Cost on Initial Sum will be higher if the Completion Date is later than 15 August 2022.

2.2.2. For the Proposed Disposal of SMART

2.2.2.1. Payment of Equity Value and Redemption of Sukuk Facilities

On the SMART Completion Date, ALR shall pay the amount of the Equity Value equivalent to RM1.00, to SMART Holdings. On the same day, ALR shall also pay in full, the Redemption Amount to the bank account provided by the facility/security agent under the terms of the Sukuk Facilities by 10.30 a.m.

2.3. Salient terms of the Finalised SSPAs

Each Concession Holding Company and ALR have agreed and finalised the terms and conditions of the respective Finalised SSPAs save for editorial changes and amendments to correct errors and/or omissions. Please refer to **Appendix II** of this Circular for the salient terms of the agreed form Finalised SSPAs. Our Board will make the appropriate announcement upon execution of the respective Finalised SSPAs, which will be subsequent to the satisfaction of all the conditions in the respective CLOOs, including the requisite shareholders' approval(s) of the respective shareholders of the Concession Holding Companies for the disposal of each Expressway Concession Company having been obtained.

Due to a recent development on the position of law, our Company shall first seek your approval on the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 30% interest in SPRINT and the Proposed Disposal of 50% interest in SMART, prior to the execution of the Finalised SSPAs. The said position was established in the case of Concrete Parade Sdn. Bhd. v Apex Equity Holdings Berhad & 15 others (Civil Appeal No.: W-02(IM)(NCC)-1551-08/2019), where the Court of Appeal held that approval of the shareholders of a company for disposal of undertaking or property pursuant to Section 223 of the Companies Act 2016 is required to be obtained prior to the company entering into the definitive agreement. The Court of Appeal further held that having a condition precedent in the definitive agreement requiring shareholders' approval to be obtained subsequent to the execution of the definitive agreement amounts to a breach of the restriction under Section 223 of the Companies Act 2016, a breach of which, cannot be rectified and will render the definitive agreement null and void.

2.4. Original cost and date of investment

As at the LPD, the dates and original cost of investment by our Company in the Expressway Concession Companies via the respective Concession Holding Companies are set out below:

(i) Investment in Kesas through Kesas Holdings

Our Company's investment in Kesas is through Kesas Holdings, being our 70.0% owned subsidiary, in the form of ordinary shares of Kesas Holdings.

The date and original cost of investments of the ordinary shares in Kesas by Kesas Holdings as at the LPD are as follows:

Year of investment	Number of ordinary shares	Cost of investment (RM)
1993	5,000,000	5,000,000
		5,000,000

The total investment outlay injected by Gamuda in Kesas is as follows:

	(RM)
Total investment outlay	711,274,452
Less	
Capital repayment	(326,140,388)
Net investment outlay	**385,134,064**

(ii) Investment in SPRINT through SPRINT Holdings

Our Company's investment in SPRINT is through SPRINT Holdings, with an effective interest of 51.3%, in the form of:

(a) Our Company's 30.0% direct interest in ordinary shares of SPRINT Holdings, Class A 6.0% Non-Cumulative Redeemable Preference Shares of SPRINT Holdings and Class B 6.0% Non-cumulative Redeemable Preference Shares of SPRINT Holdings; and

(b) LITRAK Holdings' 50.0% direct interest in the ordinary shares of SPRINT Holdings, Class A 6.0% Non-Cumulative Redeemable Preference Shares of SPRINT Holdings and Class B 6.0% Non-cumulative Redeemable Preference Shares of SPRINT Holdings. LITRAK Holdings is our 42.7% associate company.

The date and original cost of investments of the ordinary shares and SPRINT RULS in SPRINT by SPRINT Holdings as at the LPD are as follows:

Ordinary shares

Year of investment	Number of ordinary shares	Cost of investment (RM)
1997	5,000,000	5,000,000
1999	45,000,000	45,000,000
		50,000,000

SPRINT RULS

Year of investment	Cost of investment (RM)
1999	67,500,000
2000	138,000,000
2001	56,000,000
2002	33,200,000
2003	115,300,000
2005	100,000,000
2009	50,000,000
2011	25,000,000
	585,000,000

The total investment outlay injected by Gamuda in SPRINT is as follows:

	(RM)
Total investment outlay	190,500,000
Less	
Capital repayment	-
Net investment outlay	**190,500,000**

(iii) Investment in LITRAK through LITRAK Holdings

Our Company's investment in LITRAK is through LITRAK Holdings, with an effective interest of 42.7% in the form of ordinary shares of LITRAK Holdings.

The date and original cost of investments of the ordinary shares in LITRAK by LITRAK Holdings as at the LPD are as follows:

Year of investment	Number of ordinary shares	Cost of investment (RM)
1996	50,000,000	50,000,000
		50,000,000

The total investment outlay injected by Gamuda in LITRAK is as follows:

	(RM)
Total investment outlay	322,269,705
Less	
Capital repayment	(262,645,713)
Net investment outlay	**59,623,992**

(iv) Investment in SMART through SMART Holdings

Our Company's investment in SMART is through SMART Holdings, being our 50.0% joint venture company in the form of ordinary shares of SMART Holdings and redeemable preference shares of SMART Holdings.

The date and original cost of investments of the ordinary shares and redeemable preference shares in SMART by SMART Holdings as at the LPD are as follows:

Year of investment	Number of ordinary shares	Number of redeemable preference shares	Cost of investment (RM)
2002	2	-	2
2003	9,998	-	9,998
2004	4,990,000	-	4,990,000
2005	15,000,000	-	15,000,000
2014	-	3,030,000	303,000,000
			323,000,000

The total investment outlay injected by Gamuda in SMART is as follows:

	(RM)
Total investment outlay	161,500,000
Less	
Capital repayment	-
Net investment outlay	**161,500,000**

2.5. Information on Kesas, SPRINT, LITRAK and SMART

Please refer to **Appendix III** of this Circular.

2.6. Information on ALR

Please refer to **Appendix IV** of this Circular.

2.7. Liabilities which will remain with our Company

There are no guarantees and other liabilities, including contingent liabilities (save for any liability arising from the giving of representations and warranties in the Finalised SSPAs) in relation to the Proposed Disposals which will remain with our Company.

In addition, there are no guarantees given by our Company to ALR or the Expressway Concession Companies pursuant to the Proposed Disposals.

3. BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATIONS

The Disposal Considerations are based on the Offers received from ALR via its CLOOs dated 2 April 2022. The respective Board of Directors of each Concession Holding Company had accepted the Offers subject to the terms and conditions of the respective CLOOs after taking into consideration, amongst others, the following:

(a) the original cost of investment by each Concession Holding Company in each Expressway Concession Company;

(b) the cash considerations stipulated in the CLOOs;

(c) the audited financial results of Kesas and SMART for the FYE 2019, 2020 and 2021 and the audited financial results of LITRAK and SPRINT for the FYE 2020, 2021, 2022; and

(d) the basis of valuation of the Offers as set out in Section 3.1 of Part A of this Circular; and

(e) the rationale as set out in Section 4 of Part A of this Circular.

3.1. Basis of Valuation of the Offers

The basis of valuation of all of the Offers are based on the industry-standard valuation methodology of DCF of FFCF of each Expressway Concession Company, valued on a standalone and mutually exclusive basis. This is also the accepted market-norm in terms of valuing concessions with a finite duration.

The valuation methodology above would thus result in an IEV for each Expressway Concession Company.

The DCF method applied the applicable cost of equity (Ke) and cost of debt (Kd) of each Expressway Concession Company, as at the valuation date – as derived from market data and sources – and these are then combined to derive the DCF WACC of each target Expressway Concession Company which is then used as the applicable discount rate, to be applied in the DCF valuation calculations.

The salient bases and assumptions of the DCF WACC is as follows:

		Source and Description
Risk free rate (Rf) (% p.a.)	:	The yield of 10-year Malaysia Government Securities as at 31 December 2021
Market risk premium (MRP) (% p.a.)	:	Based on Damodaran's website (country default spreads and risk premiums) for Malaysia updated on July 2021
Re-levered beta (β)	:	Re-levered based on the 5-year beta of LITRAK Holdings (extracted from Bloomberg)
Cost of Equity (Ke) (% p.a.)	**:**	**Ke = Rf + [β x MRP]**

Pre-tax cost of debt (% p.a.)	:	Based on the blended yield of LITRAK, Kesas and SMART. For SPRINT, based on latest financing cost from revised terms
Tax rate (T)	:	Malaysia statutory tax rate
Post-tax cost of debt (Kd) (% p.a.)		**Kd = Pre-tax cost of debt x (1-T)**

% Debt (D%) % Equity (E%)	Based on the debt to equity capital structure of LITRAK, Kesas, SPRINT and SMART
WACC (% p.a.)	**WACC = (Ke x E%) + (Kd x D%)**

The FFCF for each Expressway Concession Company was derived by using the existing, relevant Concession Agreement with the agreed contractual toll rates therein, and using such contractual rates to then project the applicable traffic forecast for the remaining period of the existing concession as per the relevant Concession Agreement to derive the applicable toll revenue, less the projected operational expenditures to maintain the concessions, based on current and historical operational trends.

The applicable traffic forecast was performed by Jacobs Engineering Group Malaysia Sdn Bhd, an independent traffic consultant and a member of the Jacobs Engineering Group, Inc. which is listed on the New York Stock Exchange as a Fortune 500 company. Jacobs Engineering Group Inc. provides consulting, technical, scientific, and project delivery services for the government and private sectors in the United States, Europe, Canada, India, rest of Asia, Australia, New Zealand, South America, Mexico, the Middle East, and Africa.

Once this FFCF is discounted by the relevant DCF WACC, for each Expressway Concession Company – the IEV would be obtained.

The relevant DCF WACC and IEV obtained for each Expressway Concession Company is as follows:

	Kesas	SPRINT	LITRAK	SMART	Total
DCF WACC (% p.a)	**6.28%**	**6.77%**	**6.54%**	**6.55 - 8.31%(1)**	
IEV (RM' million)	**1,240**	**1,808**	**2,119**	**296**	**5,463**
Premium (RM' million)	n/a	n/a	n/a	**17**	**17**
EV (RM' million)	**1,240**	**1,808**	**2,119**	**313**	**5,480**

Notes:
(1) Blended WACC for SMART of 7.89% p.a.

Note that ALR's EV offer is equivalent to the IEV, except for SMART, whereby their EV offer is higher than the IEV by RM17 million.

4. RATIONALE FOR THE PROPOSED DISPOSALS

As explained in Section 1 of Part A of this Circular, our shareholders shall only be asked to deliberate on the following:

(i) the Proposed Disposal of 70% interest in Kesas;

(ii) the Proposed Disposal of 30% interest in SPRINT; and

(iii) the Proposed Disposal of 50% interest in SMART.

This Section 4 of Part A of this Circular starts with the rationale for paragraph 4(iii) above, followed by the rationale for paragraphs 4(i) and 4(ii) above and ends with the rationale for all the Proposed Disposals.

4.1. Rationale for the Proposed Disposal of SMART

Why SMART's Offer is higher than its IEV

As shown in Section 3.1 of Part A of this Circular, SMART has an IEV of RM296 million, but ALR offered RM313 million as its EV offer price because SMART has a debt position of RM319 million comprising mainly of the outstanding amount of the Sukuk Facilities and a net debt position (after taking into account its cash balance) of RM313 million. ALR's offer price thus ensures that the existing Sukukholders of SMART Holdings would not need to suffer a haircut when accepting their offer.

In other words, SMART's DCF valuation is RM17 million less than its current net debt position; and this means the current shareholders are in a 'deficit' valuation position of the same magnitude. This effectively means that SMART's future cash flows are simply not sufficient to cover even the existing debt position, and shareholders would be in a resultant loss position of RM17 million.

Why the RM1 equity offer for SMART is fair

Hence, given that the above intrinsic DCF valuation yields a negative value of RM17 million (loss) for the equity holders, the RM1 offer is indeed fair for the existing shareholders as they have been **absolved** of this loss, or any future loss or further deterioration of value in SMART by ALR.

The recent losses for SMART are as follows, RM6.19 million, RM4.04 million and RM12.15 million for the past three (3) FYE 2018, 2019 and 2020, respectively prior to the Valuation Date.

With the current trend of climate change potentially worsening, it is anticipated that SMART will be activated more often which will adversely affect its revenue due to the tunnel closures from toll paying traffic. Whilst SMART has a massive social benefit and impact to the residents of Kuala Lumpur in averting substantial economic losses from flood damages and saving lives, unfortunately the more flood waters SMART safely diverts, the less financial liquidity it actually receives.

On the other hand, ALR is able to extend an offer which is attractive to SMART's shareholders due to its non-profit nature and unique social agenda and capital structure, which has an overall lower cost of capital relative to any other profit-driven entities.

Recommendation to accept ALR's RM1 offer for 100% equity interest of SMART

It is for all the above reasons, that our shareholders should vote in favour of the disposal of SMART, to avoid incurring even further losses on SMART, and to avoid the necessary injection of cash into SMART, to simply maintain the debt servicing requirements of the Sukuk Facilities at SMART, for the foreseeable future.

4.2. Rationale for the Proposed Disposal of Kesas and SPRINT

The Proposed Disposal of 70% interest in Kesas and the Proposed Disposal of 30% interest SPRINT are timely and provide an opportunity for our Company to unlock and realise our value of investment in each Expressway Concession Company. Our Company will also realise an estimated gain on disposal of approximately RM321.93 million and RM191.59 million, respectively, details of which are set out in Section 7.2 of Part A of this Circular.

4.3. Rationale for the Proposed Disposals

Absolution of compensation payment risk for the concessionaire and substantial savings for the Government of Malaysia.

A fundamental component of the current toll revenues of all the Expressway Concession Companies, is the compensation received from the Government of Malaysia to maintain the current toll rates, rather than the agreed Concession Agreement toll rates. In 2021, the compensation received totalled approximately RM390 million for the four highways.

This compensation amount payable does tend to increase over time given that the underlying Concession Agreement rates would increase over time (ie as in the case of the SMART Concession Agreement) and/or the volume of traffic increases. The estimated amount of compensation from the Government of Malaysia for each Expressway Concession Company from 1 January 2022 until the end of the existing Concession Agreement, assuming the current toll rates be maintained are as follows:

Expressway Concession Company	Compensation from the Government of Malaysia (RM 'Billion)
Kesas	0.91
SPRINT	1.62
LITRAK	1.50
SMART	0.95

For 2021 as a whole, the Works Minister mentioned in his statement on 30 April 2021 that the compensation payment the Government of Malaysia has to bear for the entire toll industry for that one year alone is RM2.25 billion.

Whilst the Government of Malaysia will always be responsible and duly respect the sanctity of the Concession Agreement as they have always done in the past, the Government of Malaysia has always urged the highway toll industry to find a better, more sustainable long-term solution which would not only fully absolve its compensation burden from the industry at large, but also the industry must still be mindful of the cost-of-living burden to the motoring *rakyat* and thus, ensure that toll rates not be increased.

Hence, the timely Offers from ALR in relation to the Proposed Disposals, would indeed serve these long-term objectives whilst still applying full fair value onto its price of acquisition for each of those highways, as explained above.

As such, our Board believes that the Proposed Disposals is a strong value proposition for our shareholders as it fully values the concessions based on the existing Concession Agreement, without any risk of non-settlement of compensation payments to honour the original contractual toll rate.

Furthermore and most crucially, in the process of us accepting the Proposed Disposals, and ALR completing them, the Government of Malaysia would also immediately save on future compensation payments amounting to a net saving of RM4.3 billion (as announced by the Works Minister on 4 April 2022) and the motoring *rakyat* is also assured of no toll hikes at all, in the future.

A true win-win-win proposition for all stakeholders.

Substantial benefits to our shareholders

Assuming that the non-interested shareholders of LITRAK Holdings and PNB vote in favour of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings), then our Company will realise a combined gain of RM1,038.32 million from all the Proposed Disposals.

In addition, the Proposed Disposals will also allow our shareholders to partially realise in cash, your investments in our Company as our Company intends to distribute part of the Disposal Considerations to all shareholders, details of which are set out in Section 5 of Part A of this Circular.

After due and careful consideration, our Board is of the view that the Proposed Disposals would be the best option for our Company having considered the following:

(i) the Proposed Disposals will enable our Company to monetise its long-term investment in the Concession Holding Companies;

(ii) the Disposal Considerations will reduce our Company's gearing level and provide our Company with greater capacity to raise borrowings to fund upcoming projects and to meet our Company's working capital requirements;

(iii) the Disposal Considerations are based on market-standard and arms-length fair valuation methodologies;

(iv) the Proposed Disposals will enable our Company to redeploy our capital and focus on Gamuda Green Plan 2025 which includes four (4) main pillars:

The Gamuda Green Plan is a comprehensive framework that charts tangible targets driven on environmental, social and governance (ESG) dimensions set forth over the next five years, with an extended view to 2030 and beyond.

The plan commits our entire Group to circular construction with specific steps to reduce direct and indirect corporate greenhouse gases emission intensity by 30% in 2025, and by 45% in 2030.

The Gamuda Green Plan 2025 comprises four pillars: Sustainable Planning and Design for Construction; Our Community is Our Business; Environmental and Biodiversity Conservation; and Enhancing Sustainability via Digitalisation.

The selection of the pillars was made taking into account our Company's business model, the geographic location of our operations, emerging ESG issues, trends and concerns of its many and diverse stakeholders. Each pillar addresses a specific priority area.

These pillars cumulatively equip our Company with a comprehensive triple bottom line approach in managing sustainability and creates value. Beyond high-level macro strategic direction and objectives, the Gamuda Green Plan 2025 also provides specific targets and goals over the next five years, with an extended view to 2030 and beyond.

(v) the Disposal Considerations will provide our Company with additional resources to explore other viable investment and new market opportunities and expand our footprint to broaden our international market reach in line with our Group's emphasis on international diversification. All of which would be undertaken with a view to enhance our shareholders' value.

Further, the segmental revenue and profit after tax and minority interests ("**PATAMI**") contribution by the four (4) Expressway Concession Companies to our Group for the last three (3) years is as follows:

	FYE 2021				**FYE 2020**				**FYE 2019**			
	Revenue		**PATAMI**		**Revenue**		**PATAMI**		**Revenue**		**PATAMI**	
	RM' million	**%**	**RM' million**	**%**	**RM' million**	**%**	**RM' million**	**%**	**RM' million**	**%**	**RM' million**	**%**
Engineering and construction	3,287	65	253	43	4,789	71	173	33	4,138	58	237	34
Property development	1,295	26	172	29	1,521	22	127	24	2,547	35	259	37
Water concession	177	4	30	5	165	2	39	8	170	2	72	10
Expressway concessions	257	5	133	23	330	5	186	35	326	5	132	19
Core net profit	**5,016**	**100**	**588**	**100**	**6,805**	**100**	**525**	**100**	**7,181**	**100**	**700**	**100**
Less: Impairment of IBS assets							(148)					
Net profit	**5,016**		**588**		**6,805**		**377**		**7,181**		**700**	

The four (4) Expressway Concession Companies had contributed substantially to our Group's net profits for the past 3 FYE 2019 to 2021. The loss of income pursuant to the Proposed Disposal, from the four (4) Expressway Concession Companies from 1 January 2022 until the end of the existing concession period will be material, nevertheless the amount of loss is contingent upon various factors and therefore cannot be quantified at this juncture.

5. PROPOSED UTILISATION OF PROCEEDS

The illustration for the proposed utilisation of proceeds in this Section 5 of Part A of this Circular is made on a best-case scenario basis and on the assumption that each Proposed Disposal of Kesas, SPRINT, LITRAK and SMART is successfully implemented. In the event where only some and not all Proposed Disposals are successfully implemented, the amount illustrated in this Section 5 shall vary accordingly.

Assuming that all the Proposed Disposals are successfully implemented and that the proceeds from each Proposed Disposal are distributed to the shareholders of each respective Concession Holding Company in its entirety, our Company's share of the Disposal Considerations amounts to approximately RM2,350 million. Our Company intends to utilise these proceeds as follows:

	Gross proceeds		**Estimated utilisation timeframe from the date of completion**
Purpose	**RM 'million**	**%**	
Dividend distribution	1,000.0	42.5	Within 12 months
Repayment of borrowings	900.0	38.3	Within 12 months
General corporate and working capital	441.6	18.8	Within 24 months
Estimated expenses for the Proposed Disposals	8.4	0.4	Within 3 months
Total	**2,350.0**	**100.0**	

5.1. Dividend distribution

Subject to the completion of the Proposed Disposals and approval by our Board, it is the intention of our Company to distribute part of the proceeds received to our shareholders via a special dividend. Our Board shall deliberate on the possibility and magnitude of a special dividend to shareholders in due course, depending upon which Proposed Disposal is approved by the shareholders of the respective Concession Holding Companies and completion of the said Proposed Disposal(s). Subsequent thereto, our Board shall advise our shareholders accordingly.

5.2. Repayment of borrowings

The total borrowings of our Group as at the LPD amounted to RM5,537 million. The proposed repayment of part of the Group's borrowings amounting to RM900.0 million is expected to generate funding cost savings of approximately RM43.3 million per annum, as set out below:

Facility	**Outstanding amount as at the LPD (RM'million)**	**Proposed repayment (RM' million)**	**Interest rate (%)**	**Expected funding cost savings per annum (RM'million)**
Islamic medium-term notes (issue no.9)	500.0	500.0	4.825	24.1
Islamic medium-term notes (issue no.10)	400.0	400.0	4.785	19.2
Total	**900.0**	**900.0**		**43.3**

The redemption of these borrowings is expected to be at its stated principal amount above, at its respective maturity dates within twelve (12) months of completion.

5.3. General corporate and working capital

Our Company proposes to utilise part of the Disposal Considerations for our business operations. This includes financing our Company's daily operations and operating expenses, which include day-to-day administrative, operational and financing expenditure, as well as for general corporate purposes in conducting the businesses of our Group.

In addition, part of the Disposal Considerations is also intended to be utilised as resources for our Company to explore other viable investment and new market opportunities to expand our footprint and broaden our international market reach.

The actual amount to be utilised for general corporate and working capital will vary based on the actual utilisation of the Disposal Considerations and estimated expenses for the Proposed Disposals. Any surplus or deficit in the allocation for each of the categories of working capital as stated above will be adjusted accordingly between each of the categories as our management deems appropriate.

5.4. Estimated expenses for the Proposed Disposals

The expenses to be borne by our Company in connection with the Proposed Disposals are estimated to be approximately RM8.4 million. The nature of such expenses comprises of professional fees, fees to authorities, printing, postage, advertising, EGM expenses and other miscellaneous expenses connected to the Proposed Disposal.

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for general corporate and working capital as set out in Section 5.3 of Part A of this Circular above.

Pending the deployment of the proceeds (including accrued interest, if any) from the Proposed Disposals, such net proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as our Board may deem appropriate in the interest of our Company.

6. RISKS OF THE PROPOSED DISPOSALS

The following risk factors (which may not be exhaustive) in relation to the Proposed Disposals should be noted and taken into consideration:

6.1. Termination of CLOOs

Based on the agreed term under the CLOOs and notwithstanding the approval by our Board and shareholders as well as the shareholders of the respective Concession Holding Companies, of the Proposed Disposals and Finalised SSPAs, ALR may unilaterally terminate any of the CLOOs without any reason at any point prior to the execution of the Finalised SSPAs. As such, until the Finalised SSPAs are executed, there is no agreement between ALR and each of the Concession Holding Companies.

In the event ALR unilaterally terminate any of the CLOOs at any point prior to the execution of the Finalised SSPAs, there shall be no recourse to our Company.

6.2. Funding and interest rate risk

The completion of the Proposed Disposals is conditional upon a successful fund-raise by ALR which is highly dependent on the interest rate imposed by the financier. In view of the expected aggressive timetable of interest rates to be increased by Central Bank regulators globally, if interest rates reach a certain level which is uneconomical for ALR to raise its sukuk funding, the entire Proposed Disposals cannot proceed.

Furthermore, notwithstanding the mutually exclusive nature of each Proposed Disposal, there is a possibility that ALR's entire fund-raising exercise may fail in the event that any of the Expressway Concession Companies are not approved for disposal, particularly if the cash-flows of that particular Expressway Concession Company is deemed necessary by the funding investors of ALR. On the other hand, if the cash flows of that particular Expressway Concession Company is not deemed material for ALR, then ALR's fund-raising can proceed and thus ALR's acquisition of the remaining Expressway Concession Companies which are approved for disposal, can also proceed.

6.3. Completion risk

The completion of the Proposed Disposals is conditional upon the fulfilment of the Conditions Precedent which includes, amongst others, a successful fund-raise by ALR to have the necessary funds to make all payments required to complete the Proposed Disposals in accordance with the terms of the executed Finalised SSPAs and approval from existing lenders of the Expressway Concession Companies and/or Concession Holding Companies (where relevant) being obtained for the refinancing of the Expressway Concession Companies' and/or Concession Holding Companies' indebtedness. The non-fulfilment of the Conditions Precedent may result in the termination of the executed Finalised SSPAs.

Whilst our Board endeavours to take all reasonable steps towards the completion of the Proposed Disposals in a timely manner, there is no assurance that the Proposed Disposals can be completed within the timeframe stipulated under the Finalised SSPAs or be proceeded with.

6.4. Political, economic and regulatory risk

Adverse developments in general political, economic and regulatory conditions in Malaysia including changes in administration, methods of taxation and/or introduction of new regulations could materially and/or adversely affect the Proposed Disposals which may result in a delay in the implementation of the Proposed Disposals or may also lead to the termination of the entire proposal.

Although measures will be taken to address and/ or mitigate such developments, no assurance can be given that such measures will be sufficient or effective in the circumstances.

6.5. Contractual risk

The Concession Holding Companies are subject to certain contractual risks including, but not limited to, amongst others, the representations, warranties, covenants and indemnities which are given or to be given pursuant to the executed Finalised SSPAs. The Concession Holding Companies may also be subject to contractual risks if the pre-completion and completion obligations of the Concession Holding Companies under the executed Finalised SSPAs are not fulfilled and/or in the event of any breach of the terms and conditions set out in the executed Finalised SSPAs.

The Concession Holding Companies shall endeavour to ensure full compliance in relation to the fulfilment of its obligations under the executed Finalised SSPAs.

6.6. Potential shortfall of Government Compensation Receivable

The Government Compensation Receivable shown in this Circular are still pending certification and audit of traffic numbers by the Malaysian Highway Authority. Historically for the past three (3) years, the difference between the estimated and certified Government Compensation Receivable is less than 5% for all four (4) Expressway Concession Companies. Hence, the risk of material difference in the Government Compensation Receivable amount is low.

7. EFFECTS OF THE PROPOSED DISPOSALS

The illustration of the effects of the Proposed Disposals in this Section 7 of Part A of this Circular is made on a best-case scenario basis and on the assumption that each Proposed Disposal of Kesas, SPRINT, LITRAK and SMART is successfully implemented. In the event where only some and not all Proposed Disposals are successfully implemented, the amount illustrated in this Section 7 shall vary accordingly.

7.1. Share capital and substantial shareholders' shareholdings

The Proposed Disposals will not have any effect on the share capital and substantial shareholders' shareholdings of our Company.

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7.2. Earnings and EPS

Our Company is expected to recognise a gain of approximately RM1,038.32 million arising from the Proposed Disposals in its pro-forma consolidated income statement for the FYE 31 July 2021. This estimated gain translates to a gain per Gamuda share of approximately RM0.407 based on the existing issued shares of 2,553,930,909 as at the LPD.

The estimated one-off gain on the Proposed Disposals is illustrated as follows:

	Kesas	**SPRINT**	**LITRAK**	**SMART**	**Estimated expenses**	**Total**
	100.0%	**100.0%**	**100.0%**	**100.0%**		
	RM'million	**RM'million**	**RM'million**	**RM'million**	**RM'million**	**RM'million**
Adjusted Equity Value	1,284.57	904.30	2,246.30	-		4,435.17
Add:						
Holding Cost on Initial Sum	15.60	10.78	27.13	-		53.51
Less:						
- NA of Expressway Concession Company as at 31 July 2021/ estimated expenses	(844.94)	(276.46)	(1,009.77)	(42.77)	(8.40)	(2,182.34)
Add/(Less):						
LITRAK's share of gain on disposal of NA of SPRINT as at 31 July 2021 (50% direct interest)			247.15			247.15
Total	455.23	638.62	1,510.81	(42.77)	(8.40)	2,553.49
Gamuda's direct interest through the respective Concession Holding Company	**70.0%**	**30.0%**	**42.7%**	**50.0%**		
Estimated gain on the Proposed Disposals to non-controlling interests(ii)	133.30					133.30
Estimated gain on the Proposed Disposals to owners of the Company	321.93(iv)	191.59	554.58(i)	(21.38)	(8.40)	1,038.32(iii)
Estimated gains on Proposed Disposals	**455.23**	**191.59**	**554.58(v)**	**(21.38)**	**(8.40)**	**1,171.62**

Notes:

(i) Includes Gamuda's derecognition of the goodwill of LITRAK of approximately RM90.53 million. The goodwill of LITRAK is derived from the difference between the cost of investment and the entity's share of net assets which is then included in the carrying amount of the investment. The goodwill of LITRAK is derived as follows:

	RM'million
Cost of investment in LITRAK Holdings (1996-2008)	322.27
Represented by:	
Group's share of net assets at acquisition dates	231.74
Goodwill	90.53
	322.27

(ii) The estimated gain on the Proposed Disposals to non-controlling interests is only applicable to the Proposed Disposal of Kesas as only Kesas Holdings is a subsidiary of Gamuda with 30% non-controlling interest.

(iii) The proforma estimated gain from the Proposed Disposals is computed as at 31 July 2021. Post 31 July 2021, the net profits from four Expressway Concession Companies will continue to be recognised until the completion of the Proposed Disposals. As the estimated disposal considerations are fixed as at 31 December 2021, the ultimate gain from the Proposed Disposals recognised by our Group will reduce commensurately with the recognition of profits from the four Expressway Concession Companies post 31 July 2021.

Based on the quarter 3 result announced on 29 June 2022, we have recognised the profits from the four Expressway Concession Companies up to 30 April 2022 (Note that ALR's CLOO on the four Expressway Concession Companies were dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 30 April 2022 i.e. RM972 million (subject to audit), as compared to the illustration above after taking into consideration the increase in the share of NA of the Expressway Concession Companies of approximately RM66 million as at FPE 30 April 2022.

(iv) Includes consolidation adjustments of RM3.27 million

(v) For avoidance of doubt, the estimated gain on the Proposed Disposal of LITRAK shall also take into consideration the proforma gain on Proposed Disposal of SPRINT via LITRAK Holdings' 50% interest in SPRINT.

Upon completion of the Proposed Disposals, our Company will cease to consolidate financial results of Kesas, and cease to recognise the financial results of SPRINT, LITRAK and SMART as part of the share of profits from associate companies and share of profits from joint venture companies.

Kesas, SPRINT, LITRAK and SMART contributed 8%, 1%, 15% and -1% respectively to our Company's net profit for the FYE 31 July 2021.

For illustration purposes only, the pro forma effects of the Proposed Disposals to the earnings and EPS of our Company assuming that the Proposed Disposals had been effected at the beginning of the FYE 31 July 2021 are as follows:

	Audited for FYE 31 July 2021	**After the Proposed Disposals**
	RM'million	**RM'million**
PAT attributable to owners of the Company	588.32	588.32
Loss of PAT contribution from Kesas, SPRINT, LITRAK and SMART		(132.55)
Pro forma gain on the Proposed Disposals based on the NA of Expressway Concession Company as at 31 July 2020		1,170.87
Pro forma gain on the Proposed Disposals	-	1,038.32[(i)]
PAT attributable to owners of the Company	**588.32**	**1,626.64**
Weighted average number of ordinary shares in issue (**'million**)	2,513.53	2,513.53
Basic EPS (sen)	**23.41**	**64.72**
No. of ordinary shares in issue as at the LPD (**'million**)	2,553.93	2,553.93
Basic EPS as at the LPD (sen)	**23.04**	**63.69[(i)]**

Note:

(i) The proforma estimated gain from the Proposed Disposals is computed as at 31 July 2021. Post 31 July 2021, the net profits from four Expressway Concession Companies will continue to be recognised until the completion of the Proposed Disposals. As the estimated disposal considerations are fixed as at 31 December 2021, the ultimate gain from the Proposed Disposals recognised by our Group will reduce commensurately with the recognition of profits from the four Expressway Concession Companies post 31 July 2021.

Based on the quarter 3 result announced on 29 June 2022, we have recognised the profits from the four Expressway Concession Companies up to 30 April 2022 (Note that ALR's CLOO on the four Expressway Concession Companies were dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 30 April 2022 i.e. RM972 million (subject to audit), as compared to the illustration above after taking into consideration the increase in the share of net assets of the Expressway Concession Companies of approximately RM66 million as at FPE 30 April 2022. Consequently, the basic EPS after the Proposed Disposals computed as at 30 April 2022 is 61.09 sen per share.

7.3. NA, NA per Share and gearing

For illustration purposes only, based on the audited consolidated statement of financial position of our Company as at 31 July 2021 and on the assumption that the Proposed Disposals had been completed on that date, the proforma effect of the Proposed Disposals on the NA, NA per share and gearing of the Group is as follows:

	Audited as at 31 July 2021	After the Proposed Disposals
	RM'million	**RM'million**
Share capital	3,620.95	3,620.95
Reserves	5,542.61	6,580.93(i)
NA attributable to owners of our Company	**9,163.56**	**10,201.88**
Non-controlling interests	352.14	485.44
Total Equity / NA	**9,515.70**	**10,687.32**
No. of ordinary shares in issue (**'million**)	2,513.53	2,513.53
NA per share attributable to owners of our Company (**RM**)	3.65	4.06
No. of ordinary shares in issue as at the LPD (**'million**)	2,553.93	2,553.93
NA per share attributable to owners of the Company as at the LPD (**RM**)	3.59	3.99(i)
Net borrowings (**RM'million**)	1,689.80	Net cash(ii)
Net gearing ratio (**times**)	0.18	-(ii)

Note:

(i) After taking into consideration the estimated gain on the Proposed Disposals to our Company (after deducting estimated expenses in relation to the Proposed Disposals amounting to approximately RM8.40 million) of RM1,038.32 million.

The proforma estimated gain from the Proposed Disposals is computed as at 31 July 2021. Post 31 July 2021, the net profits from four Expressway Concession Companies will continue to be recognised until the completion of the Proposed Disposals. As the estimated disposal considerations are fixed as at 31 December 2021, the ultimate gain from the Proposed Disposals recognised by our Group will reduce commensurately with the recognition of profits from the four Expressway Concession Companies post 31 July 2021.

Based on the quarter 3 result announced on 29 June 2022, we have recognised the profits from the four (4) Expressway Concession Companies up to 30 April 2022 (Note that ALR's CLOO on the four (4) Expressway Concession Companies was dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 30 April 2022 i.e. RM972 million (subject to audit), as compared to the illustration above. Consequently, the reserves and the NA per share attributable to owners of our Company after the Proposed Disposals computed as at 30 April 2022 are approximately RM6,515 million and RM3.97 per share, respectively.

(ii) Our Group will be in a net cash position of approximately RM660 million from a net borrowings of approximately RM1,690 million after taking into consideration the cash receipt for the Disposal Considerations of RM2,350 million. Hence, the net gearing ratio will not be applicable.

8. APPROVALS REQUIRED AND CONDITIONALITY

Each of the Proposed Disposal is conditional upon the following:

(i) fulfilment of the following conditions as set out in the respective CLOOs prior to the execution of the Finalised SSPAs:

  (a) the completion of due diligence exercise on the Expressway Concession Companies, to the satisfaction of ALR. The due diligence exercise is expected to be completed on or prior to the date of the EGM, being 27 July 2022 and is currently pending completion and confirmation by ALR;

  (b) approval by the relevant regulatory authority (including the Government of Malaysia) for each Offer, to the satisfaction of ALR. Approval from the Ministry of Works (*KKR*), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;

  (c) execution by each Expressway Concession Company and the Government of Malaysia of a supplemental concession agreement ("**SCA**") based on terms and conditions to be approved by ALR. The SCA was executed by each Expressway Concession Company and the Government of Malaysia on 25 April 2022. Please refer to Appendix IX for further details on the SCAs;

  (d) approval of an income tax and stamp duty exemption from the Government of Malaysia (or such relevant government authority) for ALR and each Expressway Concession Company upon completion of each Offer, to the satisfaction of ALR. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 (for the Proposed Disposals of Kesas, LITRAK and SMART) and on 2 June 2022 (for the Proposed Disposal of SPRINT) and on 3 June 2022 (in respect of the effective period for income tax exemption). The exemption forms part of the available cashflow that is to be utilised for the repayment of Sukuk obligations which will enable ALR's Sukuk Programme to be repaid as early as possible. The amount of income tax and stamp duty exemptions are contingent upon various factors and therefore cannot be quantified at this juncture; and

  (e) the requisite shareholders' approval(s) of the respective shareholders of the Concession Holding Companies for the disposal of each Expressway Concession Company by the respective Concession Holding Companies in accordance with the terms of the respective Finalised SSPAs which our shareholders' approval for the Proposed Disposals will be sought for at our forthcoming EGM to be held on the 27 July 2022;

(ii) approval from the shareholders of our Company being obtained at our forthcoming EGM for the following:

  (a) Proposed Disposal of 70% interest in Kesas;

  (b) Proposed Disposal of 50% interest in SMART; and

  (c) Proposed Disposal of 30% interest in SPRINT;

(iii) approval from existing lenders of each Expressway Concession Companies and/or Concession Holding Company (where relevant) being obtained for the refinancing of each Expressway Concession Company's and/or Concession Holding Company's indebtedness;

(iv) a successful fund-raise by ALR to have the necessary funds to make all payments required to complete each Proposed Disposal in accordance with the terms of the respective Finalised SSPA; and

(v) any other relevant authorities or parties, if required.

The Proposed Disposals are not inter-conditional upon each other (e.g. where some and not all resolutions are approved by our shareholders at our forthcoming EGM, the approved resolutions will proceed to be carried out) and any other corporate proposals undertaken or to be undertaken by our Company.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposals (which is the subject matter of this Circular), our Board confirms that there are no other outstanding corporate exercises which have been announced by our Company and are pending completion as at the LPD.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

10.1. Interested Directors

None of our Directors and/or persons connected to our Directors have any interest, whether direct or indirect, in relation to the:

(i) Proposed Disposal of 70% interest in Kesas;

(ii) Proposed Disposal of 30% interest in SPRINT; or

(iii) Proposed Disposal of 50% interest in SMART.

10.2. Interested Major Shareholder

PNB is a common major shareholder in both the companies involved in the Proposed Disposals (namely our Company and LITRAK Holdings) as well as being the single largest shareholder of our Company, holding 17.5% direct interest in our Company, and the second largest shareholder of LITRAK Holdings (after our Company), holding 20.7% direct interest in LITRAK Holdings as at the LPD. As such, PNB is deemed to be interested in the Proposed Disposals.

The Principal Adviser had on behalf of our Company submitted the Waiver Application referred to in Section 1 of Part A of this Circular to seek Bursa Securities' approval to grant a waiver to PNB from complying with the related party transaction requirements under Paragraph 10.08(7)(a) of the Listing Requirements which requires PNB to abstain from voting on the resolutions in respect of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART at our forthcoming EGM. Bursa Securities had vide its letter dated 10 June 2022 granted its approval of the Waiver Application subject to the conditions as set out in Section 1 of Part A of this Circular.

In view of the waiver granted by Bursa Securities, PNB is not required to abstain from voting in respect of its direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM.

Save as disclosed above, none of our major shareholders and persons connected with them have any interest, whether direct or indirect, in the Proposed Disposals.

11. ADVISERS

HLIB has been appointed by our Company as the Principal Adviser for the Proposed Disposals.

In view of the interest of PNB as set out in Section 10 of Part A of this Circular, the Proposed Disposals are deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, our Board had appointed the Independent Adviser on 10 June 2022 to undertake the following:

(i) Comment as to whether the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT are fair and reasonable in so far as our shareholders are concerned, including the reasons for the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise our shareholders on whether they should vote in favour of each of the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraph (i) and (ii) above.

The IAL containing TA Securities' evaluations and recommendations on the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT, as well as its opinion on the fairness and reasonableness of the aforesaid proposed disposals is set out in Part B of this Circular.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THE IAL CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

12. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposals pursuant to paragraph 10.02(g) of the Listing Requirements is approximately 32.3%, based on the latest audited consolidated financial statements of our Company for the FYE 31 July 2021.

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13. DIRECTORS STATEMENT AND RECOMMENDATION

Pursuant to one of the conditions imposed by Bursa Securities in approving the Waiver Application, **our Board confirms that our Company and each of our Directors, Dato' Mohammed Hussein, Dato' Lin Yun Ling, Dato' Ir Ha Tiing Tai, YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah, Tan Sri Dato' Setia Haji Ambrin bin Buang, Nazli binti Mohd Khir Johari, and Chan Wai Yen, are not accustomed to or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PNB**.

Our Board, after taking into consideration all aspects of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART including but not limited to the following:

Consideration factors	Our Board's consideration
(i) Kesas Offer, SPRINT Offer and SMART Offer and the estimated Disposal Consideration for the Kesas Offer, SPRINT Offer and SMART Offer;	After taking into consideration of the basis of valuation of the Kesas Offer, SPRINT Offer and SMART Offer as set out in Section 3.1 of Part A of this Circular, our Board is of the view that the Disposal Consideration for the Kesas Offer, SPRINT Offer and SMART Offer are fair and reasonable as ALR's EV offer is equivalent to the IEV, except for SMART, whereby their EV offer is higher than the IEV by RM17 million.
(ii) the terms of the Finalised SSPAs;	The terms of the Finalised SSPAs are fair and reasonable and not detrimental to our shareholders.
(iii) the basis of valuation, rationale and benefits of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in;	The basis of valuation of all of the Offers is based on the industry-standard valuation methodology of DCF of FFCF of each Expressway Concession Company, valued on a standalone and mutually exclusive basis. This is also the accepted market-norm in terms of valuing concessions with a finite duration. The rationale and benefits of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART are set out in Section 4 of Part A of this Circular are fair and reasonable.
(iv) the cost of investment and the effects of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART	The estimated Disposal Consideration for the Kesas Offer, SPRINT Offer and SMART Offer is higher than the cost of investment as set out in Section 2.4 of Part A of this Circular. The effects of the Proposed Disposals are set out in Section 7 of Part A of this Circular. The Disposal Consideration will be mainly utilised to reward our shareholders via a special dividend and the repayment of borrowings. This is expected to improve the earnings of our Group in respect of interest savings of approximately RM43.3 million per annum. As for the NA, NA per Share and gearing of the Group, our Group will be in a net cash position following the Proposed Disposals.

(v)	the estimated gains on the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART; and	Our Group is expected to record a gain on disposal upon completion of the Proposed Disposal of Kesas of RM452.07 million, Proposed Disposal of SPRINT of RM190.93 million. SMART incurred a loss after tax for the past 3 FYE 31 December 2018 to 2020. Taking into consideration of the above, the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART will contribute positively to the financial position and financial performance of our Group.
(vi)	the views of the Independent Adviser;	The Independent Adviser is of the opinion that, on the basis of the information available to them, the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART are **fair and reasonable** and are **not detrimental** to our shareholders. Accordingly, the Independent Adviser recommends that our shareholders vote in favour of the ordinary resolutions to give effect to the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART to be tabled at our forthcoming EGM. Further details of the Independent Adviser's evaluation are set out in the IAL in Part B of this Circular.

is of the opinion that the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART is in the best interests of our Company, is fair, reasonable and on normal commercial terms, and is not detrimental to the interests of our shareholders.

In respect of the Proposed Disposals, our Board wishes to highlight the following:

(i) Subsequent to the Valuation Date, all net cash and other economic benefit of each Expressway Concession Companies shall accrue to ALR and the compensation to maintain the current toll rates from the Government of Malaysia will reduce to zero from the same date onwards, provided that the Proposed Disposals are completed.

(ii) Our Company shall not table resolutions to vote for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings) at our forthcoming EGM by virtue of our Company's acknowledgement of its position of conflict, being the key negotiator for all the Concession Holding Companies with ALR. Accordingly, our Company shall also abstain from voting at the EGM of LITRAK Holdings to be convened in respect of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings).

(iii) Our Board wishes to highlight that the decision on the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings) is entirely dependent on the votes of the non-interested shareholders and PNB present and voting at the EGM of LITRAK Holdings other than our Company and persons connected to our Company.

(iv) Our Board shall only table the following separate resolutions for the consideration of our shareholders at our forthcoming EGM:

(a) Proposed Disposal of 70% interest in Kesas;
(b) Proposed Disposal of 30% interest in SPRINT; and
(c) Proposed Disposal of 50% interest in SMART.

(v) The Proposed Disposals are not inter-conditional upon each other and if only some and not all resolutions are approved by our shareholders at our forthcoming EGM, our Board will take the necessary steps to proceed with the implementation of the approved Proposed Disposal(s).

Our Board recommends that our shareholders vote in favour of the resolutions pertaining to each of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART at our forthcoming EGM.

14. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company, after having considered the advice of the Independent Adviser and all relevant aspects of the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest SPRINT and Proposed Disposal of 50% interest in SMART based on information currently available, including but not limited to the consideration factors as set out in Section 13 of Part A of this Circular, is of the view that the Proposed Disposal of 70% interest in Kesas, Proposed Disposal of 30% interest in SPRINT and Proposed Disposal of 50% interest in SMART is:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the shareholders of our Company.

15. TRANSACTIONS WITH PNB FOR THE PAST TWELVE (12) MONTHS

During the twelve (12) months preceding the date of this Circular, there was no transaction entered into between our Company and PNB.

16. TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the Proposed Disposals is as follows:

Date	Events
27 July 2022	EGM to approve the Proposed Disposals
By 5 August 2022	Execution of each Finalised SSPA for Kesas and SMART
5 August 2022	Execution of each Finalised SSPA for LITRAK and SPRINT
15 August 2022	Completion of each Proposed Disposal

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the respective Proposed Disposals are expected to be completed by the 15 August 2022. Pursuant to the Finalised SSPA, all the Conditions Precedent are required to be fulfilled or waived, as the case may be, by the Long Stop Date in order for the Parties to proceed to completion of the sale and purchase of the Sale Shares pursuant to the Finalised SSPA.

17. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, will be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modification, the resolutions for the Proposed Disposals.

The Notice of EGM together with the Form of Proxy are enclosed in this Circular. This Circular and the Administrative Details for the EGM will also be available for download from our Company's website at www.gamuda.com.my and also at Bursa Malaysia's website www.bursamalaysia.com.

Please follow the procedures set out in the Administrative Details for the EGM to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the Remote Participation and Voting facilities ("RPV").

If you are unable to participate and vote at our forthcoming EGM, you may appoint a proxy to do so in your stead by following the instructions set out in the Form of Proxy and the Administrative Details for the EGM. The Form of Proxy must be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur OR lodge electronically via Tricor's TIIH Online website at https://tiih.online, not less than 48 hours before the time appointed for holding our forthcoming EGM or any adjournment thereof. Please refer to the said Administrative Details for the procedures on electronic lodgement of the Form of Proxy.

The completion and return of the Form of Proxy will not preclude you from attending and voting at our EGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

18. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of our Board of
GAMUDA BERHAD

DATO' MOHAMMED HUSSEIN
Independent Non-Executive Chairman

PART B

IAL FROM TA SECURITIES TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL OF 70% INTEREST IN KESAS, THE PROPOSED DISPOSAL OF 50% INTEREST IN SMART AND THE PROPOSED DISPOSAL OF 30% INTEREST IN SPRINT

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this Independent Advice Letter. All references to "we", "us" or "our" in this Independent Advice Letter are references to TA Securities, being the Independent Adviser for the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT (collectively the "**Proposed Subject Disposals**").

THIS EXECUTIVE SUMMARY SUMMARISES THIS INDEPENDENT ADVICE LETTER. YOU ARE ADVISED TO READ AND UNDERSTAND THIS INDEPENDENT ADVICE LETTER IN ITS ENTIRETY, TOGETHER WITH THE LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED SUBJECT DISPOSALS IN PART A OF THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING AN OPINION ON THE PROPOSED SUBJECT DISPOSALS.

YOU ARE ALSO ADVISED TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED SUBJECT DISPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 4 April 2022, HLIB had, on behalf of the Board, announced that the Concession Holding Companies (being the subsidiary, associate and joint venture companies of Gamuda) had on 2 April 2022 received a CLOO from ALR in respect of the respective Offers.

On 18 April 2022, HLIB had, on behalf of the Board announced that all the Concession Holding Companies have each separately accepted the respective Offer and have delivered the respective written acceptances to ALR on 18 April 2022.

On 8 June 2022, HLIB had, on behalf of the Board announced that each of the Concession Holding Company and ALR have, on 7 June 2022, agreed and finalised the terms and conditions of the draft Finalised SSPAs, which shall only be executed upon fulfilment of all the conditions set out in the respective CLOO.

The Proposed Subject Disposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of PNB's common shareholding in Gamuda and LITRAK Holdings. In this relation, HLIB had on behalf of the Company submitted the Waiver Application to seek waiver of Paragraph 10.08(7)(a) of the Listing Requirements.

The Waiver Application was approved by Bursa Securities vide its letter dated 10 June 2022, subject to amongst others, the condition that an independent adviser is appointed to advise the Company and its shareholders on Proposed Subject Disposals in accordance with Paragraph 10.08 of the Listing Requirements.

Further details of the above are set out in Section 1, Part A of the Circular.

Pursuant thereto, the Board had on 10 June 2022 appointed TA Securities as the Independent Adviser to advise the Directors and the shareholders of Gamuda in relation to the Proposed Subject Disposals.

2. EVALUATION OF THE PROPOSED SUBJECT DISPOSALS

Consideration factors	Section	Our evaluation
(i) Rationale and benefits of the Proposed Subject Disposals	3.1	The rationale and benefits of the Proposed Subject Disposals are fair and reasonable whereby: (i) the Proposed Subject Disposals represent a strategic opportunity for the Group to monetise its long-term investment in the Subject Companies and redeploy its resources into its other core businesses, new investments in relation to Gamuda Green Plan 2025, new international markets and opportunities; (ii) the proceeds from the Proposed Subject Disposals are mainly intended to be used to reward shareholders of Gamuda in the form of cash dividend and repay existing borrowings of the Group. This is expected to decrease the gearing level of the Group and allow the Group to have further headroom to raise debt for financing its other construction and development projects; and (iii) the Group is expected to record a gain on disposal upon completion of the Proposed Subject Disposals, which will in turn contribute positively to the financial position and financial performance of the Group.
(ii) Basis and justification of determining the Disposal Consideration	3.2	In arriving at the estimated fair value of Kesas, SPRINT and SMART ("**Subject Companies**"), we have adopted DCF valuation method as the sole valuation method, in which the estimated fair value of the Subject Companies will be the DCF valuation on FCFF projected to be generated from the business of the Subject Companies. Under the DCF valuation method, the FCFF projected to be generated from the businesses of the Subject Companies are discounted at an appropriate weighted average cost of capital ("**IA WACC**") to derive the present value of all future cash flows from the businesses available to the providers of capital for the businesses. This present value of FCFF is also known as the enterprise value. Thereafter, the equity value is derived (based on the formula as set out in Section 3.2 below). From the DCF valuation method, we have derived the equity values for the Subject Companies based on Gamuda's effective interest on the Proposed Subject Disposals, as follows:

Subject Companies	Equity value (RM'million)
Kesas	817.9
SPRINT	234.4
SMART	(11.9)

Consideration factors	Section	Our evaluation
(ii) Basis and justification of determining the Disposal Consideration (cont'd)		Given the above, the Disposal Considerations in relation to the Proposed Subject Disposals are fair and reasonable as Gamuda's portion of the Disposal Considerations represent: (i) a premium of 10.0% and 15.7% to its portion of the equity values of KESAS and SPRINT respectively in relation to the Proposed Subject Disposals; and (ii) a nominal value of RM0.50 for its portion of the negative equity value of SMART in relation to the Proposed Subject Disposals.
(iii) Salient terms of the Finalised SSPAs	3.3	The salient terms of the Finalised SSPAs are fair and reasonable and not detrimental to the shareholders of Gamuda.
(iv) Effects of the Proposed Disposals	3.4	The Proposed Disposals will not have any effect on the issued share capital of Gamuda and the shareholding of its substantial shareholders as the Proposed Disposals does not involve any issuance of shares in Gamuda. Following the completion of the Proposed Disposals, the Subject Companies will cease to be subsidiary, associate and joint venture companies of the Group. Accordingly, the Group will cease to recognise their financial results into the financial statements of the Group. Notwithstanding the above, we wish to highlight that the Disposal Consideration will be mainly utilised for rewarding shareholders via a special cash dividend and the repayment of borrowings. This is expected to improve the earnings of the Group in respect of interest savings of approximately RM43.3 million per annum. As for the NA, NA per Share and gearing of the Group, we noted that the Group will be in a net cash position following the Proposed Disposals. Notwithstanding the above, we wish to highlight that the gain on disposal is a one-off event and that the future NA of the Group will be affected by amongst others, the proposed utilisation of proceeds from the Proposed Disposals vis-à-vis the future profitability of the Group.

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Consideration factors	Section	Our evaluation
(v) Risk factors in relation to the Proposed Disposals	3.5	The completion of the Proposed Disposals is dependent on ALR successfully raising the necessary funds to make payments in respect of the Disposal Considerations. Should any one of the Expressway Concession Companies, especially if the cash flow of this Expressway Concession Company is deemed necessary by the funding investors of ALR, be eventually excluded from the Proposed Disposals, ALR may not be able to complete its fund-raising exercise. In this instance, the remaining Proposed Disposals may not be completed. Therefore, the Proposed Disposals are subject to the risk of ALR not securing the necessary funding for the Proposed Disposals. Upon completion of the Proposed Disposals, the Subject Companies will cease to be subsidiary, joint venture and associate companies of Gamuda. Accordingly, the Group will no longer derive any financial contribution from the Subject Companies. However, the Proposed Disposals will enable Gamuda to monetise its investment in the Subject Companies and redeploy its capital on its Gamuda Green Plan 2025 or exploring other viable investment and new market opportunities. Further, part of the Disposal Considerations will be utilised for repayment of borrowings. This is expected to lower the gearing of the Group and contribute positively to the future earnings of the Group in terms of interest savings.

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TA SECURITIES
AN UNWAVERING COMMITMENT
TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Corporate Finance Department
29th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel: 03-2167 9628 Fax: 03-2161 2693

12 July 2022

To: The Shareholders of Gamuda Berhad

Dear Sir / Madam,

GAMUDA BERHAD ("GAMUDA" OR THE "COMPANY")

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED DISPOSAL OF 70% INTEREST IN KESAS, THE PROPOSED DISPOSAL OF 50% INTEREST IN SMART AND THE PROPOSED DISPOSAL OF 30% INTEREST IN SPRINT ("PROPOSED SUBJECT DISPOSALS")

This Independent Advice Letter is prepared for inclusion in the Circular to the shareholders of Gamuda. All definitions used in this Independent Advice Letter shall have the same meaning as the words and expressions defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this Independent Advice Letter. All references to "we", "us" or "our" in this Independent Advice Letter are references to TA Securities, being the Independent Adviser for the Proposed Subject Disposals.

1. INTRODUCTION

On 4 April 2022, HLIB had, on behalf of the Board, announced that the following subsidiary, associate and joint venture companies of Gamuda had on 2 April 2022 received a CLOO from ALR:

(i) Kesas Holdings, a 70%-owned subsidiary of Gamuda;

(ii) SPRINT Holdings, a 51.3% associate company of Gamuda;

(iii) LITRAK Holdings, a 42.7% associate company of Gamuda; and

(iv) SMART Holdings, a 50.0% joint venture company of Gamuda,

in respect of the respective Offers.

On 18 April 2022, HLIB had, on behalf of the Board announced that all the Concession Holding Companies have each separately accepted the respective Offer and have delivered the respective written acceptances to ALR on 18 April 2022.

On 8 June 2022, HLIB had, on behalf of the Board announced that each of the Concession Holding Company and ALR have, on 7 June 2022, agreed and finalised the terms and conditions of the draft Finalised SSPAs, which shall only be executed after fulfilment of all the conditions set out in the respective CLOO.

Gamuda acknowledges that it is an interested party for the shareholder voting process at the EGM of LITRAK Holdings for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50.0% direct interest in SPRINT Holdings). As such, the Proposed Disposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements and the Company shall abstain from voting at the EGM of LITRAK to be convened in respect of the foregoing transactions and shall ensure that its nominee director abstain from deliberation and voting at any Board of Directors' meeting of LITRAK Holdings.

Arising therefrom, the Board shall only table the following resolutions for the consideration of shareholders of the Company at the forthcoming EGM:

(i) Proposed Disposal of 70% interest in Kesas;

(ii) Proposed Disposal of 30% interest in SPRINT; and

(iii) Proposed Disposal of 50% interest in SMART.

The Proposed Disposals are also deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of PNB's common shareholding in Gamuda and LITRAK Holdings. In this relation, HLIB had on behalf of the Company submitted the Waiver Application to seek waiver of Paragraph 10.08(7)(a) of the Listing Requirements.

The Waiver Application was approved by Bursa Securities vide its letter dated 10 June 2022, subject to amongst others, the condition that an independent adviser is appointed to advise the Company and its shareholders on the Proposed Subject Disposals in accordance with Paragraph 10.08 of the Listing Requirements.

Further details of the above are set out in Section 1, Part A of the Circular.

Pursuant thereto, the Board had on 10 June 2022 appointed TA Securities as the Independent Adviser to advise the Directors and the shareholders of Gamuda in relation to the Proposed Subject Disposals.

The purpose of this Independent Advice Letter is to provide the shareholders of Gamuda with an independent evaluation on the fairness and reasonableness of the Proposed Subject Disposals and whether the Proposed Subject Disposals are detrimental to the shareholders of Gamuda together with our recommendation on whether the shareholders of Gamuda should vote in favour of the Proposed Subject Disposals.

Nonetheless, the shareholders of Gamuda should rely on their own evaluation of the merits of the Proposed Subject Disposals before making a decision on the course of action to be taken at the forthcoming EGM of the Company.

This Independent Advice Letter is prepared solely for the use of the shareholders of Gamuda to consider the Proposed Subject Disposals and should not be used or relied upon by any other party for any other purposes whatsoever.

YOU ARE ADVISED TO READ AND UNDERSTAND BOTH THIS INDEPENDENT ADVICE LETTER AND THE LETTER TO SHAREHOLDERS OF GAMUDA IN RELATION TO THE PROPOSED SUBJECT DISPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED SUBJECT DISPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED SUBJECT DISPOSALS

TA Securities was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Subject Disposals. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters ("**IAL Guide**") issued by Bursa Securities.

Our terms of reference as the Independent Adviser are limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Subject Disposals and whether the Proposed Subject Disposals are detrimental to the shareholders of Gamuda together with our recommendation on whether the shareholders of Gamuda should vote in favour of the Proposed Subject Disposals based on information and documents made available to us as set out below:

(i) information contained in Part A of the Circular and the accompanying appendices;

(ii) the Finalised SSPAs;

(iii) the audited financial statements for the past 3 financial years of Kesas, SPRINT and SMART ("**Subject Companies**");

(iv) the annual reports and audited consolidated financial statements of Gamuda for the FYE 31 July 2019 to the FYE 31 July 2021 as well as the unaudited consolidated financial statements of Gamuda for the 6-month financial period ended 31 January 2022;

(v) other relevant information, documents, confirmations and representations furnished to us by the board of directors, management and/or representatives of Gamuda and other parties to the various agreements in relation to the Proposed Subject Disposals; and

(vi) other relevant publicly available information.

We have relied on Gamuda as well as its directors, management and/or representatives to take due care in ensuring that all information, documents, confirmations and representations provided to us to facilitate our evaluation and which had been used, referred to and/or relied upon in this Independent Advice Letter have been fully disclosed to us, are accurate, valid and complete in all material aspects.

The Board has seen, reviewed and accepted this Independent Advice Letter. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this Independent Advice Letter (save for the assessment, evaluation and opinion of TA Securities) and confirms, after having made all reasonable enquiries, that to the best of their knowledge, there are no other facts not contained in this Independent Advice Letter, the omission of which would make any information in this Independent Advice Letter misleading.

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The responsibility of the Board in respect of:

(i) the information relating to the Subject Companies are limited to ensuring that such information is accurately reproduced in this Independent Advice Letter; and

(ii) the independent advice and expression of opinion by TA Securities in relation to the Proposed Subject Disposals are limited to ensuring that accurate information in relation to the Subject Companies were provided to TA Securities for its evaluation of the Proposed Subject Disposals and to ensure that all information in relation to Subject Companies that are relevant to TA Securities' evaluation of the Proposed Subject Disposals have been completely disclosed to TA Securities and that there is no material fact, the omission of which would make any information provided to TA Securities false or misleading.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all reasonable enquiries and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission.

In rendering our advice, we have taken note of the pertinent matters, which we believe are necessary and of importance to an assessment of the implications of the Proposed Subject Disposals and therefore are of general concern to the shareholders of Gamuda to consider and form their views thereon. Notwithstanding the foregoing:

(i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposed Subject Disposals; and

(ii) we have not given consideration to the specific investment objectives, risk profiles, financial situations and particular needs of any individual shareholder or any specific group of shareholders. We recommend that any individual shareholder or group of shareholders who is/are in doubt as to the action to be taken or require advice in relation to the Proposed Subject Disposals in the context of their investment objectives, risk profiles, financial situations and particular needs to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

Our views expressed in this Independent Advice Letter are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time after the date of this letter. Further, we have also relied on information obtained from independent sources, where applicable, in formulating our evaluation and opinion. In addition, it should be noted that our evaluation and opinion expressed in this Independent Advice Letter do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall immediately notify the shareholders of Gamuda by way of an announcement if, after despatching this IAL, we:

(i) become aware of significant change affecting the information contained herein;

(ii) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or

(iii) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, we shall send a supplementary IAL to the shareholders of Gamuda.

Should there be any material change to the terms and conditions of the Finalised SSPAs after shareholders' approval but prior to execution of the Finalised SSPAs, we will evaluate these changes to determine if they are detrimental to the interest of the shareholders of Gamuda. If we are of the opinion that these changes affect our overall opinion on the fairness and reasonableness of the Proposed Subject Disposals and our recommendation to the shareholders of Gamuda to vote in favour of the ordinary resolutions to give effect to the Proposed Subject Disposals, we will notify the shareholders of Gamuda accordingly via a supplemental IAL.

The followings are disclosures made pursuant to the IAL Guide:

(i) We confirm that we are not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation that may affect our ability to act independently and objectively as the Independent Adviser for the Proposed Subject Disposals;

(ii) Save for the current appointment as the Independent Adviser for the Proposed Subject Disposals, we do not have any professional relationship with Gamuda in the past 2 years; and

(iii) We are a holder of Capital Markets Services Licence issued by the Securities Commission Malaysia as a principal adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act, 2007. The corporate finance department of TA Securities supports clients in the areas of take-overs, mergers and acquisitions, initial public offerings, reverse take-overs, secondary equity issuance, capital markets coverage as well as independent advisory services. Our corporate finance team comprises experienced personnel with the requisite qualification and experience to provide, amongst others, independent advice and render opinion on fairness and reasonableness of transactions relating to acquisitions, disposals and take-over offers.

Amongst others, our experience and credentials as independent adviser include the following:

(a) independent adviser to the non-interested shareholders of Daibochi Berhad (now known as Scientex Packaging (Ayer Keroh) Berhad ("**Daibochi**") in relation to the unconditional voluntary take-over offer by Scientex Berhad ("**Daibochi Offeror**") to acquire all the remaining ordinary shares and warrants in Daibochi not already held by the Daibochi Offeror, whereby our independent advice circular was issued on 14 October 2021;

(b) independent adviser to the non-interested shareholders of Pimpinan Ehsan Berhad ("**PEB**") in relation to the unconditional mandatory take-over offer by Pitahaya (M) Sdn Bhd ("**PEB Offeror**") to acquire all the remaining ordinary shares in PEB not already held by the PEB Offeror, the ultimate offeror and the parties acting in concert with them, whereby our independent advice circular was issued on 22 March 2021;

(c) independent adviser to the non-interested shareholders of Paragon Globe Berhad in relation to the proposed subscription of 52,900,000 new ordinary shares in Builtech Acres Sdn Bhd involving the interests of related parties, whereby our independent advice letter was issued on 3 March 2020;

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(d) independent adviser to the non-interested shareholders of Supercomnet Technologies Berhad ("**STB**") in relation to the proposed acquisition of Supercomal Medical Products Sdn Bhd involving the interests of related parties and the proposed exemption for Shiue, Jong-Zone and persons acting in concert with him from the obligation to acquire the remaining ordinary shares in STB not already owned by them upon completion of the said proposed acquisition, whereby our independent advice letter was issued on 14 February 2018; and

(e) independent adviser to the non-interested shareholders of SWS Capital Berhad in relation to the proposed acquisition of EE-Lian Enterprise (M) Sdn Bhd involving the interests of related parties, whereby our independent advice letter was issued on 12 May 2017.

3. EVALUATION OF THE PROPOSED SUBJECT DISPOSALS

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Subject Disposals based on the following pertinent factors:

Consideration factors	Section
(i) Rationale and benefits of the Proposed Subject Disposals	3.1
(ii) Basis and justification of determining the Disposal Considerations	3.2
(iii) Salient terms of the Finalised SSPAs	3.3
(iv) Effects of the Proposed Disposals	3.4
(v) Risk factors in relation to the Proposed Subject Disposals	3.5

3.1 Rationale and benefits of the Proposed Subject Disposals

We have considered the rationale and benefits of the Proposed Disposals as set out in Section 4, Part A of the Circular and our commentaries are summarised below:

<u>Our commentaries</u>

The Group is primarily involved in the following businesses:

(i) construction of highways and bridges, airfield facilities, railway, tunnel, water treatment plants, dams, general and trading services related to construction activities ("**Engineering and Construction Business**");

(ii) development of residential and commercial properties and club operations ("**Property Development and Club Operations Business**"); and

(iii) management of water supply and tolling of highway operations ("**Water and Expressway Concession Business**").

For the latest FYE 31 July 2021, Engineering and Construction Business and Property Development and Club Operations Business contributed to approximately 91% of its total revenue, with the remaining 9% contributed by its Water and Expressway Concession Business.

The segmental breakdown of the Group's revenue and PAT attributable to owners of the Company ("**PATAMI**") for the past 3 financial years are as follows:

	FYE 31 July 2021				FYE 31 July 2020			
	Revenue		PATAMI		Revenue		PATAMI	
	(RM'million)	(%)	(RM'million)	(%)	(RM'million)	(%)	(RM'million)	(%)
Engineering and construction	3,286.53	65.5	253.01	43.0	4,789.09	70.4	173.14	33.0
Property development and club operations	1,294.92	25.8	172.47	29.3	1,520.53	22.4	126.52	24.1
Water concessions	177.23	3.6	30.29	5.2	165.56	2.4	38.45	7.3
Expressway concessions	257.28	5.1	132.55	22.5	329.74	4.8	186.49	35.6
Total	**5,015.96**	**100.0**	**588.32**	**100.0**	**6,804.92**	**100.0**	(1)**524.60**	**100.0**

	FYE 31 July 2019			
	Revenue		PATAMI	
	(RM'million)	(%)	(RM'million)	(%)
Engineering and construction	4,137.74	57.6	237.14	33.9
Property development and club operations	2,546.86	35.5	259.43	37.0
Water concessions	170.30	2.4	71.78	10.3
Expressway concessions	326.30	4.5	131.84	18.8
Total	**7,181.20**	**100.0**	**700.19**	**100.0**

Note:
(1) Without taking into consideration of impairment of industrial building system assets of RM148.10 million.

With the Offer from ALR, the Proposed Disposals represent a strategic opportunity for the Group to monetise its long-term investment in the Subject Companies and redeploy its resources into its other core businesses, new investments in relation to Gamuda Green Plan 2025, new international markets and opportunities.

Notwithstanding that the Group will cease to recognise the financial results of the Subject Companies after the Proposed Disposals, it is reasonable for the Group to accept the Offer from ALR to dispose of the Subject Companies in view that it provides the Group with an immediate opportunity to monetise its investments in the Subject Companies at fair values that take into consideration the projected future cash flow of the Subject Companies.

With the Proposed Disposals, the Group will no longer be subject to various business risks involved in operating toll concessions owned by the Subject Companies such as competition from parallel toll-free routes and other highways, reduction in traffic volume due to availability of alternative means of transport, and unexpected toll rate revisions as imposed by the government.

In addition, the Proposed Disposals, if successfully undertaken concurrently, provide an opportunity to the Group to receive substantial cash proceeds of approximately RM2,350 million, which in turn provide greater flexibility to the Group for an efficient use of these funds to enhance the Group's overall capital structure and funding requirements. This is as opposed to the scenario where the Group continues to hold on to its investments in the Subject Companies and realises their earnings gradually on an annual basis.

We note that the proceeds from the Proposed Disposals are mainly intended to be used to reward shareholders of Gamuda in the form of cash dividend and repay existing borrowings of the Group. This is expected to decrease the gearing level of the Group and allow the Group to have further headroom to raise debt for financing its other construction and development projects. Given the nature of the construction and property development industry which often requires debt financing, this will ease funding requirements for the Group's existing and future projects.

Further, as set out in Section 3.2 of this IAL, the Disposal Considerations represent a premium to the fair values of the Subject Companies. On this note, the Group is expected to record a gain on disposal upon completion of the Proposed Disposals, which will in turn contribute positively to the financial position and financial performance of the Group.

With the above, the continued holding of the Subject Companies is seen as less attractive given that there is a ready buyer to purchase Gamuda's entire stake in these companies at a fair value.

This is after considering the fact that the Group will continue to expose itself to various business risks involved in operating toll concessions owned by the Subject Companies as illustrated above, while the Proposed Disposals provide the Group with an immediate opportunity to realise the present value of the projected future cash flow of the Subject Companies.

As each of the Subject Companies contributes differently to the overall financial performance of the Group and given the standalone basis of the Kesas Offer, SPRINT Offer and SMART Offer, it is not mandatory for the Group to dispose of all of the Subject Companies to ALR if it wishes to hold on to its investments in any of the Subject Companies to continue to enjoy the corresponding financial contribution, for example, Kesas which contributed PAT of RM78.7 million to the Group for the FYE 31 July 2021 based on the Group's effective interest of 70% in Kesas.

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Nevertheless, it is reasonable for the Company to take this opportunity to dispose of its entire stake in the Subject Companies mainly due to the following reasons:

(i) there may not be another offer to the Company to acquire its stake in the Subject Companies in the near future if any of the Subject Companies is excluded from the Proposed Disposals, taking into consideration the extensive process involved in any disposal and acquisition of the Subject Companies such as obtaining various regulatory approvals, securing adequate funding and obtaining the approval of existing lenders;

(ii) the Proposed Disposals provide an immediate opportunity for the Group to monetise its investments in the Subject Companies at a fair value that takes into consideration the projected future cash flow of the Subject Companies; and

(iii) pursuant to the Proposed Disposals, the Group will receive substantial cash proceeds which provide the Group with greater flexibility in planning for an efficient use of its financial resources.

Premised on the above, we view that the rationale and benefits of the Proposed Subject Disposals are **fair and reasonable**.

3.2 Basis and justification of determining the Disposal Consideration

In arriving at the estimated fair value of the Subject Companies, we have adopted DCF valuation method as the sole valuation method, in which the estimated fair value of the Subject Companies will be the DCF valuation on FCFF projected to be generated from the business of the Subject Companies.

While we have also considered using comparable company analysis, which primarily looks at the price-to-earnings (P/E) multiples, price-to-book (P/B) multiples and/or enterprise value to earnings before interest, tax, depreciation and amortisation (EV/EBITDA) multiples of comparable companies, we found that this methodology is not suitable in assessing the fair value of the Subject Companies. This is after considering that the terms of the concession agreement held by the respective Subject Companies such as remaining concession period, toll rates and provisions for toll rate revision are different from one another, and from those of comparable companies that may be identified for a comparable company analysis.

The Subject Companies are principally involved in the toll concession and given the nature of the toll concession, the future cash flows to be derived by the Subject Companies can be estimated.

Given the above, we view the DCF valuation method as the most appropriate method to estimate the fair value of the Subject Companies as the method is able to effectively factor in the earnings and cash flows potential of the toll concession as well as the timing of such cash flows to be generated. The DCF valuation model considers both the time value of money and the future cash flows to be generated by the Subject Companies over a specified period of time.

As the DCF valuation method entails the discounting of the future cash flows to be generated from the businesses of the Subject Companies at a specified discount rate to arrive at its value, the riskiness of generating such cash flows will also be taken into consideration.

Under the DCF valuation method, the FCFF projected to be generated from the businesses of the Subject Companies are discounted at an appropriate weighted average cost of capital ("**IA WACC**") to derive the present value of all future cash flows from the businesses available to the providers of capital for the businesses. This present value of FCFF is also known as the enterprise value. Thereafter, the equity value is derived as follows:

Equity value	=	Enterprise value	-	Non-controlling interests (if any)	+	Surplus assets / (liabilities) (if any)	-	Value of existing debts

We have reviewed the future cash flow forecasts of the respective Subject Companies until the end of their respective concession period ("**Future Financials**"), which was prepared by the management based on forecast on a best-effort basis.

We have considered and evaluated the key bases and assumptions adopted in the Future Financials and are satisfied that the key bases and assumptions used in the preparation of the Future Financials are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.

The Future Financials (together with the bases and assumptions adopted therein) have been reviewed and approved by the Board. The key bases and assumptions adopted in the preparation of the Future Financials and our commentaries are as follows:

(i) The Subject Companies will operate until the expiry of their respective existing concession period, which takes into account any extension period that is reasonably expected to be granted by the government at this point in time (not including extension granted under the SCA executed by each Expressway Concession Company and the Government of Malaysia on 25 April 2022, which is one of the conditions set out in the respective CLOOs, to facilitate the toll restructuring), and will not further operate after the end of their respective existing concession period. The expiry of the respective existing concession period are as follows:

Subject Companies	Concession expiry date
Kesas	18 August 2028 (after taking into consideration an extension of 5 years from 18 August 2023, being the end of the existing concession period)
SPRINT	<u>Package A (Kerinchi Link) and Package B (Damansara Link)</u> 14 December 2034 <u>Package C (Penchala Link)</u> 14 December 2031
SMART	31 December 2042

This is a fair and reasonable assumption as it is based on the terms of the respective Concession Agreements, with due consideration to latest development relating to the extension of the concession expiry date.

(ii) The Subject Companies will achieve the annual traffic volume as projected by the independent traffic consultant up to the expiry of their respective concession period.

This is a fair and reasonable assumption as it would provide an underlying basis that is derived by an independent party for the projection of the Subject Companies' revenue. In this regard, we note that the independent traffic consultant has taken into consideration various pertinent factors that may have a material impact on the traffic volume of the relevant highways such as capacity constraint, tolling scenario, economic growth and potential development in future transport infrastructure.

(iii) The Subject Companies' toll revenue will be based on the annual traffic volume as projected by the independent traffic consultant and the applicable toll rates for the relevant years as stipulated in the respective Concession Agreements.

This is a fair and reasonable assumption as the toll rates to be charged by the Subject Companies shall be in accordance with those set out in the Concession Agreements.

(iv) There will not be any material annual fluctuation in the operating expenses of the Subject Companies up to the expiry of their respective concession period.

This is a fair and reasonable assumption given the business nature of the Subject Companies in operating the highways, where operating expenses are mainly costs for the operations and maintenance of the highways and relevant facilities.

(v) There will not be any major disruptions / interruptions to the operations of the Subject Companies' businesses (whether due to acts of God, fire or other unforeseen circumstances) which may have a material adverse effect on the financial results, cash flows or business operations of the Subject Companies' businesses.

This is a fair and reasonable assumption as it would not be possible to reliably estimate the occurrence of such disruptions / interruptions and their effects.

(vi) There will not be any new business / toll concession introduced by the Subject Companies (either on its own or via strategic ventures with other parties) in the future which may have significant impact on the financial performance of Subject Companies.

This is a fair and reasonable assumption as the Subject Companies currently do not have any plan to introduce new business / toll concession.

(vii) The Subject Companies will not incur any further substantial capital expenditure (apart from the ordinary capital expenditure required for the operation and maintenance of pavement conditions and/or periodic resurfacing obligations) during the period covered under the Future Financials.

This is a fair and reasonable assumption in view that the Subject Companies currently do not have any plan or requirement to undertake any major capital investment activities for the highways owned by them.

(viii) There will not be any significant or material changes to the Concession Agreements, licences and regulations governing the toll concession industry.

This is a fair and reasonable assumption based on current information as available to Gamuda at this point in time.

(ix) The current accounting policies adopted will remain relevant and there will not be any significant changes in the accounting policies which have a material adverse impact on the financial performance and financial position of the Subject Companies.

This is a fair and reasonable assumption based on current information as available to Gamuda at this point in time.

(x) There will not be any significant or material changes in the political, social and economic conditions, monetary and fiscal policies, taxation policies, inflation and regulatory requirement of toll concession industry subsequent to the LPD which may have a material adverse effect on the financial results, cash flows or business operations of the Subject Companies' businesses.

This is a fair and reasonable assumption based on current information as available to Gamuda at this point in time.

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In order to derive the equity value of the Subject Companies, we have first discounted the FCFF projected to be generated from the businesses of the Subject Companies at an appropriate IA WACC to reflect the rate of return required by the providers of capital for the business. The resulting present value of FCFF is known as the enterprise value of the Subject Companies. We take note that the Company has also adopted the valuation methodology of DCF of FCFF as the basis of valuation of all of the Offers. In this regard, we wish to highlight that save for the Future Financials, we have derived the key bases and assumptions for our valuation independently.

Our valuation, together with the key bases and assumptions adopted, are as follows:

No	**Key bases and assumptions**		**Descriptions**
(i)	FCFF	Based on the Future Financials of the Subject Companies until the end of their respective concession period	FCFF is the free cash flows from operations available to the providers of capital for a business after taking into consideration all operating expenses, movement in working capital and net investing cash flows. We have reviewed the key bases and assumptions adopted in the Future Financials prepared by the management in deriving the FCFF and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.
(ii)	WACC	KESAS 8.33% SPRINT 7.62% SMART(1) 6.73% - 8.28%	WACC is derived using the formula below: $WACC = K_e \times E/(D+E) + K_d (1 - T) \times D/(D+E)$ where: K_e = Cost of equity, which represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving the cost of equity for the Subject Companies, we have adopted the Capital Asset Pricing Model with the following inputs: $K_e = R_f + \beta (R_m – R_f) + \alpha$ K_d = Cost of debt, which represents the prevailing interest rates of the existing borrowings of the respective Subject Companies. E = Proportion of equity to the capital structure D = Proportion of debt to the capital structure T = Statutory corporate income tax rate of 24%

No	Key bases and assumptions		Descriptions
			WACC is a common way to determine the required rate of return because it expresses the return that both creditors and shareholders demand in order to provide the company with capital. WACC is derived by taking into account the company's cost of each capital source (debt and equity) and its respective weightage in the company's overall capital structure. As each of the Subject Companies has different capital structure, it is appropriate to assess the Subject Companies using different WACC. In the context of DCF valuation, a low WACC will result in a higher present value of the future cash flows projected to be generated by the business under valuation, and vice versa. We noted from Section 3.1, Part A of the Circular that Gamuda adopted WACC of 6.28% and 6.77% for KESAS and SPRINT respectively, and 6.55% - 8.31% for SMART. Based on the salient bases and assumptions of the DCF WACC as disclosed in the same section, we noted that Gamuda has relied on similar sources as ours to generate these salient parameters except for market risk premium and pre-tax cost of debt, and Gamuda did not adopt any illiquidity discount. Gamuda relied on the blended yield of Kesas and SMART and the latest financing cost of SPRINT for pre-tax cost of debt, while we relied on prevailing interest rates of the existing borrowings of these companies. Our further commentaries on these parameters are set out below.
(iii)	Risk-free rate of return ("**R_f**")	3.56%	Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysian Government Securities. As extracted from Bloomberg, the said yield is 3.56% per annum as at the Valuation Date. We noted that Gamuda adopted the same source of risk-free rate of return, which is the yield of 10-year Malaysian Government Securities.
(iv)	Expected market rate of return ("**R_m**")	9.39%	Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market. In our opinion, the expected rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia. Given the volatility of the stock market and market cycles, we view that a 10-year historical expected rate of return of the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market and mitigates market bias. Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia of 9.39% per annum for the past 10 years up to the Valuation Date.

No	Key bases and assumptions		Descriptions
			The expected market rate of return of 9.39% per annum implies a market risk premium of 5.83% per annum, which is the difference between expected market rate of return and risk-free rate of return. We noted that Gamuda generated the market risk premium based on Damodaran's website (country default spreads and risk premiums) for Malaysia updated in July 2021.
(v)	Beta ("**β**")	KESAS 0.479 SPRINT 0.664 SMART[(1)] 1.885 – 2.366	Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and *vice versa*. In deriving the estimated beta of the Subject Companies, we have relied on the 5-year beta up to 31 December 2021 of LITRAK Holdings, the holding company of LITRAK (a company listed on Bursa Securities which is principally involved in the toll concession industry). Relying on the 5-year historical beta of the peer is appropriate as it will capture the characteristics and risk profiles of the company that is comparable to the Subject Companies' businesses today and adequately estimate the systematic risks. As the beta extracted from Bloomberg is based on the capital structure of LITRAK Holdings, we have un-levered the beta and re-levered it based on the expected capital structure of the respective Subject Companies. We wish to highlight that there is no company listed on Bursa Securities which is identical to the Subject Companies' businesses. We view that LITRAK Holdings is adequately comparable to the Subject Companies' businesses and is reasonable to be adopted for the purposes of deriving the estimated beta of the industry. Our view is premised upon that the expected risks and rewards of LITRAK Holdings is broadly comparable to the Subject Companies' businesses as they are principally involved in the same economic sector. We noted that Gamuda generated the re-levered beta of the respective Subject Companies based on the 5-year beta of LITRAK Holdings as extracted from Bloomberg, which is similar to our approach.

No	Key bases and assumptions		Descriptions
(vi)	Illiquidity discount ("**α**")	KESAS, SPRINT 4% SMART 6%	As the Subject Companies are private companies, we have applied a constant illiquidity discount of 4% to compensate for the lack of liquidity / marketability of the shares of the Subject Companies. The illiquidity discount of 4.0% is extracted from: http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf. Further, an additional 2% illiquidity discount is added to SMART as SMART is a loss-making company. We noted that Gamuda has not adopted any illiquidity discount for the Subject Companies.

Note:

(1) Corporate income tax rate is one of the determinants in deriving a company's estimated beta and WACC. Based on the Future Financials of SMART, the company is not expected to incur corporate income tax up to its financial year ending 31 December 2038 as there would be capital allowances available to offset the projected profit. Therefore, the company is expected to have an effective tax rate of 0% up to its financial year ending 2038, and thereafter be subjected to the statutory corporate income tax rate of 24% up to the expiry of the concession period. By adopting these different tax rates in deriving SMART's estimated beta and WACC, we have arrived at 2 different rates for WACC and beta for SMART, one for financial years ending from 2022 to 2038 and the other for financial years ending from 2039 to 2042.

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Based on the enterprise value of the Subject Companies' businesses, we have then derived the equity values of the aforesaid businesses, as follow:

	KESAS (RM'million)	SPRINT (RM'million)	SMART (RM'million)
Enterprise value	1,124.4	1,677.3	284.3
Add: Surplus assets / (liabilities)(1)	241.2	249.9	11.8
Less: Value of existing debts(2)	(197.2)	(1,145.8)	(319.9)
Equity value	**1,168.4**	**781.4**	**(23.8)**
Gamuda's effective interest (%)	70.0	30.0	50.0
Gamuda's portion of equity value	**817.9**	**234.4**	**(11.9)**
Gamuda's portion of Disposal Consideration (based on Section 2.1, Part A of the Circular)	**899.5**	**(3)271.2**	**(4)-**
Premium	81.6	36.8	11.9
Premium (%)	10.0	15.7	N/A

Notes:

(1) Comprise surplus cash, government compensation receivable, other receivables and other creditors based on the management accounts of the Subject Companies as at the Valuation Date.

(2) Based on the borrowings of the Subject Companies as at the Valuation Date.

(3) Based on 30% interest in relation to the Proposed Disposal of 30% interest in SPRINT. Gamuda's effective interest in SPRINT is 51.3% after considering the 42.7% equity interest held by Gamuda in LITRAK Holdings, which in turn has 50.0% equity interest in SPRINT.

For illustration, based on the 51.3% effective interest in SPRINT, Gamuda's portion of equity value is RM400.9 million and Gamuda's portion of Disposal Consideration is approximately RM463.8 million, which represents a premium of RM62.9 million or 15.7%.

(4) Nominal value of RM0.50 only.

Based on the above, the Disposal Considerations in relation to the Proposed Subject Disposals are **fair and reasonable** as Gamuda's portion of the Disposal Considerations represent:

(i) a premium of 10.0% and 15.7% to its portion of the equity values of KESAS and SPRINT respectively in relation to the Proposed Subject Disposals; and

(ii) a nominal value of RM0.50 for its portion of the negative equity value of SMART in relation to the Proposed Subject Disposals.

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3.3 Salient terms of the Finalised SSPAs

Our commentaries on the salient terms of the Finalised SSPAs as set out in Appendix II of the Circular (limited to only the Subject Companies) are as follows:

Salient terms of the Finalised SSPAs	Our commentaries
1. DISPOSAL CONSIDERATIONS The Disposal Consideration for each Proposed Disposal as set out in the respective Finalised SSPAs shall be an amount equivalent to the Equity Value to be calculated as follows: Equity Value = EV – A + B + C – D where: EV = The EV as stipulated in the respective Finalised SSPAs. For clarity, the EVs stipulated in the Finalised SSPAs are based on the Offers received from ALR via its CLOOs dated 2 April 2022, and based on the Valuation Date for the respective disposals. A = Indebtedness B = Residual Cash C = Government Compensation Receivable D = Other Net Current Liabilities Under the Finalised SSPA for SMART, it is agreed and confirmed that notwithstanding the computation above, the Equity Value for the Proposed Disposal of SMART shall be Ringgit Malaysia One (RM1.00) only.	**Fair and reasonable.** Please refer to our evaluation on the Disposal Considerations in Section 3.2 of this IAL.

Salient terms of the Finalised SSPAs	Our commentaries
The Disposal Consideration for each Proposed Disposal is to be satisfied entirely in cash by ALR to the respective Concession Holding Companies in the following manner:	Please refer to our commentaries above.
1.1. For the Proposed Disposals of Kesas, SPRINT and LITRAK	**Fair and reasonable.**
1.1.1 Payment of Completion Amount On the Completion Date, ALR shall pay to the respective Concession Holding Companies the Completion Amount which is equivalent to the Initial Sum adjusted by an Adjustment Amount which is calculated as follows: Holding Cost on Initial Sum ***less*** Pre-Completion Dividend ***less*** Retention Sum. In respect of the Proposed Disposal of Kesas only, the Adjustment Amount shall also include the Deferred Consideration on Kesas Completion Date which is to be deducted from the Completion Amount and to be paid to Kesas Holdings with interest (based on WACC) pursuant to the executed Finalised SSPA for the Proposed Disposal of Kesas. In respect of the Proposed Disposal of SPRINT only, the SPRINT RULS redemption amount, being an amount of RM585,000,000 which shall be advanced by ALR to SPRINT for the purpose of redeeming the SPRINT RULS on the Completion Date for the Proposed Disposal of SPRINT shall also be deducted from the Adjustment Amount. For the avoidance of doubt, the Adjustment Amount shall be added to the Initial Sum if the Adjustment Amount is positive and subtracted from the Initial Sum if the Adjustment Amount is negative.	This represents the adjustments to the Disposal Consideration to be paid by the Purchaser on the Completion Date. In this relation, the Holding Cost on Initial Sum represents the cost to be borne by the Purchaser to compensate the Vendors for holding the Subject Companies pending the completion of the Proposed Disposals, and hence shall be added to the Disposal Considerations. Further, in view that the Valuation Date forms the basis in deriving the Disposal Considerations, any dividend declared and/or paid by the Subject Companies to their respective holding companies between the Valuation Date up to the Completion Date shall be deducted from the Disposal Considerations. Lastly, the Retention Sum and Deferred Consideration (for Kesas only) shall also be deducted from the Disposal Considerations as these are to be paid by the Purchaser on a later date, subject to the terms and conditions under the Finalised SSPAs. The Deferred Consideration is a commercial arrangement to enable ALR to have a better cashflow management in order to comply with the covenants of its ALR Sukuk Programme. As for the RULS redemption amount of RM585 million in relation to the Proposed Disposal of SPRINT, such amount represents part of the Disposal Consideration (i.e. the Equity Value of SPRINT). As the Purchaser will be advancing the aforesaid sum to SPRINT for the redemption, the amount shall be adjusted from the Disposal Consideration accordingly.

Salient terms of the Finalised SSPAs	Our commentaries
	There are differing terms of receipt of proceeds for each of the Proposed Disposals mainly due to the Deferred Consideration and the Government Compensation Receivable. Nevertheless, more than 90% of the total proceeds for each of the Proposed Disposals are to be received within 45 days from the Completion Date, hence the differing terms of receipt of proceeds are not detrimental to the interests of the shareholders of Gamuda.
1.1.2 Payment of Government Compensation Receivable Where there is Government Compensation Receivable received by the Expressway Concession Companies from the Government of Malaysia (which has been notified in writing to the Expressway Concession Companies and ALR): (i) prior to the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to such Government Compensation Receivable on the Completion Date; and (ii) on or after the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to the Government Compensation Receivable in relation thereto within five (5) Business Days upon receipt by the relevant Expressway Concession Company of any Government Compensation Receivable from the Government of Malaysia. The Government Compensation Receivable are still pending certification by the Malaysian Highway Authority. If the Government of Malaysia actually settles less than the amount receivable shown in this Circular for any reason, then the relevant Concession Holding Company bears the full risk of this shortfall.	**Fair and reasonable.** As set out in Section 2.2.1, Part A of the Circular, the Initial Sum in respect of the Disposal Considerations shall be the Equity Value less the Government Compensation Receivable. As such, the Government Compensation Receivable shall be payable by the Purchaser based on the actual amount received from the Government, whether prior to or after the Completion Date.

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Salient terms of the Finalised SSPAs	Our commentaries
1.1.3 Payment of Retention Sum The Retention Sum is subject to a payment of interest by ALR to the respective Concession Holding Companies at a rate equivalent to the WACC of the ALR Sukuk Programme (currently estimated at five per centum (5%) per annum). The interest on such amount of the Retention Sum, is calculated on a daily rest basis from the Completion Date until the date of actual payment of the Retention Sum by ALR to the respective Concession Holding Companies, pursuant to the terms agreed in the respective Finalised SSPAs. On the last day of the Retention Period, ALR shall pay to the respective Concession Holding Companies the Net Retention Sum, together with interest thereon at the WACC calculated on daily rest basis from the Completion Date until the date of payment of the Net Retention Sum by ALR to the respective Concession Holding Companies. In relation to any amount of the warranty claim as disputed and not resolved or determined on the last day of the Retention Period, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the Finalised SSPAs, as the case may be, ALR shall if applicable, pay to the respective Concession Holding Companies such amount as is payable to the respective Concession Holding Companies after the resolution or determination together with interest thereon at the WACC calculated on daily rest basis from the Completion Date to the date of payment thereof within five (5) Business Days from the date of resolution and/or determination.	**Fair and reasonable.** Please refer to our commentaries on clause 1.1.1 above in relation to the Retention Sum. Further, such Retention Sum shall be adjusted for any warranty claim (whether resolved or not resolved) pursuant to the terms and conditions under the Finalised SSPAs. The remaining balance (if any) shall be payable by the Purchaser within 5 Business Days from the date of resolution of such warranty claim.

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Salient terms of the Finalised SSPAs	Our commentaries
1.1.4 Payment of Deferred Consideration (applicable only for the Proposed Disposal of Kesas) ALR shall, upon having sufficient excess cash, forthwith pay to Kesas Holdings the Deferred Consideration subject to interest thereon at the WACC (currently estimated at five per centum (5%) per annum) calculated on a daily rest basis from the Kesas Completion Date until the date of payment thereof, provided that such payment shall not result in a breach of the covenants under ALR Sukuk Programme. It is anticipated that such repayment shall be achieved within seven (7) months from Kesas Completion Date, subject to continuation of current progress of traffic recovery in this endemic phase and the consequent projected combined cash flow of ALR and all the Expressway Concession Companies.	Please refer to our commentaries on clause 1.1.1 above in relation to the Deferred Consideration.
1.2 For the Proposed Disposal of SMART **Payment of Equity Value and Redemption of Sukuk Facilities** On the SMART Completion Date, ALR shall pay the amount of the Equity Value to SMART Holdings. On the same day, ALR shall also pay in full, the Sukuk Repayment Amount and the Redemption Amount, to the bank account provided by the facility/security agent under the terms of the Sukuk Facilities by 12.00 p.m.	**Fair and reasonable.** This is a customary clause to facilitate the full repayment of the Sukuk Facilities concurrently with the completion of the Proposed Disposal of SMART.

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Salient terms of the Finalised SSPAs	Our commentaries
2. SETTLEMENT OF INTER-CO DEBTS	**Fair and reasonable.**
2.1 For the Proposed Disposals of Kesas, SPRINT and LITRAK ALR shall procure that each Expressway Concession Companies settle all inter-co debts which is an amount of any debts together with any accrued profit/interest thereon owing, due or payable by the Target to the Vendor and the Vendor's holding company, ultimate holding companies and shareholders within thirty (30) days from the Completion Date.	This is a customary clause to facilitate the settlement of inter-company debts between the Subject Companies and their holding / ultimate holding companies.
2.2 For the Proposed Disposals of SMART On the last day of the Retention Period, ALR shall pay and/or procure SMART to pay to SMART Holdings an amount equivalent to the inter-co debts being the debts together with any accrued profit/interest thereon owing, due or payable by SMART to SMART Holdings up to and inclusive of the Completion Date ("**Inter-co Debts**") less: (a) any amount of the warranty claim accepted by SMART Holdings; and (b) any amount of the warranty claim as disputed between ALR and SMART Holdings, and not resolved or determined as at the date of payment of SMART Retention Sum, ("**Net Balance Inter-co Debts**"), together with interest thereon at the WACC calculated on daily rest basis from the SMART Completion Date until the date of payment of the Net Balance Inter-co Debts by ALR and/or SMART to SMART Holdings.	Please refer to our commentaries on clauses 1.1.1, 1.1.3 and 2.1 above in relation to the Retention and settlement of inter-company debts.

<table>
<tr><th>Salient terms of the Finalised SSPAs</th><th>Our commentaries</th></tr>
<tr><td>In relation to any amount of the warranty claim as disputed and not resolved or determined on the last day of the Retention Period as referred to in Section 2.2(b) above, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the Finalised SSPA of SMART, as the case may be, ALR shall if applicable, pay and/or procure payment to SMART Holdings such amount as is payable to SMART Holdings after the resolution or determination for the purpose of full settlement of the Inter-co Debts together with interest thereon at the WACC calculated on daily rest basis from the SMART Completion Date to the date of payment thereof within five (5) Business Days from the date of resolution and/or determination.</td><td>Please refer to our commentaries above.</td></tr>
<tr><td>3 CONDITIONS PRECEDENT

The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposals of Kesas, SPRINT and LITRAK. Each Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. Each Vendor and the Purchaser shall use their best endeavours to fulfil the Conditions Precedent on or before the Long Stop Date:

<table><tr><td>1.</td><td>Condition Precedent to be fulfilled by the Purchaser (ALR)</td><td>The Purchaser having successfully raised funds to make all payments required to be made to each Vendor under each Finalised SSPA.</td></tr></table></td><td>Fair and reasonable.

These conditions precedent are reasonable as they represent the necessary approvals / procedures required to facilitate the completion of the Proposed Disposal of Kesas and Proposed Disposal of SPRINT.</td></tr>
</table>

Salient terms of the Finalised SSPAs			Our commentaries
2.	Condition Precedent to be fulfilled by the respective Vendors	Consents from existing financiers/lenders (as set out in the Finalised SSPA) of the respective Targets, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in the Target; (ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to the Target, on or after Completion Date and advances granted by the Target to the Purchaser, on or after Completion Date.	Please refer to our commentaries above.

<table>
<tr><th>Salient terms of the Finalised SSPAs</th><th>Our commentaries</th></tr>
<tr><td><table><tr><td>3.</td><td>Condition Precedent to be jointly fulfilled by the Purchaser and the respective Vendors</td><td>Evidence that approval from the existing lenders of the respective Targets and/or respective Vendors (where relevant) for the refinancing of the Target’s and/or Vendor’s Indebtedness has been obtained.</td></tr></table></td><td>Please refer to our commentaries above.</td></tr>
<tr><td>The following are the Conditions Precedent to be fulfilled pursuant to the Finalised SSPA for the Proposed Disposal of SMART. The Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. The Vendor and the Purchaser shall use their best endeavours to fulfil the Conditions Precedent on or before the Long Stop Date:
<table><tr><td>1.</td><td>Condition Precedent to be fulfilled by the Purchaser (ALR)</td><td>The Purchaser having successfully raised funds to make all payments required to be made to the Vendor i.e. SMART Holdings under the Finalised SSPA for the Proposed Disposal of SMART.</td></tr></table></td><td>Fair and reasonable.

These conditions precedent are reasonable as they represent the necessary approvals / procedures required to facilitate the completion of the Proposed Disposal of SMART.</td></tr>
</table>

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Salient terms of the Finalised SSPAs			Our commentaries
2.	Condition Precedent to be fulfilled by the Vendor (SMART Holdings)	Consents from existing financiers/lenders of SMART, if applicable, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in SMART; (ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to SMART, on or after Completion Date and advances granted by SMART to the Purchaser, on or after SMART Completion Date.	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
3. | Condition Precedent to be jointly fulfilled by the Purchaser and the Vendor | The statement from the facility/security agent under the terms of the Sukuk Facilities confirming the Redemption Amount for redemption or repayment of the Sukuk Facilities and undertaking to release and discharge all securities relating thereto including any mortgage or charge over the securities upon receipt of the Redemption Amount, has been obtained.	Please refer to our commentaries above.
4. PRE-COMPLETION UNDERTAKINGS **4.1 The Vendor's Undertakings in relation to the Target** The Vendor undertakes with the Purchaser that, unless the prior consent in writing of the Purchaser is obtained (which consent shall not be unreasonably withheld or delayed), between the date of the executed Finalised SSPA and the Completion Dates (provided that the executed Finalised SSPA has not been terminated for any reason whatsoever), the Vendor shall cause the Target to not undertake the following matters: 4.1.1 making or permitting any material change to the terms and conditions of, terminating, assigning, or extending, the current employment contracts of the senior management of the Target. For the avoidance of doubt, nothing herein shall restrict the right of the Target to implement or effect any promotion and increase in remuneration and salary which are in accordance with the usual policies, procedures and practices of the Target;	**Fair and reasonable.** These clauses are normal commercial terms which set out the undertakings by the Vendors not to undertake certain activities in regard to the Subject Companies to safeguard the interests of the Purchaser pending completion.

Salient terms of the Finalised SSPAs	Our commentaries
4.1.2 making or permitting any change to the share capital structure of the Target; 4.1.3 other than in the ordinary course of business of the Target and save in respect of agreements already entered into prior to the date of the CLOO, disposing of or transferring any of the material businesses or assets of the Target, and for this purpose, any disposal or transfer of the business or assets of the Target in a transaction for a purchase consideration in excess of the Materiality Threshold shall be deemed to be material; 4.1.4 other than in the ordinary course of business of the Target and save in respect of agreements already entered into prior to the date of the CLOO, acquiring any material business or asset, and for this purpose, any acquisition of business or asset by the Target in a transaction for a purchase consideration in excess of the Materiality Threshold shall be deemed to be material 4.1.5 other than in the ordinary course of business of the Target, entering into any agreements or arrangements with related parties; 4.1.6 entering into any long-term contract or capital commitment in excess of the Materiality Threshold, for the supply of goods or services by and/or to the Target other than in the ordinary course of business of the Target. Any contract or capital commitment for a period exceeding twelve (12) months shall be deemed to be long-term contract or capital commitment; 4.1.7 creating, extending, granting or issuing, or agreeing to create, extend, grant or issue any mortgage, charge, debenture or other security over the assets of the Target other than in the ordinary course of business of the Target;	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
4.1.8 creating or issuing, or agreeing to create or issue, any share or loan capital in the Target, or give or agree to give any option in respect of any shares or loan capital of the Target; 4.1.9 make any alteration to the provisions of the constitutional document of the Target; 4.1.10 incurring any liability (including contingent liability) in excess of the Materiality Threshold and which is outside the ordinary course of business of the Target; and 4.1.11 release, surrender, waive, amend or vary any amount of indebtedness owed to it by any person other than in the ordinary course of business, and in particular, agree to the capitalisation of any such indebtedness, whether by conversion or exchange of the same or any part thereof into or for share capital in the company which owes the same or otherwise. For purposes of paragraph 4.1 of this Appendix II, 'Materiality Threshold' shall for the Proposed Disposals of Kesas, LITRAK and SMART means one per centum (1%) of the shareholders' funds of the respective Targets based on the audited accounts and for the Proposed Disposal of SPRINT means RM500,000.	Please refer to our commentaries above.
4.2 The Vendor's Undertakings in relation to the Sale Shares The Vendor undertakes with the Purchaser that, between the date of the executed Finalised SSPA and the Completion Date (provided that the executed Finalised SSPA has not been terminated for any reason whatsoever), the Vendor shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of the Sale Shares or any interest therein.	**Fair and reasonable.** This is a normal commercial term to ensure that the Vendors do not enter into any discussion or negotiation, or agreement with any party in respect of the Sale Shares subsequent to the date of the executed Finalised SSPAs.

Salient terms of the Finalised SSPAs	Our commentaries
4.3 The Vendor's Undertakings in relation to the Conduct of Business The Vendor undertakes that, between the date of the executed Finalised SSPA and the Completion Date and unless the executed Finalised SSPA is otherwise terminated for any reason whatsoever, the Vendor shall procure that the Target shall carry on its business in the usual, regular and ordinary course in substantially the same manner as is carried on as at the date of the executed Finalised SSPA so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at Completion Date.	Please refer to our commentaries on clause 4.1 above in relation to Vendor's Undertakings.
5 COMPLETION **5.1 Date and Place** (a) Subject to fulfilment of the Conditions Precedent as set out in Section 2, Appendix II of the Circular, completion shall take place on the Completion Date at the location specified under the Finalised SSPA or at such other location or time as may be mutually agreed in writing by the Parties. (b) The Completion Date shall fall within one (1) Business Day from the fulfilment of the last Condition Precedent or a date as may be mutually agreed upon in writing by the Parties. (c) Where the Completion Date is not a Business Day, completion shall take place on the next Business Day.	**Fair and reasonable.** These clauses are customary to facilitate the completion of the Proposed Disposals. Further, they also set out the obligations of the parties in respect of the completion.

Salient terms of the Finalised SSPAs	Our commentaries
5.2 Completion Events At the completion, each of the Vendor and the Purchaser shall do all those things respectively required of it as follows: **5.2.1 The Vendor's Obligations (For Proposed Disposals of Kesas, SPRINT and LITRAK)** On the Completion Date, the Vendor shall, upon the Vendor's actual receipt of the Completion Amount in its account, deliver or procure to be delivered to the Purchaser (in each case, if not already delivered): (a) a certified true copy or extract of the directors' resolution and shareholders' resolution of the Vendor, approving the sale and disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Vendor of the Finalised SSPA; (b) an instrument of transfer duly executed by the Vendor in respect of the Sale Shares in favour of the Purchaser; (c) the original share certificate(s) and all share transfer forms in respect thereof (if any) for the Sale Shares issued in the name of the Vendor; (d) the signed letters of resignation from the directors of the Target expressed to take effect from the Completion Date and in each case with confirmation that they have no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever;	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
(e) the signed letter of resignation from the company secretary of the Target expressed to take effect from the Completion Date and with confirmation that the company secretary has no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever; and (f) the certified true copy or extract of the directors' resolutions of the Target in relation to the following matters: (i) approving the transfer of the Sale Shares by the Vendor to the Purchaser; (ii) approving the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser; (iii) approving the registration of the Purchaser as a member of the Target in respect of the Sale Shares; and (iv) appointing persons nominated by the Purchaser as directors and secretary of the Target with effect from the Completion Date Provided That the Purchaser shall furnish to the Vendor the name(s) and particulars of the nominee(s) of the Purchaser to be appointed as directors and secretary of the Target no later than seven (7) Business Days prior to the Completion Date.	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
5.2.2 The Vendor's Obligations (For Proposed Disposal of SMART) On the Completion Date, the Vendor shall, upon the Purchaser's payment of the respective amounts pursuant to section 5.2.4. (b), Appendix II of the Circular and the Vendor's receipt of confirmation that the respective amounts have been actually received by the respective parties in their accounts, deliver or procure to be delivered to the Purchaser (in each case, if not already delivered): (a) a certified true copy or extract of the directors' resolution and shareholders' resolution of the Vendor, approving the sale and disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Vendor of the Finalised SSPA; (b) an instrument of transfer duly executed by the Vendor in respect of the Sale Shares in favour of the Purchaser; (c) the signed letters of resignation from the directors and alternate director of the Target expressed to take effect from the Completion Date and in each case with confirmation that they have no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever; (d) the signed letter of resignation from the joint company secretaries of the Target expressed to take effect from the Completion Date and with confirmation that the company secretary has no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever; and	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
(e) the certified true copy or extract of the directors' resolutions of the Target in relation to the following matters (i) approving the transfer of the Sale Shares by the Vendor to the Purchaser; (ii) approving the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser; (iii) approving the registration of the Purchaser as a member of the Target in respect of the Sale Shares; and (iv) appointing persons nominated by the Purchaser as directors and secretary of the Target with effect from the Completion Date Provided That the Purchaser shall furnish to the Vendor the name(s) and particulars of the nominee(s) of the Purchaser to be appointed as directors and secretary of the Target no later than seven (7) Business Days prior to the Completion Date.	Please refer to our commentaries above.

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Salient terms of the Finalised SSPAs	Our commentaries
5.2.3 The Purchaser's Obligations (For Proposed Disposals of Kesas, SPRINT and LITRAK) On the Completion Date, the Purchaser shall deliver or procure to be delivered to the Vendor (in each case, if not already delivered): (a) a copy of the directors' resolution and/or shareholders' resolution of the Purchaser, where applicable, approving the purchase of the Sale Shares from the Vendor pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Purchaser of the Finalised SSPA; and (b) pay to the Vendor the Completion Amount in accordance with Section 1.1.1, Appendix II of the Circular.	Please refer to our commentaries above.
5.2.4 The Purchaser's Obligations (For Proposed Disposal of SMART) On the Completion Date, the Purchaser shall deliver or procure to be delivered to the Vendor (in each case, if not already delivered): (a) a copy of the directors' resolution and/or shareholders' resolution of the Purchaser, where applicable, approving the purchase of the Sale Shares from the Vendor pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Purchaser of the Finalised SSPA; and	Please refer to our commentaries above.

Salient terms of the Finalised SSPAs	Our commentaries
(b) the transfer instructions in respect of the payment of the following amounts by the Purchaser: (i) Equity Value; and (ii) Redemption Amount. in accordance with Section 1.2, Appendix II of the Circular.	Please refer to our commentaries above.
6. TERMINATION 6.1 If, at any time prior to completion, (a) the Vendor or the Purchaser is in material breach of any terms of the executed Finalised SSPA; or (b) any of the Vendor's warranties or the Purchaser's warranties shall have been untrue in any material respect at the time of making thereof or shall subsequently have become untrue in any material respect, the Purchaser, in the case of a default by the Vendor, or the Vendor, in the case of a default by the Purchaser, shall be entitled (where a breach is capable of remedy, the same has not been remedied within fourteen (14) days of the defaulting Party's receipt of a notice in writing issued by the non-defaulting Party), in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages and/or specific performance, by notice in writing to the defaulting Party to forthwith terminate the executed Finalised SSPA.	**Fair and reasonable.** This clause is a normal commercial term which sets out the circumstances under which the Finalised SSPAs may be terminated and the rights of the non-defaulting party.

Salient terms of the Finalised SSPAs	Our commentaries
6.2 Such termination shall not affect or prejudice the non-defaulting Party's rights and remedies accrued prior to the termination of the executed Finalised SSPA. 6.3 If, any time after completion, the Vendor or the Purchaser is in breach of the executed Finalised SSPA, the non-defaulting Party shall be entitled (where a breach is capable of remedy, the same has not been remedied within fourteen (14) days of the defaulting Party's receipt of a notice in writing issued by the non-defaulting Party), in addition to and without prejudice to all other rights or remedies available to it, to claim damages and/or specific performance but without any right to terminate the executed Finalised SSPA. 6.4 In no event shall a Party be liable to the other Party for any indirect loss, including loss of profits or business, or any exemplary, indirect, incidental, consequential or punitive damage of any kind whatsoever in respect of any breach or termination of the executed Finalised SSPA.	Please refer to our commentaries above.

Based on the above, we are of the view that the salient terms of the Finalise SSPAs are not detrimental to the interests of the shareholders of Gamuda.

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3.4 Effects of the Proposed Disposals

We noted the following effects of the Proposed Disposals from Section 7, Part A of the Circular:

3.4.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposals will not have any effect on the issued share capital of Gamuda and the shareholding of its substantial shareholders as the Proposed Disposals does not involve any issuance of shares in Gamuda.

3.4.2 Earnings and EPS

We noted that Subject Companies contributed approximately 8% of the net profit of the Group for the FYE 31 July 2021. Following the completion of the Proposed Disposals, the Subject Companies will cease to be subsidiary, associate and joint venture companies of the Group. Accordingly, the Group will cease to recognise their financial results into the financial statements of the Group.

Notwithstanding the above, we wish to highlight that the Disposal Considerations will be mainly utilised for rewarding shareholders via a special cash dividend and the repayment of borrowings. This is expected to improve the earnings of the Group in respect of interest savings of approximately RM43.3 million per annum.

3.4.3 NA, NA per Share and gearing

Based on the audited consolidated financial statements of Gamuda for the FYE 31 July 2021, and assuming that the Proposed Disposals had been effected on 31 July 2021, the NA of the Group is expected to increase by approximately RM1.04 billion or approximately RM0.41 per share, mainly arising from the estimated gain on the Proposed Disposals (without taking into consideration the intended use of the proceeds from the Proposed Disposals).

Further, we noted that the Group will be in a net cash position following the Proposed Disposals. Notwithstanding the above, we wish to highlight that the gain on disposal is a one-off event and that the future NA of the Group will be affected by amongst others, the proposed utilisation of proceeds from the Proposed Disposals vis-à-vis the future profitability of the Group.

3.5 Risk factors in relation to the Proposed Disposals

In considering the Proposed Disposals, the shareholders of Gamuda are advised to give careful consideration to the risk factors as set out in Section 6, Part A of the Circular.

The completion of the Proposed Disposals is dependent on ALR successfully raising the necessary funds to make payments in respect of the Disposal Considerations. In view that each of the Offers has been given by ALR on a standalone basis and is mutually exclusive from each other, the concurrent disposals of all of the Expressway Concession Companies may or may not take place. Should any one of the Expressway Concession Companies, especially if the cash flow of this Expressway Concession Company is deemed necessary by the funding investors of ALR, be eventually excluded from the Proposed Disposals, ALR may not be able to complete its fund-raising exercise. In this instance, the remaining Proposed Disposals may not be completed. Therefore, the Proposed Disposals are subject to the risk of ALR not securing the necessary funding for the Proposed Disposals.

Upon completion of the Proposed Disposals, the Subject Companies will cease to be subsidiary, joint venture and associate companies of Gamuda. Accordingly, the Group will no longer derive any financial contribution from the Subject Companies. However, as stated under Section 4.3, Part A of the Circular, the Proposed Disposals will enable Gamuda to monetise its investment in the Subject Companies and redeploy its capital on its Gamuda Green Plan 2025 or exploring other viable investment and new market opportunities.

Further, part of the Disposal Considerations will be utilised for repayment of borrowings as set out in Section 3, Part A of the Circular. This is expected to lower the gearing of the Group and contribute positively to the future earnings of the Group in terms of interest savings.

Notwithstanding the above, we wish to highlight to the shareholders that no assurance can be given that the risk factors stated above will not occur and give rise to material and adverse impact on the financial performance, position or prospects of the Group.

4. CONCLUSION AND RECOMMENDATION

Before arriving at the decision to vote on the ordinary resolutions to give effect to the Proposed Subject Disposals at the forthcoming EGM of the Company, it is imperative that the shareholders of the Company consider all relevant issues and implications raised in this Independent Advice Letter carefully, as well as those highlighted by the Board in its letter to shareholders in relation to the Proposed Disposals, as set out in Part A of the Circular.

After taking into consideration the pertinent factors highlighted in the preceding sections of this Independent Advice Letter, we are of the opinion that, on the basis of the information available to us, the Proposed Subject Disposals are <u>fair and reasonable</u> and are <u>not detrimental</u> to the shareholders of Gamuda.

Accordingly, we recommend that the shareholders of Gamuda <u>vote in favour</u> of the ordinary resolutions to give effect to the Proposed Subject Disposals to be tabled at the forthcoming EGM of the Company.

Yours faithfully
For and on behalf of
TA SECURITIES HOLDINGS BERHAD

KU MUN FONG	**ALEX NG**
Head	Vice President
Corporate Finance	Corporate Finance

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

2.1. Material commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group, save as disclosed below:-

Approved and contracted for	RM'million
Land for property development	182.21
Plant & Equipment	5.67
Information Technology	5.37
Highway development expenditure	0.39
Total	**193.64**

2.2. Contingent Liabilities

As at the LPD, our Board is not aware of any other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group.

3. CONSENTS AND CONFLICT OF INTERESTS

3.1. HLIB

HLIB, being the Principal Adviser for the Proposed Disposals, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB, its subsidiaries and associate companies, as well as its penultimate holding company and the subsidiaries and associate companies of its penultimate holding company ("**Hong Leong Financial Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

As at the LPD, the Hong Leong Financial Group:

(i) holds approximately 449.98 million Shares or approximately 1.76% of our Company's issued share capital (excluding treasury shares), as investment for fund management purposes; and

(ii) has extended various types of credit facilities ("**Credit Facilities**") with a combined limit of approximately RM133.6 million (with a drawndown amount of approximately RM101.0 million) to our Group. The Credit Facilities represents approximately 0.59% of the audited consolidated NA of Hong Leong Financial Group of approximately RM22.8 billion as at 30 June 2021.

The Credit Facilities were approved by the Hong Leong Financial Group's relevant credit committee and granted on arm's length basis and is not material when compared to the audited consolidated NA of the Hong Leong Financial Group of approximately RM22.8 billion as at 30 June 2021.

Further, as at the LPD, HLIB is in discussions with ALR in relation to its appointment as:

(i) joint principal adviser, joint lead arranger, joint lead manager and joint book runner for the proposed establishment of ALR Sukuk Programme to, amongst others, finance the proposed acquisitions of all the securities of the Expressway Concession Companies; and

(ii) consent solicitation agent for the proposed consent solicitation exercise in relation to the existing debt of the relevant Expressway Concession Companies.

Notwithstanding the above, HLIB is of the view that no conflict of interest exists or is likely to exist in its capacity as Principal Adviser to our Company in respect of the Proposed Disposals as HLIB is a licensed investment bank and the appointment as our Principal Adviser for the Proposed Disposals is in its ordinary course of business. Moreover, the conduct of HLIB is regulated strictly by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and its internal control policies and procedures.

Save as disclosed above, HLIB has confirmed that it is not aware of any other circumstance which would or is likely to give rise to a possible conflict of interest situation in HLIB's capacity as our Principal Adviser for the Proposed Disposals.

3.2. TA SECURITIES

TA Securities, being the Independent Adviser to our shareholders and Directors for the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all reference thereto in the form and context in which it appears in this Circular.

TA Securities is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest by virtue of its role as the Independent Adviser for the Proposed Disposal of 70% interest in Kesas, the Proposed Disposal of 50% interest in SMART and the Proposed Disposal of 30% interest in SPRINT.

3.3. JACOBS ENGINEERING GROUP MALAYSIA SDN BHD

Jacobs Engineering Group Malaysia Sdn Bhd, being the independent traffic consultant for each of the Proposed Disposal, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all reference thereto in the form and context in which it appears in this Circular.

Jacobs Engineering Group Malaysia Sdn Bhd is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest by virtue of its role as the independent traffic consultant for each of the Proposed Disposal.

4. MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Expressway Concession Companies within two (2) years immediately preceding the date of this Circular.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Expressway Concession Companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or as defendant and our Board has no knowledge of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Expressway Concession Companies.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

(i) our Constitution;

(ii) the Constitution of each of the respective Expressway Concession Companies;

(iii) our audited consolidated financial statements for the past three (3) financial years up to FYE 31 July 2021 and our unaudited consolidated financial statements for the 3 months up to 30 April 2022;

(iv) the audited financial statements of Kesas for the past three (3) financial years up to FYE 31 July 2021 and the unaudited consolidated financial statements for the 3 months up to 30 April 2022;

(v) the audited financial statements of SPRINT for the past three (3) financial years up to FYE 31 March 2022;

(vi) the audited financial statements of LITRAK for the past three (3) financial years up to FYE 31 March 2022;

(vii) the audited financial statements of SMART for the past three (3) financial years up to FYE 31 December 2021 and the unaudited consolidated financial statements for the 3 months up to 31 March 2022;

(viii) the letters of consent and declarations of conflict of interest referred to in Section 3 of this Appendix I;

(ix) traffic forecast performed by Jacobs Engineering Group Malaysia Sdn Bhd (*subject to compliance with Jacob Engineering Group Malaysia Sdn Bhd's internal procedures)*;

(x) DCF valuation on each Expressway Concession Company;

(xi) the CLOOs from ALR; and

(xii) the Finalised SSPAs for the Proposed Disposals.

Shareholders should note that the Concession Agreements referred to in **Appendix III** to this Circular contain confidentiality clauses which stipulate that the Concession Agreements and all matters pertaining thereto shall be considered as confidential matter and shall not be disclosed to any third party without prior mutual agreement except where as determined by the Government of Malaysia.

The Board of Directors of each respective Expressway Concession Companies have vide letters dated 22 April 2022 (in respect of SMART only) and 25 April 2022 (in respect of all Expressway Concession Companies save for SMART) sought the consent of the Government of Malaysia to allow our Company to make available the Concession Agreements for inspection by our Company's shareholders at the registered office of our Company from the date of this Circular up to and including the date of our forthcoming EGM. The Government of Malaysia had vide its letters to the respective Expressway Concession Companies dated 29 April 2022 granted its consent for the same.

The salient terms and conditions of the Finalised SSPAs are as follows:

1. DISPOSAL CONSIDERATIONS

The Disposal Consideration for each Proposed Disposal as set out in the respective Finalised SSPAs shall be an amount equivalent to the Equity Value to be calculated as follows:

Equity Value	=	EV – A + B + C – D

where:

EV	=	The EV as stipulated in the respective Finalised SSPAs. For clarity, the EVs stipulated in the Finalised SSPAs are based on the Offers received from ALR via its CLOOs dated 2 April 2022, and based on the Valuation Date for the respective disposals.
A	=	Indebtedness
B	=	Residual Cash
C	=	Government Compensation Receivable
D	=	Other Net Current Liabilities

Under the Finalised SSPA for SMART, it is agreed and confirmed that notwithstanding the computation above, the Equity Value for the Proposed Disposal of SMART shall be Ringgit Malaysia One (RM1.00) only.

The Disposal Consideration for each Proposed Disposal is to be satisfied entirely in cash by ALR to the respective Concession Holding Companies in the following manner:

1.1. For the Proposed Disposals of Kesas, SPRINT and LITRAK

1.1.1. Payment of Completion Amount

On the Completion Date, ALR shall pay to the respective Concession Holding Companies the Completion Amount which is equivalent to the Initial Sum adjusted by an Adjustment Amount which is calculated as follows:

Holding Cost on Initial Sum ***less*** Pre-Completion Dividend ***less*** Retention Sum.

In respect of the Proposed Disposal of Kesas only, the Adjustment Amount shall also include the Deferred Consideration on Kesas Completion Date which is to be deducted from the Completion Amount and to be paid to Kesas Holdings with interest (based on WACC) pursuant to the executed Finalised SSPA for the Proposed Disposal of Kesas.

In respect of the Proposed Disposal of SPRINT only, the SPRINT RULS redemption amount, being an amount of RM585,000,000 which shall be advanced by ALR to SPRINT for the purpose of redeeming the SPRINT RULS on the Completion Date for the Proposed Disposal of SPRINT shall also be deducted from the Adjustment Amount.

For the avoidance of doubt, the Adjustment Amount shall be added to the Initial Sum if the Adjustment Amount is positive and subtracted from the Initial Sum if the Adjustment Amount is negative.

1.1.2. Payment of Government Compensation Receivable

Where there is Government Compensation Receivable received by the Expressway Concession Companies from the Government of Malaysia (which has been notified in writing to the Expressway Concession Companies and ALR): (i) prior to the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to such Government Compensation Receivable on the Completion Date; and (ii) on or after the Completion Date, ALR shall pay to the relevant Concession Holding Company an amount equivalent to the Government Compensation Receivable in relation thereto within five (5) Business Days upon receipt by the relevant Expressway Concession Company of any Government Compensation Receivable from the Government of Malaysia.

The Government Compensation Receivable are still pending certification by the Malaysian Highway Authority. If the Government of Malaysia actually settles less than the amount receivable shown in this Circular for any reason, then the relevant Concession Holding Company bears the full risk of this shortfall.

1.1.3. Payment of Retention Sum

The Retention Sum is subject to a payment of interest by ALR to the respective Concession Holding Companies at a rate equivalent to the WACC of the ALR Sukuk Programme (currently estimated at five per centum (5%) per annum). The interest on such amount of the Retention Sum, is calculated on a daily rest basis from the Completion Date until the date of actual payment of the Retention Sum by ALR to the respective Concession Holding Companies, pursuant to the terms agreed in the respective Finalised SSPAs.

On the last day of the Retention Period, ALR shall pay to the respective Concession Holding Companies the Net Retention Sum, together with interest thereon at the WACC calculated on daily rest basis from the Completion Date until the date of payment of the Net Retention Sum by ALR to the respective Concession Holding Companies.

In relation to any amount of the warranty claim as disputed and not resolved or determined on the last day of the Retention Period, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the Finalised SSPAs, as the case may be, ALR shall if applicable, pay to the respective Concession Holding Companies such amount as is payable to the respective Concession Holding Companies after the resolution or determination together with interest thereon at the WACC calculated on daily rest basis from the Completion Date to the date of payment thereof within five (5) Business Days from the date of resolution and/or determination.

1.1.4. Payment of Deferred Consideration (applicable only for the Proposed Disposal of Kesas)

ALR shall, upon having sufficient excess cash, forthwith pay to Kesas Holdings the Deferred Consideration subject to interest thereon at the WACC (currently estimated at five per centum (5%) per annum) calculated on a daily rest basis from the Kesas Completion Date until the date of payment thereof, provided that such payment shall not result in a breach of the covenants under ALR Sukuk Programme. It is anticipated that such repayment shall be achieved within seven (7) months from Kesas Completion Date, subject to continuation of current progress of traffic recovery in this endemic phase and the consequent projected combined cash flow of ALR and all the Expressway Concession Companies.

1.2. For the Proposed Disposal of SMART

Payment of Equity Value and Redemption of Sukuk Facilities

On the SMART Completion Date, ALR shall pay the amount of the Equity Value to SMART Holdings. On the same day, ALR shall also pay in full, the Redemption Amount, to the bank account provided by the facility/security agent under the terms of the Sukuk Facilities by 10.30 a.m.

2. SETTLEMENT OF INTER-CO DEBTS

2.1. For the Proposed Disposals of Kesas, SPRINT and LITRAK

ALR shall procure that each Expressway Concession Companies settle all inter-co debts which is an amount of any debts together with any accrued profit/interest thereon owing, due or payable by the Target to the Vendor and the Vendor's holding company, ultimate holding companies and shareholders within thirty (30) days from the Completion Date.

2.2. For the Proposed Disposals of SMART

On the last day of the Retention Period, ALR shall pay and/or procure SMART to pay to SMART Holdings an amount equivalent to the inter-co debts being the debts together with any accrued profit/interest thereon owing, due or payable by SMART to SMART Holdings up to and inclusive of the Completion Date ("**Inter-co Debts**") less:

(a) any amount of the warranty claim accepted by SMART Holdings; and

(b) any amount of the warranty claim as disputed between ALR and SMART Holdings, and not resolved or determined as at the date of payment of SMART Retention Sum,

("**Net Balance Inter-co Debts**"), together with interest thereon at the WACC calculated on daily rest basis from the SMART Completion Date until the date of payment of the Net Balance Inter-co Debts by ALR and/or SMART to SMART Holdings.

In relation to any amount of the warranty claim as disputed and not resolved or determined on the last day of the Retention Period as referred to in Section 2.2(b) above, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the Finalised SSPA of SMART, as the case may be, ALR shall if applicable, pay and/or procure payment to SMART Holdings such amount as is payable to SMART Holdings after the resolution or determination for the purpose of full settlement of the Inter-co Debts together with interest thereon at the WACC calculated on daily rest basis from the SMART Completion Date to the date of payment thereof within five (5) Business Days from the date of resolution and/or determination.

3. CONDITIONS PRECEDENT

The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposals of Kesas, SPRINT and LITRAK. Each Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. Each Vendor and the Purchaser shall use their best endeavours to fulfil the Conditions Precedent on or before the Long Stop Date:

Conditions Precedent			**Status of compliance**
1.	Condition Precedent to be fulfilled by the Purchaser (ALR)	The Purchaser having successfully raised funds to make all payments required to be made to each Vendor under each Finalised SSPA.	As at the date of this Circular, ALR is still in the process of raising sukuk funding to undertake the Proposed Disposal
2.	Condition Precedent to be fulfilled by the respective Vendors	Consents from existing financiers/lenders (as set out in the Finalised SSPA) of the respective Targets, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in the Target; (ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to the Target, on or after Completion Date and advances granted by the Target to the Purchaser, on or after Completion Date.	As at the date of this Circular, the Vendors are still in the process of securing the relevant consents from their respective existing financiers/lenders.
3.	Condition Precedent to be jointly fulfilled by the Purchaser and the respective Vendors	Evidence that approval from the existing lenders of the respective Targets and/or respective Vendors (where relevant) for the refinancing of the Target's and/or Vendor's Indebtedness has been obtained.	As at the date of this Circular, the relevant parties are still in the process of securing the relevant approvals from their respective existing lenders for the refinancing of Indebtedness.

The following are the Conditions Precedent to be fulfilled pursuant to the Finalised SSPA for the Proposed Disposal of SMART. The Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. The Vendor and the Purchaser shall use their best endeavours to fulfil the Conditions Precedent on or before the Long Stop Date:

Conditions Precedent			**Status of compliance**
1.	Condition Precedent to be fulfilled by the Purchaser (ALR)	The Purchaser having successfully raised funds to make all payments required to be made to the Vendor i.e. SMART Holdings under the Finalised SSPA for the Proposed Disposal of SMART.	As at the date of this Circular, the Purchaser is still in the process of securing sufficient financial resources to undertake the Proposed Disposal of SMART.
2.	Condition Precedent to be fulfilled by the Vendor (SMART Holdings)	Consents from existing financiers/lenders of SMART, if applicable, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in SMART; (ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to SMART, on or after Completion Date and advances granted by SMART to the Purchaser, on or after SMART Completion Date.	As at the date of this Circular, the Vendor is still in the process of securing the relevant consents from its existing financiers/lenders.
3.	Condition Precedent to be jointly fulfilled by the Purchaser and the Vendor	The statement from the facility/security agent under the terms of the Sukuk Facilities confirming the Redemption Amount for redemption or repayment of the Sukuk Facilities and undertaking to release and discharge all securities relating thereto including any mortgage or charge over the securities upon receipt of the Redemption Amount, has been obtained.	As at the date of this Circular, the relevant parties are still in the process of securing the redemption statement from the facility/security agent under the Sukuk Facilities; and the undertaking to release and discharge all securities relating thereto upon receipt of the Redemption Amount.

4. PRE-COMPLETION UNDERTAKINGS

4.1. The Vendor's Undertakings in relation to the Target

The Vendor undertakes with the Purchaser that, unless the prior consent in writing of the Purchaser is obtained (which consent shall not be unreasonably withheld or delayed), between the date of the executed Finalised SSPA and the Completion Dates (provided that the executed Finalised SSPA has not been terminated for any reason whatsoever), the Vendor shall cause the Target to not undertake the following matters:

4.1.1. making or permitting any material change to the terms and conditions of, terminating, assigning, or extending, the current employment contracts of the senior management of the Target. For the avoidance of doubt, nothing herein shall restrict the right of the Target to implement or effect any promotion and increase in remuneration and salary which are in accordance with the usual policies, procedures and practices of the Target;

4.1.2. making or permitting any change to the share capital structure of the Target;

4.1.3. other than in the ordinary course of business of the Target and save in respect of agreements already entered into prior to the date of the CLOO, disposing of or transferring any of the material businesses or assets of the Target, and for this purpose, any disposal or transfer of the business or assets of the Target in a transaction for a purchase consideration in excess of the Materiality Threshold shall be deemed to be material;

4.1.4. other than in the ordinary course of business of the Target and save in respect of agreements already entered into prior to the date of the CLOO, acquiring any material business or asset, and for this purpose, any acquisition of business or asset by the Target in a transaction for a purchase consideration in excess of the Materiality Threshold shall be deemed to be material;

4.1.5. other than in the ordinary course of business of the Target, entering into any agreements or arrangements with related parties;

4.1.6. entering into any long-term contract or capital commitment in excess of the Materiality Threshold, for the supply of goods or services by and/or to the Target other than in the ordinary course of business of the Target. Any contract or capital commitment for a period exceeding twelve (12) months shall be deemed to be long-term contract or capital commitment;

4.1.7. creating, extending, granting or issuing, or agreeing to create, extend, grant or issue any mortgage, charge, debenture or other security over the assets of the Target other than in the ordinary course of business of the Target;

4.1.8. creating or issuing, or agreeing to create or issue, any share or loan capital in the Target, or give or agree to give any option in respect of any shares or loan capital of the Target;

4.1.9. make any alteration to the provisions of the constitutional document of the Target;

4.1.10. incurring any liability (including contingent liability) in excess of the Materiality Threshold and which is outside the ordinary course of business of the Target; and

4.1.11. release, surrender, waive, amend or vary any amount of indebtedness owed to it by any person other than in the ordinary course of business, and in particular, agree to the capitalisation of any such indebtedness, whether by conversion or exchange of the same or any part thereof into or for share capital in the company which owes the same or otherwise.

For purposes of paragraph 4.1 of this Appendix II, 'Materiality Threshold' shall for the Proposed Disposals of Kesas, LITRAK and SMART means one per centum (1%) of the shareholders' funds of the respective Targets based on the audited accounts and for the Proposed Disposal of SPRINT means RM500,000.

4.2. The Vendor's Undertakings in relation to the Sale Shares

The Vendor undertakes with the Purchaser that, between the date of the executed Finalised SSPA and the Completion Date (provided that the executed Finalised SSPA has not been terminated for any reason whatsoever), the Vendor shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of the Sale Shares or any interest therein.

4.3. The Vendor's Undertakings in relation to the Conduct of Business

The Vendor undertakes that, between the date of the executed Finalised SSPA and the Completion Date and unless the executed Finalised SSPA is otherwise terminated for any reason whatsoever, the Vendor shall procure that the Target shall carry on its business in the usual, regular and ordinary course in substantially the same manner as is carried on as at the date of the executed Finalised SSPA so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at Completion Date.

5. COMPLETION

5.1. Date and Place

(a) Subject to fulfilment of the Conditions Precedent as set out in Section 2 of this Appendix II above, completion shall take place on the Completion Date at the location specified under the Finalised SSPA or at such other location or time as may be mutually agreed in writing by the Parties.

(b) The Completion Date shall fall within one (1) Business Day from the fulfilment of the last Condition Precedent or a date as may be mutually agreed upon in writing by the Parties.

(c) Where the Completion Date is not a Business Day, completion shall take place on the next Business Day.

5.2. Completion Events

At the completion, each of the Vendor and the Purchaser shall do all those things respectively required of it as follows:

5.2.1. The Vendor's Obligations (For Proposed Disposals of Kesas, SPRINT and LITRAK)

On the Completion Date, the Vendor shall, upon the Vendor's actual receipt of the Completion Amount in its account, deliver or procure to be delivered to the Purchaser (in each case, if not already delivered):

(a) a certified true copy or extract of the directors' resolution and shareholders' resolution of the Vendor, approving the sale and disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Vendor of the Finalised SSPA;

(b) an instrument of transfer duly executed by the Vendor in respect of the Sale Shares in favour of the Purchaser;

(c) the original share certificate(s) and all share transfer forms in respect thereof (if any) for the Sale Shares issued in the name of the Vendor;

(d) the signed letters of resignation from the directors of the Target expressed to take effect from the Completion Date and in each case with confirmation that they have no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever;

(e) the signed letter of resignation from the company secretary of the Target expressed to take effect from the Completion Date and with confirmation that the company secretary has no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever; and

(f) the certified true copy or extract of the directors' resolutions of the Target in relation to the following matters:

i. approving the transfer of the Sale Shares by the Vendor to the Purchaser;

ii. approving the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser;

iii. approving the registration of the Purchaser as a member of the Target in respect of the Sale Shares; and

iv. appointing persons nominated by the Purchaser as directors and secretary of the Target with effect from the Completion Date Provided That the Purchaser shall furnish to the Vendor the name(s) and particulars of the nominee(s) of the Purchaser to be appointed as directors and secretary of the Target no later than seven (7) Business Days prior to the Completion Date.

5.2.2. The Vendor's Obligations (For Proposed Disposal of SMART)

On the Completion Date, the Vendor shall, upon the Purchaser's payment of the respective amounts pursuant to section 5.2.4. (b) of this Appendix II below and the Vendor's receipt of confirmation that the respective amounts have been actually received by the respective parties in their accounts, deliver or procure to be delivered to the Purchaser (in each case, if not already delivered):

(a) a certified true copy or extract of the directors' resolution and shareholders' resolution of the Vendor, approving the sale and disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Vendor of the Finalised SSPA;

(b) an instrument of transfer duly executed by the Vendor in respect of the Sale Shares in favour of the Purchaser;

(c) the signed letters of resignation from the directors and alternate director of the Target expressed to take effect from the Completion Date and in each case with confirmation that they have no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever;

(d) the signed letter of resignation from the joint company secretaries of the Target expressed to take effect from the Completion Date and with confirmation that the company secretary has no claim against the Target for compensation for breach of contract for loss of office, unfair dismissal or any grounds whatsoever; and

(e) the certified true copy or extract of the directors' resolutions of the Target in relation to the following matters:

i. approving the transfer of the Sale Shares by the Vendor to the Purchaser;

ii. approving the issuance of new share certificate(s) in respect of the Sale Shares in favour of the Purchaser;

iii. approving the registration of the Purchaser as a member of the Target in respect of the Sale Shares; and

iv. appointing persons nominated by the Purchaser as directors and secretary of the Target with effect from the Completion Date Provided That the Purchaser shall furnish to the Vendor the name(s) and particulars of the nominee(s) of the Purchaser to be appointed as directors and secretary of the Target no later than seven (7) Business Days prior to the Completion Date.

5.2.3. The Purchaser's Obligations (For Proposed Disposals of Kesas, SPRINT and LITRAK)

On the Completion Date, the Purchaser shall deliver or procure to be delivered to the Vendor (in each case, if not already delivered):

(a) a copy of the directors' resolution and/or shareholders' resolution of the Purchaser, where applicable, approving the purchase of the Sale Shares from the Vendor pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Purchaser of the Finalised SSPA; and

(b) pay to the Vendor the Completion Amount in accordance with Section 1.1.1 of this Appendix II.

5.2.4. The Purchaser's Obligations (For Proposed Disposal of SMART)

On the Completion Date, the Purchaser shall deliver or procure to be delivered to the Vendor (in each case, if not already delivered):

(a) a copy of the directors' resolution and/or shareholders' resolution of the Purchaser, where applicable, approving the purchase of the Sale Shares from the Vendor pursuant to the terms of the executed Finalised SSPA and authorising the execution by the Purchaser of the Finalised SSPA; and

(b) the transfer instructions in respect of the payment of the following amounts by the Purchaser:

i. Equity Value; and

ii. Redemption Amount.

in accordance with Section 1.2 of this Appendix II above.

6. TERMINATION

6.1. If, at any time prior to completion,

(a) the Vendor or the Purchaser is in material breach of any terms of the executed Finalised SSPA; or

(b) any of the Vendor's warranties or the Purchaser's warranties shall have been untrue in any material respect at the time of making thereof or shall subsequently have become untrue in any material respect,

the Purchaser, in the case of a default by the Vendor, or the Vendor, in the case of a default by the Purchaser, shall be entitled (where a breach is capable of remedy, the same has not been remedied within fourteen (14) days of the defaulting Party's receipt of a notice in writing issued by the non-defaulting Party), in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages and/or specific performance, by notice in writing to the defaulting Party to forthwith terminate the executed Finalised SSPA.

6.2. Such termination shall not affect or prejudice the non-defaulting Party's rights and remedies accrued prior to the termination of the executed Finalised SSPA.

6.3. If, any time after completion, the Vendor or the Purchaser is in breach of the executed Finalised SSPA, the non-defaulting Party shall be entitled (where a breach is capable of remedy, the same has not been remedied within fourteen (14) days of the defaulting Party's receipt of a notice in writing issued by the non-defaulting Party), in addition to and without prejudice to all other rights or remedies available to it, to claim damages and/or specific performance but without any right to terminate the executed Finalised SSPA.

6.4. In no event shall a Party be liable to the other Party for any indirect loss, including loss of profits or business, or any exemplary, indirect, incidental, consequential or punitive damage of any kind whatsoever in respect of any breach or termination of the executed Finalised SSPA.

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1. INFORMATION ON KESAS

1.1. History and overview

Kesas was incorporated in Malaysia under the Companies Act, 1965 on 3 September 1993 as a private limited liability company.

Kesas is a wholly owned subsidiary of Kesas Holdings, which is a 70% subsidiary of Gamuda. Its principal activities are to design and construct the Shah Alam Expressway, develop and manage the toll operations and maintain the Shah Alam Expressway under the Kesas Concession Agreement.

The Shah Alam Expressway is a 34.5 km long dual 3-lane carriage expressway linking Sri Petaling to Pandamaran in Klang, Selangor. The Shah Alam Expressway was constructed in 1994 and was divided into 2 phases, namely Package A and Package B. Package A from Sri Petaling to Seafield interchange linking KLIA, with total length of 18.5 km, was opened to traffic in December 1996. Package B from Seafield interchange to Pandamaran interchange, with total length of 16 km, was opened to traffic in April 1998.

The Shah Alam Expressway forms part of Kuala Lumpur's traffic dispersal scheme, namely the Kuala Lumpur Middle Ring Road II (MRR2) and is a major inter-urban transportation artery connecting Kuala Lumpur, Cheras, Petaling Jaya, Subang Jaya, Shah Alam and Klang. The Shah Alam Expressway is connected to 5 major Expressway Systems, namely:

(a) Kuala Lumpur-Seremban Expressway at Sri Petaling interchange;
(b) Puchong-Damansara Expressway (LDP) at Sunway interchange;
(c) North-South Expressway Central Link (ELITE) at Seafield interchange;
(d) Kemuning Shah Alam Expressway (LKSA) at Kemuning interchange; and
(e) Maju Expressway (MEX) at Awan Kecil interchange.

The Shah Alam Expressway operates on an "open-toll system" whereby vehicles will be charged a flat rate based on classification rather than distance travelled at each toll plaza. There are four toll plazas located at Shah Alam Expressway, namely:

(a) Awan Besar East Toll Plaza at KM 47.5 (toll for Kuala Lumpur bound traffic);
(b) Awan Besar West Toll Plaza at KM 49.2 (toll for Subang Jaya / Klang bound traffic);
(c) Sunway Toll Plaza at KM 40.5 (both bounds); and
(d) Kemuning Toll Plaza at KM 27.2 (both bounds).

100% of Kesas' revenue is attributable to customers in Malaysia.

1.2. Issued share capital

As at the LPD, the issued share capital of Kesas is RM5,000,000 comprising 5,000,000 ordinary shares.

1.3. Substantial shareholders

The substantial shareholders of Kesas as at the LPD are as follows:

		Direct		Indirect	
Name	Country of incorporation	No. of shares	%	No. of shares	%
Kesas Holdings	Malaysia	5,000,000	100.0	-	-
Gamuda	Malaysia	-	-	5,000,000[(1)]	100.0
Perbadanan Kemajuan Negeri Selangor	Malaysia	-		5,000,000[(1)]	100.0

Note:
(1) Deemed interested via its equity interests in Kesas Holdings pursuant to Section 8 of the Companies Act 2016.

1.4. Directors of Kesas and director's shareholdings

As at LPD, none of the following directors of Kesas has shareholdings in Kesas:

Name	Nationality
Saw Wah Theng	Malaysian
Dato' Haji Azmi bin Mat Nor	Malaysian
Sazally bin Saidi	Malaysian
Haji Suhaimi bin Haji Kasdon	Malaysian
Dato' Mahmud bin Abbas	Malaysian

1.5. Subsidiary and associated company

As at the LPD, Kesas does not have any subsidiary or associated company.

1.6. Concession Agreement

The salient terms of the Kesas Concession Agreement are as follows:

Nature of the concession

The Kesas Concession Agreement is governed under the Federal Roads (Private Management) Act 1984.

The concession is undertaken on a "build, operate and transfer" basis. The nature of relationship between the Government of Malaysia and Kesas is solely on contractual basis.

Concession period

The Kesas Concession Period is for 29 years and 9 months, commencing from 19 November 1993 to 18 August 2023. The Kesas Concession Period shall be extended for a further period of up to a maximum of 5 years ("**Kesas Extended Concession Period**") subject to the following:

(i) Kesas shall conduct a toll review study by 31 March 2022 for the first operating review period (which is from 15 January 2013 to 31 December 2015) until expiry of the Kesas Concession Period on 18 August 2023 and submit the report to the Government of Malaysia for verification by 30 June 2022;

(ii) if the Government of Malaysia is satisfied that the sum of the actual toll revenue for 15 January 2013 until 31 December 2021 and the projected toll revenue for 1 January 2022 to 18 August 2023 is lower than the cumulative toll revenue as at 18 August 2023 as specified in the Kesas Concession Agreement as at 18 August 2023;

(iii) Kesas shall submit to the Government of Malaysia all relevant document pursuant to the determination of the extension period; and

(iv) the toll rate chargeable by Kesas for vehicle Class 1, being vehicles having two axles and three or four wheels (excluding taxis and buses), shall be fixed at the rate of RM3.00 for the Kesas Extended Concession Period.

For the avoidance of doubt, the Kesas Concession Period shall end on 18 August 2023 if actual toll revenue for 15 January 2013 until 31 December 2021 and the projected toll revenue for 1 January 2022 to 18 August 2023 is higher than the cumulative toll revenue as at 18 August 2023 as specified in the Kesas Concession Agreement.

At the expiry of the Kesas Concession Period (unless the Kesas Concession Period is extended), Kesas shall hand over the Shah Alam Expressway and the ancillary facilities (as listed in the Kesas Concession Agreement) to the Government of Malaysia.

Grant of concession

Subject to the terms and conditions of the Kesas Concession Agreement, the Government of Malaysia has granted to Kesas the exclusive right and authority to:

(i) design and construct the Shah Alam Expressway and all parts thereof constructed in the manner specified in the Kesas Concession Agreement including its interchanges, traffic lanes, acceleration and deceleration lanes, shoulders, median lay-bys, toll plazas, highway signs, embankment slopes, street lightings and other structures therein or relating thereto but excluding building structures relating to the ancillary facilities (as listed in the Kesas Concession Agreement);

(ii) supply and install tolling and other equipment at the Shah Alam Expressway's toll plazas and manage, operate and maintain the same;

(iii) demand, collect and retain toll for its own benefit from vehicles using the Shah Alam Expressway during the Kesas Concession Period;

(iv) subject to all prevailing relevant laws in respect thereof, design, construct, manage, operate and maintain the ancillary facilities (as listed in the Kesas Concession Agreement) for its own benefit; and

(v) operate and maintain the Shah Alam Expressway.

Kesas has been granted the exclusive right and licence (subject to the Government of Malaysia's access rights pursuant to the Kesas Concession Agreement) to enter upon and to occupy all land required by Kesas in relation to the concession granted by the Government of Malaysia to Kesas under the Kesas Concession Agreement.

Financing

Save and except for the support loan which the Government of Malaysia has agreed to provide pursuant to the Support Loan Agreement, Kesas shall be responsible for obtaining all the finance, both debt and equity, necessary to construct, operate and maintain the Shah Alam Expressway. Kesas shall ensure that the aggregate amount of indebtedness owing by Kesas to all lenders other than the shareholder of Kesas will at no time exceed RM1,250,000,000 without the prior approval of the Government of Malaysia provided that, whenever Kesas repays or prepays any principal amount of such indebtedness (not being the repayment or prepayment resulting from the refinancing of such indebtedness) the maximum amount of RM1,250,000,000 shall thereupon be reduced by an amount equal to the principal amount of such indebtedness so repaid or prepaid.

The Government of Malaysia has agreed and undertaken that it shall provide to Kesas a support loan of up to the maximum principal amount of RM80,000,000.00 to enable Kesas to finance the cost of construction and completion of the Shah Alam Expressway.

Termination of the concession

The Kesas Concession Agreement may be terminated by either the Government of Malaysia or Kesas if either party fails to remedy its default within the specified period in the Kesas Concession Agreement. The Government of Malaysia may in accordance with the Kesas Concession Agreement terminate the Kesas Concession Agreement by compulsory purchase or acquisition of the construction, the ancillary facilities, the management, operation and maintenance of the Shah Alam Expressway and all things incidental thereto carried out or to be carried out by Kesas pursuant to the Kesas Concession Agreement at any time by giving three (3) months' written notice to Kesas.

Agreed toll rates

The agreed toll (in RM) for each concession year for both direction at Awan Besar(1), Sunway and Kemuning toll plazas shall be as follows:-

YEAR(2)	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5
1997	1.00	1.50	2.00	0.50	0.80
1998	1.00	1.50	2.00	0.50	0.80
1999(3)	1.20	1.80	2.40	0.60	0.90
2000	1.20	1.80	2.40	0.60	0.90
2001	1.20	1.80	2.40	0.60	0.90
2002	1.50	2.30	3.00	0.80	1.10
2003	1.50	2.30	3.00	0.80	1.10
2004	1.50	2.30	3.00	0.80	1.10
2005	1.50	2.30	3.00	0.80	1.10
2006	1.50	2.30	3.00	0.80	1.10
2007	2.20	3.30	4.40	1.10	1.70
2008	2.20	3.30	4.40	1.10	1.70
2009	2.20	3.30	4.40	1.10	1.70
2010	2.20	3.30	4.40	1.10	1.70
2011	2.20	3.30	4.40	1.10	1.70
2012	2.20	3.30	4.40	1.10	1.70
1.1.2013-14.1.2013	2.20	3.30	4.40	1.10	1.70
15.1.2013-31.12.2013	2.00	3.00	4.00	1.00	1.50
2014	2.00	3.00	4.00	1.00	1.50
2015	2.00	3.00	4.00	1.00	1.50
2016	2.50	3.70	5.00	1.20	1.90
2017	2.50	3.70	5.00	1.20	1.90
2018	2.50	3.70	5.00	1.20	1.90
2019	2.50	3.70	5.00	1.20	1.90
2020	2.50	3.70	5.00	1.20	1.90
2021	3.00	4.50	6.00	1.50	2.20
2022	3.00	4.50	6.00	1.50	2.20
2023	3.00	4.50	6.00	1.50	2.20

Note:

(1) Applicable for Awan Besar (Eastbound) and Awan Besar (Westbound) Toll Plazas.

(2) The period referred to as "YEAR" shall mean 1st January to 31st December.

(3) Except for the period of January to February 1999 where the toll rates were the same as 1998, the toll rates for the rest of 1999 are as per schedule.

(4) The agreed toll for the Kesas Extended Concession Period shall follow the toll rate of 2023.

1.7. Financial information

Summary of historical financial results of Kesas:

	Audited		
	FYE 31 July 2019	**FYE 31 July 2020**	**FYE 31 July 2021**
	RM'million	**RM'million**	**RM'million**
Revenue	308.98	314.84	248.41
PBT	184.42	198.97	149.26
PAT	140.78	150.58	112.44
No. of ordinary shares (**'000**)	5,000	5,000	5,000
Basic EPS (**RM**)	28.16	30.12	22.49
Cash and cash equivalents	183.76	205.98	317.06
Shareholders' funds/NA	348.70	425.09	493.01
NA per share (**RM**)	69.74	85.02	98.60
Borrowings	465.00	375.00	285.00
Gearing ratio (**times**)	1.33	0.88	0.58
Current ratio (**times**)	2.65	2.66	2.87

There was no audit qualification on the audited financial statements of Kesas for the past three (3) FYE 31 July 2019 to 31 July 2021. Kesas has not adopted any accounting policies which are peculiar to the its operations for the past three (3) FYE 31 July 2019 to 31 July 2021.

Financial commentaries:

(i) FYE 31 July 2020 vs FYE 31 July 2019

Kesas' total revenue increased slightly by RM5.9 million or 1.9% from RM309.0 million to RM314.8 million due to the slump in AADT as a result of the imposition of the MCO in response to the COVID-19 pandemic. The decrease in toll revenue collection is offset by higher government compensation from the Government of Malaysia for the year.

Kesas' PAT increased by approximately RM9.8 million or 7.0% from RM140.8 million to RM150.6 million mainly due to the increase in revenue by RM5.9 million as a result of higher government compensation from the Government of Malaysia and decrease in finance cost from RM22.4 million to RM18.7 million due to reduction in outstanding principal amount.

Of the RM314.8 million revenue recorded for the FYE 31 July 2020, RM100.4 million were Government Compensation Receivable. As at the LPD, RM100.4 million Government Compensation Receivable was received.

(ii) FYE 31 July 2021 vs FYE 31 July 2020

Kesas' total revenue decreased by approximately RM66.4 million or 21.1% from RM314.8 million to RM248.4 million, following the further imposition of movement restrictions (i.e. recovery MCO, enhanced MCO, and National Recovery Plan) by the Government of Malaysia. The decrease in revenue was partly offset by the increase in agreed toll rate starting from 1 January 2021 as per the Kesas Concession Agreement, resulting in higher government compensation from the Government of Malaysia.

Kesas' PAT decreased by approximately RM38.1 million or 25.3% from RM150.6 million to RM112.4million. This was mainly due to the decrease in total revenue by RM66.4 million and partly offset by the decrease in amortisation of Highway Development Expenditure ("**HDE**") by RM8.2 million and income tax expense by RM11.6 million, as a result of lower PBT.

Finance cost also decreased by RM4.3 million or 23% from RM18.7 million to RM14.4 million due to the reduction in outstanding of principal payment.

Of the RM248.4 million revenue recorded for the FYE 31 July 2021, RM60.5 million were Government Compensation Receivable. As at the LPD, RM42.0 million Government Compensation Receivable was received.

1.8. Material commitments and contingent liabilities

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by Kesas which, upon becoming enforceable, may have a material impact on the financial results or position of Kesas, save as disclosed below:-

Approved and contracted for	RM'million
Highway development expenditure	0.39
Total	**0.39**

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by Kesas which, upon becoming enforceable, may have a material impact on the financial results or position of Kesas.

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2. INFORMATION ON SPRINT

2.1. History and overview

SPRINT was incorporated in Malaysia under the Companies Act, 1965 on 2 May 1997 as a private limited liability company

SPRINT is a wholly owned subsidiary of SPRINT Holdings, which is a 52% associated company of Gamuda. Its principal activities are to design and construct the SPRINT Highway, operate and manage the toll operations and maintain the SPRINT Highway under the SPRINT Concession Agreement.

SPRINT Highway comprises Package A (Kerinchi Link) from Jalan Duta in the north to Federal Highway Route 2 in the south with a total length of 11.5km, Package B (Damansara Link) forms the East-West link along Jalan Damansara to Jalan Semantan corridor with a total length of 9.5km and Package C (Penchala Link) is an East-West radial link between Mont Kiara and LDP Highway with a total length of 5.5km. SPRINT commenced tolling operations for both Packages A and B on 9 September 2001 and Package C on 22 March 2004.

Kerinchi Link provides an orbital capacity for Middle Ring Road 1 and Inner Ring road by creating an orbital route with an average radius relative to the city centre of 6 km. SPRINT Highway commences just west of the intersection of Jalan Syed Putra / Jalan Klang Lama / East-West Link Expressway around the city to New Klang Valley Expressway and DUKE 1 via the reworked Kerinchi interchange which provides connection to or from both the eastbound and westbound carriageways of Federal Highway Route 2.

Damansara Link was introduced into the corridor on September 2001 in the westbound direction between Jalan Damansara/Jalan Semantan towards the Damansara Toll Plaza and New Klang Valley Expressway.

Penchala Link starts from the Sri Hartamas corridor and connects to LDP Highway at Damansara Perdana. From the Mont Kiara Interchange, the link runs due west on a road reserve through the Mont Kiara residential and commercial areas. The Bukit Kiara toll plaza is located on this link just prior to the highway passing into the tunnel. West of the tunnel is an interchange which provides for connection from Taman Tun Dr Ismail in the south and to Bandar Menjalara in the north via LDP Highway.

SPRINT Highway operates on an "open-toll system" whereby vehicles will be charged a flat rate based on classification rather than distance travelled at each toll plaza namely Bukit Kiara Toll Plaza, Pantai Toll Plaza and Damansara Toll Plaza.

100% of SPRINT's revenue is attributable to customers in Malaysia.

2.2. Issued share capital

As at the LPD, the issued share capital of SPRINT is RM50,000,000 comprising 50,000,000 ordinary shares. In addition, SPRINT issued RM585,000,000 of SPRINT RULS, subscribed by SPRINT Holdings in accordance with the Letters of Undertaking dated 19 April 1999 and 21 December 2005 between SPRINT and SPRINT Holdings.

The tenure and redemption rate of SPRINT RULS are as follows:-

Tenure	:	No fixed tenure is attached to SPRINT RULS
Redemption sum	:	SPRINT RULS shall be redeemed by paying to the subscriber the principal amount together with interest on the principal amounts of the SPRINT RULS at the rate of 6% per annum semi-annually in arrears on 30 September and 31 March in every year.

2.3. Substantial shareholders

The substantial shareholders of SPRINT as at the LPD are as follows:

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
SPRINT Holdings	Malaysia	50,000,000	100.0	-	-
LITRAK Holdings	Malaysia	-	-	50,000,000(1)	100
KPS	Malaysia	-	-	50,000,000(1)	100
Gamuda	Malaysia	-	-	50,000,000(2)	100

Note:

(1) Deemed interested via its equity interests in SPRINT Holdings pursuant to Section 8 of the Companies Act 2016.

(2) Deemed interested via its equity interests in SPRINT Holdings and LITRAK Holdings pursuant to Section 8 of the Companies Act 2016.

2.4. Directors of SPRINT and director's shareholdings

As at LPD, none of the following directors of SPRINT has shareholdings in SPRINT:

Name	Nationality
Ir. Haji Yusoff bin Daud	Malaysian
Dato' Haji Azmi bin Mat Nor	Malaysian
Dato' Idris bin Md Tahir	Malaysian

2.5. Subsidiary and associated company

As at the LPD, SPRINT does not have any subsidiary or associated company.

2.6. Concession Agreement

The salient terms of the SPRINT Concession Agreement are as follows:

Nature of the concession

The SPRINT Concession Agreement is governed under the Federal Roads (Private Management) Act 1984.

The concession is undertaken on a "build, operate and transfer" basis. The nature of relationship between the Government of Malaysia and SPRINT is solely on contractual basis.

Concession period

The SPRINT Highway Concession Period is for 36 years for packages A and B commencing from 15 December 1998 to 14 December 2034, and 33 years for package C commencing from 15 December 1998 to 14 December 2031. The SPRINT Highway Concession Period may be extended by mutual written agreement between the Government of Malaysia and SPRINT. At the expiry of the SPRINT Highway Concession Period (unless the SPRINT Highway Concession Period is extended), SPRINT shall hand over to the Government of Malaysia the concession area granted pursuant to the SPRINT Concession Agreement at no cost to the Government of Malaysia. The SPRINT Highway Concession Period may be extended should any of the force majeure events under the SPRINT Concession Agreement occur, which includes among others, war, hostilities, invasion, act of foreign enemies, natural catastrophe or riot and disorders and it may be extended for such period as may be agreed by SPRINT and the Government of Malaysia, or in the absence of such agreement, to be determined by the Minister responsible for roads.

Grant of concession

Subject to the terms and conditions of the SPRINT Concession Agreement and the Federal Roads (Private Management) Act 1984, the Government of Malaysia has granted to SPRINT the right and authority to:

(i) undertake the design, construction, operation and maintenance of the SPRINT Highway (including the improvement and upgrading of the existing road (as listed in the SPRINT Concession Agreement)), and carry out all other activities incidental to the design and the construction works (which includes the design, construction, maintenance, safety, landscaping, signage works, toll and other equipment relating to the SPRINT Highway, the administrative office or any part thereof), the supply and installation of tolling and other equipment, the management, operation and maintenance works (which includes works of repair, reconstruction, rectification and making good defects, shrinkage or other defaults, regular clearing and removing of obstructions, and repairs due to wear and tear and maintenance of the landscape);

(ii) supply and install tolling and other equipment at the toll plazas (which are to be built for the collection of toll at the agreed locations within the SPRINT Highway) and manage, operate and maintain the same including all other telecommunication equipment supplied and installed on the SPRINT Highway during the SPRINT Highway Concession Period;

(iii) exclusively demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the SPRINT Highway during the SPRINT Highway Concession Period;

(iv) operate and maintain the existing road (as listed in the SPRINT Concession Agreement) and upon completion of the construction works, to operate and maintain at its own cost and expense the SPRINT Highway during the SPRINT Highway Concession Period; and

(v) design, construct, manage, operate and maintain an administrative office.

SPRINT has been granted the right and license (subject to the Government of Malaysia's access rights pursuant to the SPRINT Concession Agreement) to enter upon and to occupy all land required by SPRINT in relation to the concession granted by the Government of Malaysia to SPRINT under the SPRINT Concession Agreement.

Financing

SPRINT shall be responsible for obtaining all the finance, both debt and equity, necessary to construct, operate and maintain the SPRINT Highway. The Government of Malaysia will provide and make available or cause its agent to provide and make available to SPRINT the land cost support sums comprising:

(i) the reimbursable cost of up to an amount of RM182,000,000; and

(ii) the support loan of up to an amount of RM208,000,000;

to pay for the costs, expenses or charges incurred in making available the land required for the concession. SPRINT shall reimburse the Government of Malaysia or its agent (as the case may be), reimbursable cost and repay to the Government of Malaysia or its agent (as the case may be), the support loan together with fixed rate interest of eight percent (8%) per annum. The liability of the Government of Malaysia to the lenders will at no time exceed RM1,100,000,000 provided that in the event SPRINT is unable to proceed with package C of the SPRINT Highway due to nonfulfillment of any or all of the conditions as follows:

(i) SPRINT having proved to the Government of Malaysia that SPRINT has obtained a loan to fully finance the construction works in respect of package C of the SPRINT Highway; and

(ii) the Government of Malaysia is able to make available to the SPRINT the land comprised in package C of the SPRINT Highway.

The maximum amount shall be RM700,000,000 provided further that whenever SPRINT repays or prepays any principal amount of such indebtedness the maximum amount shall thereupon be reduced by an amount equal to the principal amount of such indebtedness so repaid or prepaid.

Termination of the concession

The SPRINT Concession Agreement may be terminated by either the Government of Malaysia or SPRINT if either party fails to remedy its default within the specified period in the SPRINT Concession Agreement. The Government of Malaysia may in accordance with the SPRINT Concession Agreement terminate the SPRINT Concession Agreement by expropriation of SPRINT or expropriation of the concession at any time by giving three months' written notice to SPRINT if it considers that such expropriation is in the national interest.

Agreed toll rate

Definitions:

Package A	:	Kerinchi Link
Package B	:	Damansara Link
Package C	:	Penchala Link
First Operating Period	:	In respect of: (a) Package A and Package B of the highway, the period commencing from the first day of tolling of the first Operating year ending on the last day of the 10th concession year; and (b) Package C of the highway, the period commencing from the first day of tolling of the first operating year and ending on the last day of the 12th concession year.

Second Operating Period	:	In respect of: (a) Package A and Package B of the highway, the period of 7 concession years commencing from the expiry of the First Operating Period; and (b) Package C of the highway, the period of 9 concession years commencing from expiry of the First Operating Period.
Third Operating Period	:	In respect of: (a) Package A and Package B of the highway, the period of 7 concession years commencing from the expiry of the Second Operating Period; and (b) Package C of the highway, the period from expiry of the Second Operating Period until the end of the concession period for Package C of the highway.
Fourth Operating Period	:	In respect of Package A and Package B of the highway, the period from expiry of the Third Operating Period until the end of the concession period for Package A and Package B of the highway.

The scheduled toll at each toll plaza (in RM) and each class of vehicle for the First Operating Period is as follows:

Toll Plaza	**CLASS 1**	**CLASS 2**	**CLASS 3**	**CLASS 4**	**CLASS 5**
Bukit Penchala Toll Plaza	2.00	4.00	6.00	1.00	2.00
Pantai Toll Plaza	1.50	3.00	4.50	0.80	1.50
Jalan Damansara Toll Plaza	1.00	2.00	3.00	0.80	1.00

The scheduled toll at each toll plaza (in RM) and each class of vehicle for the Second Operating Period is as follows:

Toll Plaza	**CLASS 1**	**CLASS 2**	**CLASS 3**	**CLASS 4**	**CLASS 5**
Bukit Penchala Toll Plaza	3.00	6.00	9.00	1.50	3.00
Pantai Toll Plaza	2.50	5.00	7.50	1.30	2.50
Jalan Damansara Toll Plaza	1.50	3.00	4.50	0.80	1.50

The scheduled toll at each toll plaza (in RM) and each class of vehicle for the Third Operating Period is as follows:

Toll Plaza	**CLASS 1**	**CLASS 2**	**CLASS 3**	**CLASS 4**	**CLASS 5**
Bukit Penchala Toll Plaza	5.00	10.00	15.00	2.50	5.00
Pantai Toll Plaza	3.50	7.00	10.50	1.80	3.50
Jalan Damansara Toll Plaza	2.00	4.00	6.00	1.00	2.00

The scheduled toll at each toll plaza (in RM) and each class of vehicle for the Fourth Operating Period is as follows:

Toll Plaza	**CLASS 1**	**CLASS 2**	**CLASS 3**	**CLASS 4**	**CLASS 5**
Pantai Toll Plaza	4.50	9.00	13.50	2.30	4.50
Jalan Damansara Toll Plaza	2.50	5.00	7.50	1.30	2.50

2.7. Financial information

Summary of historical financial results of SPRINT:

	Audited		
	FYE 31 March 2020 RM'million	**FYE 31 March 2021 RM'million**	**FYE 31 March 2022 RM'million**
Revenue	244.52	217.29	171.46
PBT/ loss before tax ("**LBT**")	39.42	46.71	(4.28)
PAT/ loss after tax ("**LAT**")	36.96	45.38	(5.23)
No. of ordinary shares	50,000,000	50,000,000	50,000,000
Basic EPS/ loss per shares ("**LPS**") (**sen**)	73.92	90.76	(10.46)
Cash and cash equivalent	296.19	195.41	232.69
Shareholders' funds/Net liabilities	(347.03)	(301.65)	(306.87)
Net liabilities per share (**RM**)	(6.94)	(6.03)	(6.14)
Borrowings	1,383.37	1,234.42	1,168.92
Gearing ratio (**times**)	N/A	N/A	N/A
Current ratio (**times**)	1.51	1.95	1.21

Note:

(i) The net liabilities position is due to the accumulated losses is greater than the share capital of SPRINT.

There was no audit qualification on the audited financial statements of SPRINT for the past three (3) FYE 31 March 2020 to 31 March 2022. SPRINT has not adopted any accounting policies which are peculiar to the its operations for the past three (3) FYE 31 March 2020 to 31 March 2022.

Financial commentaries:

(i) FYE 31 March 2021 vs FYE 31 March 2020

SPRINT's toll revenue decreased by approximately RM27.2 million or 11.1% from approximately RM244.5 million to RM217.3 million. This was mainly due to a steep decrease in tollable traffic volume since the implementation of the MCO, followed by the imposition of several movement restrictions to curb the spread of COVID-19. The decrease in toll revenue collection was offset by higher government compensation from the Government of Malaysia during the year.

Although SPRINT recorded lower toll revenue in FYE 31 March 2021, SPRINT's PAT increased by approximately RM8.4 million or 22.8% from approximately RM37.0 million to RM45.4 million. The increase was mainly contributed by:

(i) lower highway operation expenses mainly due to the reduction in amortisation of HDE as a result of the steep decrease in tollable traffic volume; and

(ii) lower finance costs mainly due to the reduction in outstanding principal and capitalised interest amount of the borrowings.

Of the RM217.3 million revenue recorded for the FYE 31 March 2021, RM112.0 million were Government Compensation Receivable. As at the LPD, RM112.0 million Government Compensation Receivable was received.

(ii) FYE 31 March 2022 vs FYE 31 March 2021

SPRINT's toll revenue decreased by approximately RM45.83 million or 21.1% from approximately RM217.3 million to RM171.5 million. Although the tollable traffic remain consistent with last financial year due to the continued imposition of various movement restrictions, the recognition of government compensation from the Government of Malaysia decreased by RM46.3 million for the FYE 31 March 2022 due to calculation based on compensation formula as set out in the SPRINT Concession Agreement.

SPRINT recorded a LAT of RM5.23 million for the FYE 31 March 2022 as compared to a PAT of approximately RM45.4 million for the FYE 31 March 2021. Apart from the decrease in revenue as mentioned above, SPRINT recognised higher amortisation charge of Highway Development Expenditure based on the latest toll traffic volume projections prepared by an independent traffic consultant.

Of the RM171.5 million revenue recorded for the FYE 31 March 2022, RM65.7 million were Government Compensation Receivable. As at the LPD, RM19.2 million Government Compensation Receivable was received.

2.8. Material commitments and contingent liabilities

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by SPRINT which, upon becoming enforceable, may have a material impact on the financial results or position of SPRINT.

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by SPRINT which, upon becoming enforceable, may have a material impact on the financial results or position of SPRINT.

3. INFORMATION ON LITRAK

3.1. History and overview

LITRAK was incorporated in Malaysia under the Companies Act 1965 under the name of Lingkaran Lebuhraya Trans Kota Sdn Bhd on 28 July 1995 as a private limited liability company, and adopted its present name on 28 August 1995.

LITRAK is a wholly owned subsidiary of LITRAK Holdings and its principal activities are to design, construct, operate and maintain LDP Highway and to manage its toll operations under the LITRAK Concession Agreement.

The LDP Highway is a 40-km long dual 3-lane carriage expressway which starts from Bandar Sri Damansara in the north, crosses the New Klang Valley Expressway and the Shah Alam Expressway, and terminates at the junction of the South Klang Valley Expressway (SKVE) near Putrajaya. The LDP Highway commenced tolling operations on 25 January 1999.

LDP Highway forms the western section of the Kuala Lumpur Middle Ring Road II (MRR2) and has 24 interchanges located at major intersections. From the Petaling Jaya Selatan toll plaza at Bandar Sunway, the LDP Highway branches away from MRR2 and traverses further south, passing through Puchong area and terminates at Serdang. There is also a short 3-km East-West spur road from Puchong towards Shah Alam.

LDP Highway operates as an "open-toll system", where vehicles are charged a flat rate at each toll plaza rather than for the distance travelled. The four toll plazas along the LDP Highway are:

(a) Penchala Toll Plaza, located between Sri Damansara and Bandar Utama;
(b) Petaling Jaya Selatan Toll Plaza, located south of Bandar Sunway;
(c) Puchong Barat Toll Plaza, located between the Sime UEP junction and Puchong Batu 12; and
(d) Puchong Selatan Toll Plaza, located between Kampung Baru Puchong and the Serdang interchange.

100% of LITRAK's revenue is attributable to customers in Malaysia.

3.2. Issued share capital

As at the LPD, the issued share capital of LITRAK is RM50,000,000 comprising 50,000,000 ordinary shares.

3.3. Substantial shareholders

The substantial shareholders of LITRAK as at the LPD are as follows:

		Direct		**Indirect**	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
LITRAK Holdings	Malaysia	50,000,000	100.0	-	-
Gamuda	Malaysia	-	-	50,000,000[1]	100
PNB	Malaysia	-	-	50,000,000[1]	100

Note:
(1) Deemed interested via its equity interests in LITRAK Holdings pursuant to Section 8 of the Companies Act 2016.

3.4. Directors of LITRAK and director's shareholdings

As at LPD, none of the following directors of LITRAK has shareholdings in LITRAK:

Name	Nationality
Ir. Haji Yusoff bin Daud	Malaysian
Dato' Haji Azmi bin Mat Nor	Malaysian

3.5. Subsidiary and associated company

As at the LPD, LITRAK does not have any subsidiary or associated company.

3.6. Concession Agreement

The salient terms of the LITRAK Concession Agreement are as follows:

Nature of the concession

The LITRAK Concession Agreement is governed under the Federal Roads (Private Management) Act 1984.

The concession is undertaken on a "build, operate and transfer"_basis. The nature of relationship between the Government of Malaysia and LITRAK is solely on contractual basis.

Concession period

The LDP Highway Concession is for 34 years, commencing from 15 August 1996 to 14 August 2030. Nonetheless, the LDP Highway Concession Period may be extended by mutual written agreement between the Government of Malaysia and LITRAK. At the expiry of the LDP Highway Concession Period (unless the LDP Highway Concession Period is extended), LITRAK shall hand over to the Government of Malaysia the concession area granted pursuant to the LITRAK Concession Agreement at no cost to the Government of Malaysia. The LDP Highway Concession Period may be extended should any of the force majeure events under the LITRAK Concession Agreement occur, which includes among others, war, hostilities, invasion, act of foreign enemies, natural catastrophe or riot and disorders and it may be extended for such period as may be agreed by LITRAK and the Government of Malaysia, or in the absence of such agreement, to be determined by the Minister responsible for roads.

Grant of concession

Subject to the terms and conditions of the LITRAK Concession Agreement and the Federal Roads (Private Management) Act 1984, the Government of Malaysia has granted to LITRAK the right and authority to:

(i) undertake the design, construction, improvement and upgrading works on the LDP Highway and carry out all other activities incidental to the design and the construction works (which includes the design, construction, safety, landscaping and signage works relating to the LDP Highway, the administrative office or any part thereof) and the ancillary facilities (as listed in the LITRAK Concession Agreement), the supply and installation of tolling and other equipment, the management, operation and maintenance works (which includes works of repair, reconstruction, rectification and making good defects, shrinkage or other defaults, regular clearing and removing of obstructions, and repairs due to wear and tear and includes the maintenance of the landscape) and all things incidental thereto carried out or to be carried out by LITRAK pursuant to the LITRAK Concession Agreement;

(ii) supply and install tolling and other equipment at the toll plazas and manage, operate and maintain the same including all other telecommunication equipment supplied and installed on the LDP Highway during the LDP Highway Concession Period;

(iii) exclusively demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the LDP Highway exclusively during the LDP Highway Concession Period;

(iv) subject to all prevailing relevant laws in respect thereof, design, construct, manage, operate and maintain the ancillary facilities (as listed in the LITRAK Concession Agreement) for its own benefit;

(v) operate and maintain the existing road (as listed in the LITRAK Concession Agreement) and, upon completion of the construction works, to operate and maintain at its own cost and expense (including, without limitation, utility charges incurred thereby) the LDP Highway during the LDP Highway Concession Period; and

(vi) design, construct, manage, operate and maintain an administrative office.

LITRAK has been granted the exclusive right and license (subject to the Government of Malaysia's access rights pursuant to the LITRAK Concession Agreement) to enter upon and to occupy all land required by LITRAK in relation to the concession granted by the Government of Malaysia to LITRAK under the LITRAK Concession Agreement.

Financing

LITRAK shall be responsible for obtaining all the finance, both debt and equity, necessary to construct, operate and maintain the LDP Highway. LITRAK shall ensure that the aggregate amount of indebtedness owing by LITRAK to the lenders will at no time exceed RM1,000,000,000 without prior written approval of the Government of Malaysia provided that, whenever LITRAK repays or prepays any principal amount of such indebtedness the maximum amount of RM1,000,000,000 shall thereupon be reduced by an amount equal to the principal amount of such indebtedness so repaid or repaid.

Termination of the concession

The LITRAK Concession Agreement may be terminated by either the Government of Malaysia or LITRAK if either party fails to remedy its default within the specified period in the LITRAK Concession Agreement. The Government of Malaysia may in accordance with the LITRAK Concession Agreement terminate the LITRAK Concession Agreement by expropriation of LITRAK or expropriation of the concession at any time by giving three months' written notice to LITRAK if it considers that such expropriation is in the national interest.

Agreed toll rate

The agreed toll at each toll plaza for each concession year and each class of vehicle is as follows:

Penchala Toll Plaza;
PJ Selatan Toll Plaza;
Puchong Barat Toll Plaza; and
Puchong Selatan Toll Plaza.

Concession years	Tolls payable according to classes of vehicles (RM)				
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5
25 January 1999 – 31 December 2006	1.50	3.00	4.50	0.80	1.50
1 January 2007 – 31 December 2010	1.60	3.20	4.80	0.80	1.60
1 January 2011 – 31 December 2015	2.10	4.20	6.30	1.10	2.10
1 January 2016 – 14 August 2030	3.10	6.20	9.30	1.60	3.10

3.7. Financial information

Summary of historical financial results of LITRAK:

	Audited		
	FYE 31 March 2020	FYE 31 March 2021	FYE 31 March 2022
	RM'million	RM'million	RM'million
Revenue	503.84	392.83	400.93
PBT	325.15	245.45	246.12
PAT	244.64	184.45	167.00
No. of ordinary shares	50,000,000	50,000,000	50,000,000
Basic EPS (**RM**)	4.89	3.69	3.34
Cash and cash equivalent	603.81	617.54	531.42
Shareholders' funds/NA	845.10	959.55	992.56
NA per share (**RM**)	16.90	19.19	19.85
Borrowings	780.74	585.25	388.35
Gearing ratio (**times**)	0.92	0.61	0.39
Current ratio (**times**)	2.95	3.04	2.64

There was no audit qualification on the audited financial statements of LITRAK for the past three (3) FYE 31 March 2020 to 31 March 2022. LITRAK has not adopted any accounting policies which are peculiar to its operations for the past three (3) FYE 31 March 2020 to 31 March 2022.

Financial commentaries:

(i) FYE 31 March 2021 vs FYE 31 March 2020

LITRAK's toll revenue decreased by approximately RM111.0 million or 22.0% from RM503.8 million to RM392.8 million, as a result of the imposition of the MCO by the Government of Malaysia and various permutations of the MCO during the financial year had caused a significant drop in average weekday tollable traffic on LDP Highway i.e. from 447,000 vehicles achieved in the previous financial year to 353,000 vehicles recorded this year.

LITRAK's PAT decreased by approximately RM60.2 million or 24.6% from approximately RM244.6 million to RM184.4 million in line with lower revenue in FYE 31 March 2021. The decrease was partly offset by:

(i) lower depreciation and amortisation costs in tandem with the reduction in tollable traffic volume;

(ii) reduced finance costs due to the reduction in borrowings via scheduled repayment of bonds; and

(iii) lower income tax expenses of RM 19.5 million due to lower taxable income resulting from lower revenue achieved as mentioned above.

Of the RM392.8 million revenue recorded for the FYE 31 March 2021, RM125.3 million were Government Compensation Receivable. As at the LPD, RM125.3 million Government Compensation Receivable was received.

(ii) FYE 31 March 2022 vs FYE 31 March 2021

LITRAK's revenue increased by approximately RM8.1 million or 2.1% from RM392.8 million to RM400.9 million, as a result of higher tollable traffic volume recorded in the current year due to easing of travel restrictions and interstate travel which is allowed from 11 October 2021 for fully vaccinated individuals. From 18 October 2021, Selangor, Kuala Lumpur and Putrajaya has moved to Phase 4 of the NRP and the whole of Malaysia moved to Phase 4 of the NRP from 3 January 2022 to 31 March 2022.

LITRAK's PAT decreased by approximately RM17.5 million or 9.5% from approximately RM184.5 million to RM167.0 million mainly due to the following:

(i) higher amortisation of highway development expenditure recognised based on the latest toll traffic volume projections prepared by an independent traffic consultant; and

(ii) higher income tax expense resulting from the implementation of Cukai Makmur by the Government of Malaysia, which is a special one-off tax in the Year of Assessment 2022.

However, the impact on LITRAK's PAT was mitigated by higher revenue and lower finance cost pursuant to scheduled repayment of bonds in April 2021.

Of the RM400.9 million revenue recorded for the FYE 31 March 2022, RM128.0 million were Government Compensation Receivable. As at the LPD, RM33.1 million Government Compensation Receivable was received. However, if the LITRAK Offer is accepted, government compensation from the Government of Malaysia amounting to RM37.0 million for January 2022 to March 2022 will not be paid as LITRAK's 3rd SCA will take effect from 1 January 2022.

3.8. Material commitments and contingent liabilities

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by LITRAK which, upon becoming enforceable, may have a material impact on the financial results or position of LITRAK, save as disclosed below:-

Approved and contracted for	**RM'million**
Highway development expenditure	7.51
Total	**7.51**

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by LITRAK which, upon becoming enforceable, may have a material impact on the financial results or position of LITRAK.

4. INFORMATION ON SMART

4.1. History and overview

SMART was incorporated in Malaysia under the Companies Act, 1965 on 21 November 2002 as a private limited liability company.

SMART is a wholly owned subsidiary of SMART Holdings, which is a 50% joint venture company of Gamuda. Its principal activities are to design and construct the Stormwater Management and Road Tunnel Project, comprising the stormwater channel and motorway works; operate, manage the toll operations and maintain the motorway under the SMART Concession Agreement.

The concession is undertaken on a "build, operate and transfer" basis. The Stormwater Management and Road Tunnel Project comprises the following:

(a) a 9.7 km stormwater channel comprising a tunnel and other related structures to manage stormwater; and

(b) a 4 km motorway built within the mid-section of the Stormwater Management and Road Tunnel, together with entry and exit points, as well as other structures required for the operation of the motorway.

The 4 km dual-deck motorway built within the middle stretch of the bypass tunnel commences from the Kampung Pandan roundabout and ends at the Sungai Besi airfield to the south. Entry and exit links on the motorway are situated along Jalan Sultan Ismail, Jalan Tun Razak and the Kuala Lumpur-Seremban Expressway. Designed to alleviate congestion around the area, the motorway has been built in such a way as to enable only the lower channel to carry water during normal operations, while the upper channel acts as a tolled highway. The motorway will only be closed to traffic and used to channel water flows in the event of extremely high flood levels.

100% of SMART's revenue is attributable to customers in Malaysia.

4.2. Issued share capital

As at the LPD, the issued share capital of SMART is RM323,000,000 comprising 20,000,000 ordinary shares and 3,030,000 redeemable preference shares.

The tenure, redemption rate and redemption period of SMART's redeemable preference shares are as follows:-

Tenure	:	No fixed tenure is attached to SMART's redeemable preference shares.
Redemption sum	:	SMART's redeemable preference shares shall be redeemed at RM100 per redeemable preference share.
Redemption period	:	SMART shall be entitled from time to time and at any time prior to the commencement of winding up of SMART to redeem the whole or part of SMART's redeemable preference shares.

4.3. Substantial shareholders

The substantial shareholders of SMART as at the LPD are as follows:

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
SMART Holdings	Malaysia	23,030,000	100.0	-	-
Gamuda	Malaysia	-	-	23,030,000[(1)]	100.0
MMC Engineering Group Berhad	Malaysia	-	-	23,030,000[(1)]	100.0
Anglo-Oriental Annuities Sdn Bhd	Malaysia	-	-	23,030,000[(1)]	100.0
MMC Corporation Berhad	Malaysia	-	-	23,030,000[(2)]	100.0

Note:

(1) Deemed interested via its equity interests in SMART Holdings pursuant to Section 8 of the Companies Act 2016.

(2) Deemed interested via its equity interests in Anglo-Oriental Annuities Sdn Bhd and MMC Engineering Group Berhad pursuant to Section 8 of the Companies Act 2016.

4.4. Directors of SMART and director's shareholding

As at LPD, none of the following directors of SMART has shareholdings in SMART:

Name	Nationality
Dato' Haji Azmi bin Mat Nor	Malaysian
Tan Sri Che Khalib bin Mohamad Noh	Malaysian
Saw Wah Theng	Malaysian
Mohd Razin bin Ghazali	Malaysian
Sazally bin Saidi *(Alternate Director to Dato' Haji Azmi bin Mat Nor)*	Malaysian

4.5. Subsidiary and associated company

As at the LPD, SMART does not have any subsidiary or associated company.

4.6. Concession Agreement

The salient terms of the SMART Concession Agreement are as follows:

Nature of the concession

The SMART Concession Agreement is governed under the Federal Roads (Private Management) Act 1984.

The concession is undertaken on a "build, operate and transfer" basis. The nature of relationship between the Government of Malaysia and SMART is solely on contractual basis.

Concession period

The SMART Concession Period is for 40 years, commencing from 1 January 2003 to 31 December 2042. Nonetheless, SMART may apply to the Government of Malaysia for an extension of the concession 24 months prior to the expiry of the SMART Concession Period. The Government of Malaysia shall have the absolute discretion whether or not to consider such application. If such application is considered, SMART and the Government of Malaysia shall, as soon as reasonably practicable after the receipt by the Government of Malaysia of such application, negotiate the terms and conditions of such extension on fully commercial terms with no special privileges and no preferential rights to the intent that such terms and conditions are to be agreed by SMART and the Government of Malaysia not later than 12 months prior to the date on which the SMART Concession Period would have otherwise expired.

At the expiry of the SMART Concession Period (unless the SMART Concession Period is extended), SMART shall hand over to the Government of Malaysia the concession area granted pursuant to the SMART Concession Agreement in a well-maintained condition.

Grant of concession

Subject to the terms and conditions of the SMART Concession Agreement and the Federal Roads (Private Management) Act 1984, the Government of Malaysia has granted to SMART the right and authority to:

(i) execute the motorway works which are to be designed, procured, constructed, erected, installed, tested, commissioned and completed under the SMART Concession Agreement and shall include the control centre cum administrative office and temporary works;

(ii) supply and install tolling and other equipment at the toll plaza and operate, manage and maintain the same on the motorway (which is the double deck motorway which shall include the traffic control and surveillance system, toll plazas, flood gates, traffic lanes, acceleration and deceleration lanes, shoulders, medians, motorway signs, embankment slopes, street lighting, ventilation systems, control centre cum administrative office and other structures therein or relating thereto) during the SMART Concession Period;

(iii) demand, collect and retain toll for its own benefit from the permitted vehicles using the motorway during the SMART Concession Period;

(iv) operate, manage and maintain the motorway at its own cost and expense (including without limitation, all utility charges incurred thereby) during the SMART Concession Period; and

(v) design, construct, operate, manage and maintain the control centre cum administrative office subject to the Government of Malaysia's right to occupy the same for purposes of operating, managing and maintaining the stormwater channel (including the Supervisory Control and Data Acquisition (SCADA) system, the monitoring devices, a diversion structure, a holding basin, a bypass tunnel, a storage reservoir and a twin box culvert outlet structure and other structures relating thereto) on such terms and conditions as the Government of Malaysia and SMART shall mutually agree.

SMART has been granted the right and licence (subject to the Government of Malaysia's access rights pursuant to the SMART Concession Agreement) to enter upon and to occupy the concession area required by SMART in the execution of the Stormwater Management and Road Tunnel Project.

Financing

SMART shall be responsible for obtaining all the financing in excess of the Government of Malaysia costs both debt and equity, necessary to pay for all costs and expenses to be borne by SMART in discharging its obligations under the SMART Concession Agreement.

To enable SMART to pay the land costs (which is the aggregate sum of RM220,000,000.00 which shall be used to pay for the costs and expenses for making available the land required for the construction area), the Government of Malaysia shall cause the lenders nominated by the Government of Malaysia to make available to SMART the land costs loan (which is the loan facility of up to RM220,000,000.00) upon such terms and conditions to be mutually agreed between the nominated lenders and SMART. The Government of Malaysia has agreed to pay to SMART all amounts, both principal and financing costs, due and payable by SMART to the nominated lender under the terms of the land costs loan in the manner and at the time as such amount is due and payable by SMART to the nominated lender in accordance with the land costs loan. The Government of Malaysia shall also cause the nominated lender to make available to SMART the balance government cost loan (which is the loan facility of up to RM1,225,321,000.00 for the purpose of financing the balance government costs).

Termination of the concession

The SMART Concession Agreement may be terminated by either the Government of Malaysia or SMART if either party fails to remedy its default within the specified period in the SMART Concession Agreement. The Government of Malaysia may, at any time during the SMART Concession Period, expropriate the concession by giving not less than three months' notice to that effect to SMART if it considers that such expropriation is in the national interest or interest of national security. The determination of what amounts to "national interests" and "interest of national security" shall be made by the Government of Malaysia and such determination shall be conclusive and binding.

Agreed toll rate

The scheduled toll at each plaza for the permitted vehicles is as follows:

Operating Period	**Scheduled Toll Rate (RM)**
First day of tolling until 31 Dec 2009	2.00
1 Jan 2010 to until 31 Dec 2014	3.00
1 Jan 2015 to until 31 Dec 2019	4.00
1 Jan 2020 to until 31 Dec 2024	5.00
1 Jan 2025 to until 31 Dec 2029	6.00
1 Jan 2030 to end of concession	7.00

4.7. Financial information

Summary of historical financial results of SMART:

	Audited		
	FYE 31 December 2019 RM'million	FYE 31 December 2020 RM'million	FYE 31 December 2021 RM'million
Revenue	36.26	23.70	16.02
LBT	(4.04)	(12.15)	(18.44)
LAT	(4.04)	(12.15)	(18.44)
No. of ordinary shares **('000)**	20,000	20,000	20,000
Basic loss per share (**sen**)	(20.22)	(60.75)	(90.20)
Cash and cash equivalents	32.26	26.62	8.27
Shareholders' funds/NA	87.36	75.21	56.77
NA per share (**RM**)	4.37	3.76	2.84
Borrowings	319.84	319.86	319.91
Gearing ratio (**times**)	3.66	4.25	5.64
Current ratio (**times**)	1.22	1.11	0.68

There was no audit qualification on the audited financial statements of SMART for the past three (3) FYE 31 December 2019 to 31 December 2021. SMART has not adopted any accounting policies which are peculiar to the its operations for the past three (3) FYE 31 December 2019 to 31 December 2021.

Financial commentaries:

(i) FYE 31 December 2020 vs FYE 31 December 2019

SMART's total revenue decreased by approximately RM12.6 million or 34.6% from RM36.3 million to RM23.7 million mainly due to lower traffic volume following the implementation of MCO and several movement restrictions since 18 March 2020 in the wake of COVID-19 pandemic.

SMART's LBT and LAT increased by RM8.1 million from RM4.0 million to RM12.1 million in line with lower revenue recorded for the FYE 31 December 2020. The increase in LBT and LAT was partly offset by lower amortisation of HDE due to lower traffic volume.

Of the RM23.7 million revenue recorded for the FYE 31 December 2020, RM9.5 million was Government Compensation Receivable. As at the LPD, RM9.5 million Government Compensation Receivable was received.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

SMART's total revenue decreased by approximately RM7.7 million or 32.4% from RM23.7 million to RM16.0 million mainly due to lower traffic volume following the implementation of MCO and several movement restrictions since 18 March 2020 in the wake of COVID-19 pandemic.

SMART's LBT and LAT increased by RM6.3 million from RM12.1 million to RM18.4 million in line with lower revenue recorded for the FYE 31 December 2021. The increase in LBT and LAT was partly offset by lower toll operations cost.

Of the RM16.0 million revenue recorded for the FYE 31 December 2021, RM6.4 million were Government Compensation Receivable. As at the LPD, RM6.4 million Government Compensation Receivable was received.

4.8. Material commitments and contingent liabilities

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by SMART which, upon becoming enforceable, may have a material impact on the financial results or position of SMART.

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by SMART which, upon becoming enforceable, may have a material impact on the financial results or position of SMART.

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1. HISTORY AND BUSINESS OF ALR

ALR was incorporated in Malaysia on 13 December 2021 under the Companies Act 2016 as a public limited company. ALR has the mandate of the Government of Malaysia to assist in a proposed restructuring of certain tolled highway concessions to absolve the Government of Malaysia from paying compensation payments to those identified concession companies.

ALR's mandate includes looking after the economic interests of the road users of the targeted highway concessions concerned, and therefore:

(i) ALR must maintain the current toll rates with no further increases, including in any period of extension of the existing concession required to facilitate the success of restructuring;

(ii) ALR shall accelerate the return of the concession(s) back to the Government of Malaysia upon full settlement of all the ALR's financial debts incurred in acquiring the highway concession(s) (based on agreed terms).

To execute its mandate, ALR shall be fully debt-funded via its intended issuance of Islamic debt securities in the Malaysian Islamic debt capital markets. ALR shall also channel all available profits and cash surpluses over and above its operational needs, solely to the servicing and (possibly early) settlement of its financial debts and ALR undertakes not to make any dividend or distribution payments to its shareholders.

As at the date of this Circular, ALR is still in the process of raising sukuk funding to undertake the Proposed Disposal.

2. ISSUED SHARE CAPITAL

As at the LPD, the total issued share capital of ALR is RM5,000 comprising 5,000 ordinary shares in ALR.

3. DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the directors and their respective shareholdings in ALR as at the LPD are as follows:

			Direct		Indirect	
Name	**Designation**	**Country of incorporation/ Nationality**	**No. of ALR shares**	**%**	**No. of ALR shares**	**%**
Tan Sri Azlan Mohd Zainol	Chairman	Malaysian	1,000	20	-	-
Dato' Ir Soam Heng Choon	Director	Malaysian	1,000	20	-	-
Dato' Dr Nirmala Menon	Director	Malaysian	1,000	20	-	-
Dato' Idrose bin Mohamed	Director	Malaysian	1,000	20	-	-
Dato' Mohamed Sharil bin Mohamed Tarmizi	Director	Malaysian	1,000	20	-	-

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the LPD, all the directors of ALR are equal shareholders of ALR.

5. GROUP STRUCTURE OF ALR

As at the LPD, ALR does not have any subsidiary or associates.

6. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF ALR

ALR is a newly incorporated company and hence ALR does not have historical financial results.

KESAS SDN. BHD.

199301020816 (275554-U)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 July 2021

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Contents

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 July 2021.

Principal activities

The principal activities of the Company are to design and construct the Shah Alam Expressway ("Expressway"), develop and manage the toll operations and maintain the Expressway.

On 19 November 1993, the Government of Malaysia awarded the concession to the Company for a period of 28 years and 9 months from 19 November 1993 to 18 August 2022 ("Concession Period"). The Concession Period was subsequently extended by an additional year from 19 August 2022 to 18 August 2023 due to the revision of toll rates structures of the Concession by the Government.

In addition to that, pursuant to the Government Gazette No.P.U.(A) 9 dated 14 January 2013, the Government revised the toll rates structure of the Concession from 15 January 2013 to 18 August 2023. In consideration of the Company agreeing to the revised toll rate structure, the Government has further agreed to extend the Concession Period with a maximum of five years from 19 August 2023 to 18 August 2028.

Results

	RM
Profit for the year	112,440,575

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Ir Haji Azmi Bin Mat Nor	
Saw Wah Theng	
Sazally Bin Saidi	
Haji Suhaimi Bin Haji Kasdon	(appointed on 1 January 2021)
Hajah Siti Zubaidah Binti Haji Abd Jabar	(appointed on 4 September 2020 and resigned on 30 September 2021)
Dato' Mohd Azizi Bin Mohd Zain	(resigned on 31 December 2020)
Hajah Norita Binti Mohd Sidek	(resigned on 3 September 2020)

Dividend

The amount of dividend declared and paid by the Company since 31 July 2020 was as follows:

	RM
In respect of the financial year ended 31 July 2021:	
A single-tier dividend of RM9.00, on 5,000,000 ordinary shares, declared on 27 October 2020 and paid on 4 November 2020	45,000,000

The directors do not recommend the payment of final dividend in respect of the current financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' and Officers' indemnity

The immediate holding company maintains a liability insurance for the directors of the immediate holding company and its subsidiary throughout the financial year, which provides insurance sum insured of RM10,000,000. The amount of insurance premium paid by the immediate holding company for the financial year ended 31 July 2021 was RM10,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the ultimate holding company during the financial year were as follows:

	<------------ Number of ordinary shares ----------->			
	1 August 2020	Bought	Sold	31 July 2021
Ultimate holding company				
Direct holding				
Dato' Ir Haji Azmi Bin Mat Nor	321,876	-	-	321,876
Saw Wah Theng	809,775	-	-	809,775

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Kesas Sdn. Bhd.
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Warrants 2016/2021 - Ultimate holding company

	<---------- Number of warrants ----------				---------->
	1 August 2020	**Bought**	**Sold**	**Lapsed**	**31 July 2021**
Dato' Ir Haji Azmi Bin Mat Nor	58,200	-	(58,200)	-	-
Saw Wah Theng	143,500	-	-	(143,500)	-

On 7 March 2016, Gamuda Berhad allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in Gamuda Berhad.

The Warrants are valid for exercise for a period of 5 years from issue date and expired on 5 March 2021 being the last market day immediately preceding the date is the fifth anniversary of the issue of Warrants (which falls on Saturday, 6 March 2021, a non-market day) pursuant to the provisions of the Deed Poll dated 22 January 2016. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in Gamuda Berhad at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at 5 March 2021, 387,220,949 Warrants 2016/2021 remained unexercised and have lapsed.

Other than as disclosed above, the directors in office at the end of the financial year did not have any other interest in shares in the Company or its related corporations during the financial year.

Holding companies

The immediate and ultimate holding companies are Kesas Holdings Berhad and Gamuda Berhad, respectively, both are incorporated in Malaysia. The ultimate holding company is a public limited liability company and listed on the Main Market of Bursa Malaysia Securities Berhad.

Other statutory information

(a) Before the financial statements of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM
Auditors' remuneration	47,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 July 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Haji Suhaimi Bin Haji Kasdon

Saw Wah Theng

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Haji Suhaimi Bin Haji Kasdon and Saw Wah Theng, being two of the directors of Kesas Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 July 2021 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Haji Suhaimi Bin Haji Kasdon

Saw Wah Theng

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Haji Mohammed Shah Bin Samin, being the officer primarily responsible for the financial management of Kesas Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 55 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Haji Mohammed Shah Bin Samin at Petaling Jaya in the State of Selangor Darul Ehsan on 8 October 2021

Haji Mohammed Shah Bin Samin

Before me,

PESURUHJAYA SUMPAH
No : B
Name : SAY HUNG
1/1/2019 - 31/12/2021
MALAYSIA

No. 71-1, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor

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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
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199301020816 (275554-U)

Independent auditors' report to the member of Kesas Sdn. Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kesas Sdn. Bhd., which comprise the statement of financial position as at 31 July 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 55.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 July 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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199301020816 (275554-U)

Independent auditors' report to the member of Kesas Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditors' report to the member of Kesas Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditors' report to the member of
Kesas Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT	Tan Shium Jye
202006000003 (LLP0022760-LCA) & AF 0039	No. 02991/05/2022 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 October 2021

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 July 2021

	Note	2021 RM	2020 RM
Revenue	4	248,411,313	314,835,198
Other operating income	5	9,604,415	11,962,854
Expressway maintenance costs		(12,152,055)	(14,329,879)
Toll operations costs		(3,197,408)	(3,511,594)
Employee benefits expenses	6	(14,467,347)	(16,583,959)
Amortisation of expressway development expenditure	11	(57,651,599)	(65,854,122)
Depreciation of property, plant and equipment	12	(738,231)	(835,229)
Depreciation of right-of-use assets	14	(186,130)	(186,127)
Other expenses		(6,000,580)	(7,863,979)
Profit from operations		163,622,378	217,633,163
Finance costs	7	(14,361,775)	(18,659,170)
Profit before tax	8	149,260,603	198,973,993
Income tax expense	9	(36,820,028)	(48,390,628)
Profit for the year		112,440,575	150,583,365
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period:			
Re-measurement gain/(loss) on defined benefit plan		631,685	(260,499)
Income tax effect		(151,604)	62,520
Other comprehensive income/(loss) for the year, net of tax		480,081	(197,979)
Total comprehensive income for the year, net of tax		112,920,656	150,385,386

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 July 2021

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Expressway development expenditure ("EDE")	11	610,550,187	668,201,786
Property, plant and equipment	12	1,093,510	1,482,917
Other investment	13	79,400	79,400
Right-of-use assets	14	1,318,401	1,504,531
		613,041,498	671,268,634
Current assets			
Sundry receivables	15	21,611,054	131,129,621
Tax recoverable		3,517,107	-
Cash and bank balances	16	317,059,777	205,976,460
		342,187,938	337,106,081
Total assets		955,229,436	1,008,374,715
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	17	5,000,000	5,000,000
Retained earnings	18	488,005,711	420,085,055
Total equity		493,005,711	425,085,055
Non-current liabilities			
Sukuk Musharakah Medium Term Notes ("Sukuk")	19	195,000,000	285,000,000
Contract liabilities	20	2,955,426	14,754,587
Deferred tax liabilities	21	120,609,600	131,830,456
Retirement benefit obligations	22	2,268,553	2,524,433
Provision for heavy repairs	23	20,903,080	21,033,414
Lease liability	24	1,204,615	1,373,992
		342,941,274	456,516,882

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 July 2021 (cont'd.)

	Note	2021 RM	2020 RM
Current liabilities			
Sukuk Musharakah Medium Term Notes ("Sukuk")	19	90,000,000	90,000,000
Contract liabilities	20	11,799,171	11,808,815
Retirement benefit obligations	22	-	66,358
Provision for heavy repairs	23	4,169,764	4,357,667
Sundry payables	25	13,144,140	15,021,233
Income tax payable		-	5,356,801
Lease liability	24	169,376	161,904
		119,282,451	126,772,778
Total liabilities		462,223,725	583,289,660
Total equity and liabilities		955,229,436	1,008,374,715

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 July 2021

	Note	Share capital (Note 17) RM	Distributable Retained earnings (Note 18) RM	Total RM
At 1 August 2020		5,000,000	420,085,055	425,085,055
Total comprehensive income		-	112,920,656	112,920,656
Dividend paid	10	-	(45,000,000)	(45,000,000)
At 31 July 2021		5,000,000	488,005,711	493,005,711
At 1 August 2019		5,000,000	343,699,669	348,699,669
Total comprehensive income		-	150,385,386	150,385,386
Dividend paid	10	-	(74,000,000)	(74,000,000)
At 31 July 2020		5,000,000	420,085,055	425,085,055

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 July 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Profit before tax		149,260,603	198,973,993
Adjustments for:			
Amortisation of EDE	11	57,651,599	65,854,122
Advance license fees	5	(553,954)	(553,954)
Advance maintenance fees	5	(254,851)	(265,057)
Government compensation	4	(11,000,000)	(8,700,000)
Depreciation of property, plant and equipment	12	738,231	835,229
Depreciation of right-of-use asset	14	186,130	186,127
Gain on disposal of property, plant and equipment	5	(21,921)	(3,135)
Interest expense	7	14,361,775	18,659,170
Interest income	5	(4,153,655)	(6,579,361)
Fair value loss on investment securities	8	-	920,070
Provision for heavy repairs	23	3,800,000	4,357,667
Provision for retirement benefit obligations	6	374,856	318,348
Operating profit before working capital changes		210,388,813	274,003,219
Changes in sundry receivables		110,346,460	(26,337,283)
Changes in sundry payables		(504,123)	(1,132,313)
Cash generated from operations		320,231,150	246,533,623
Retirement benefit obligations paid	22	(65,409)	(60,794)
Profit rate from Sukuk		(15,668,650)	(19,712,860)
Income tax paid		(57,066,396)	(58,965,251)
Payment for heavy repairs	23	(4,118,237)	-
Net cash generated from operating activities		243,312,458	167,794,718
Cash flows from investing activities			
Interest received		3,325,762	5,468,693
Payments made for EDE	11	-	(6,829,739)
Purchase of property, plant and equipment	12	(348,903)	(176,184)
Proceeds from disposal of property, plant and equipment		22,000	4,600
Withdrawal of investment securities		-	20,180,001
Net cash generated from investing activities		2,998,859	18,647,371

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Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 July 2021 (cont'd.)

	Note	2021 RM	2020 RM
Cash flows from financing activities			
Dividend paid	10	(45,000,000)	(74,000,000)
Repayment of Sukuk		(90,000,000)	(90,000,000)
Repayments of lease liabilities	24	(228,000)	(228,000)
Net cash used in financing activities		(135,228,000)	(164,228,000)
Net increase in cash and cash equivalents		111,083,317	22,214,089
Cash and cash equivalents at beginning of year		205,976,460	183,762,371
Cash and cash equivalents at end of year (Note 16)		317,059,777	205,976,460

Reconciliation of liabilities arising from financing activities:

The table below details change in the Company's liabilities arising from financing activities.

	2021 RM	2020 RM
At 1 August 2020/2019	375,000,000	465,000,000
Repayment of Sukuk	(90,000,000)	(90,000,000)
At 31 July	285,000,000	375,000,000

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Notes to the financial statements - 31 July 2021

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Wisma Kesas, No. 1, Lebuh Raya Shah Alam, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Kesas Holdings Berhad and Gamuda Berhad, respectively, both are incorporated in Malaysia. The ultimate holding company is a public limited liability company and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are to design and construct the Shah Alam Expressway ("Expressway"), develop and manage the toll operations and maintain the Expressway.

On 19 November 1993, the Government of Malaysia awarded the concession to the Company for a period of 28 years and 9 months from 19 November 1993 to 18 August 2022 ("Concession Period"). The Concession Period was subsequently extended by an additional year from 19 August 2022 to 18 August 2023 due to the revision of toll rates structures of the Concession by the Government.

In addition to that, pursuant to the Government Gazette No.P.U.(A) 9 dated 14 January 2013, the Government revised the toll rates structure of the Concession from 15 January 2013 to 18 August 2023. In consideration of the Company agreeing to the revised toll rate structure, the Government has further agreed to extend the Concession Period with a maximum of five years from 19 August 2023 to 18 August 2028.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Ringgit Malaysia ("RM").

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2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

Considerations in respect of COVID-19 (coronavirus) and the current economic environment

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a worldwide pandemic. With widespread concerns about the ongoing COVID-19 pandemic, the Government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020 till to date.

This had led to the temporary reduction of the Company's business activities and caused the decrease in traffic volume. The financial performance of the Company was consequently affected. The Company is of the view that the impact of COVID-19 is short term and business operations have returned to normal as of 8 October 2021 as the National Recovery Plan progresses to Phase 3.

At the reporting date, the Company is in net current assets position of RM222,905,487 (2020: RM210,333,303) with an amount of RM317,059,777 (2020: RM205,976,460) in cash and cash equivalents.

The Company is taking the necessary steps to mitigate the risks arising from the COVID-19 pandemic, including the prudent management of their cash flows from their operating and investing activities. The Company does not expect significant disruption in operations.

The Company has taken into consideration the impact of COVID-19 and the current economic environment on the basis of preparation of this financial statements has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

On 1 August 2020, the Company adopted the following amendments to MFRS standards mandatory for annual periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020:

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

On 1 August 2020, the Company adopted the following amendments to MFRS standards mandatory for annual periods beginning on or after 1 January 2020: (cont'd.)

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions

The adoption of the above standards and amendments did not have any material impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued, but yet to be effective:

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

The Company has not adopted the following standards and interpretations that have been issued, but yet to be effective: (cont'd.)

Effective for annual periods beginning on or after 1 January 2023:

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above standards and amendments will not result in material impact to the financial statements of the Company.

2.4 Expressway development expenditure

Expressway development expenditure ("EDE") comprises development and upgrading expenditure (including interest charges relating to financing of the development of the expressway) incurred in connection with the concession. EDE is measured on initial recognition at cost. Following initial recognition, EDE is carried at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6 to the financial statements.

Assets under construction included in EDE are not depreciated as these assets are not yet available for use.

EDE is amortised upon commencement of tolling operations over the concession period based on the following formula:

Amortisation of EDE is included in profit or loss.

$$\left(\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year Plus Projected Traffic Volume To Completion}} \times \text{Opening Net Carrying Amount Of EDE Plus Current Year Additions} \right)$$

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2. Summary of significant accounting policies (cont'd.)

2.4 Expressway development expenditure (cont'd.)

Periodic traffic studies are performed by an independent traffic consultant in order to support the projected toll revenue for the remaining concession period. The projection was based on the latest available traffic study.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Office building on concession land	4%
Motor vehicles	20%
Office equipment	15% - 33%
Furniture and fittings	10%

An item of property, plant and equipment and any significant part initially recognised are derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6 to the financial statements.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets

The Company assesses, the carrying amounts of the Company's non-financial assets, other than expressway development expenditure and property, plant and equipment, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.7 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of sundry receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into financial assets at amortised cost (debt instruments).

The Company does not have any financial assets at fair value through other comprehensive income (OCI) and fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial asset at amortised cost includes sundry receivables and cash and bank balances.

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2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For sundry receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

2.10 Provision for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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2. Summary of significant accounting policies (cont'd.)

2.10 Provision for liabilities (cont'd.)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include sundry payables, sukuk and lease liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities (cont'd.)

(b) Other financial liabilities

The Company's other financial liabilities include sundry payables, sukuk and lease liability.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Contract liabilities

Contract liabilities comprise of the following deferred revenue:

(a) Advance maintenance fees and license fees

Fees received from third parties to upkeep the inter-change at the expressway and for the exclusive rights to design, construct, operate and manage ancillary facilities along the expressway, are recognised in profit or loss on a straight line basis over the remaining concession period.

2. Summary of significant accounting policies (cont'd.)

2.12 Contract liabilities (cont'd.)

(b) Government compensation

Compensation received from the Government for the imposition of revised toll rates lower than those as provided for in the respective Concession Agreements, which is taken to profit or loss over the period the compensation relates.

2.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
iii) Level 3 - input that is significant to the fair value measurement is unobservable

2. Summary of significant accounting policies (cont'd.)

2.13 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.14 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Revenue from contracts with customers and other income recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Other income is recognised to the extent that they are probable that the economic benefits associated with the transaction will flow to the Company and the other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Revenue recognition from contracts with customers

The following specific recognition criteria must also be met before revenue and other income are recognised:

i) Toll revenue

Toll revenue includes toll collection and Government compensation. Toll collection is accounted for as and when toll is chargeable for the usage of the Expressway.

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue from contracts with customers and other income recognition (cont'd.)

(a) Revenue recognition from contracts with customers (cont'd.)

The following specific recognition criteria must also be met before revenue and other income are recognised: (cont'd.)

ii) Government compensation

The amount of Government compensation are recognised in profit or loss for the year after taking into consideration the effects of the concession arrangement.

(b) Other income

i) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

iii) Advertising income, license and maintenance fees

Advertising income, license and maintenance fees are recognised at a point in time when the right to receive the income is established.

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Summary of significant accounting policies (cont'd.)

2.17 Employee benefits (cont'd.)

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

2. Summary of significant accounting policies (cont'd.)

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Summary of significant accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Leases

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less.

(i) Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8 to the financial statements.

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2. Summary of significant accounting policies (cont'd.)

2.19 Leases (cont'd.)

(ii) Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate of implicit in the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

2. Summary of significant accounting policies (cont'd.)

2.19 Leases (cont'd.)

Company as a lessor (cont'd.)

(i) Finance leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment on impairment of financial assets. In addition, the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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3. Significant accounting judgements and estimates (cont'd.)

In the process of applying the Company's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed in below:

Amortisation of EDE

The cost of EDE is amortised over the Concession Period by applying the formula in Note 2.4 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions, toll-demand elasticity, future infrastructure scheme and peak hour factor. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's EDE at the reporting date is disclosed in Note 11 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM526,833 (2020: RM599,511) lower/higher, arising mainly as a result of lower/higher expected traffic volume.

4. Revenue

	2021 RM	2020 RM
Toll collection	176,921,313	205,765,198
Government compensation	60,490,000	100,370,000
Contract liabilities recognised on Government compensation (Note 20)	11,000,000	8,700,000
	248,411,313	314,835,198

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5. Other operating income

	2021 RM	2020 RM
Rental income	1,850,238	1,852,438
Gain on disposal of property, plant and equipment	21,921	3,135
Advance license fees (Note 20)	553,954	553,954
Advance maintenance fees (Note 20)	254,851	265,057
Advertising income	1,971,944	1,902,983
Interest income	4,153,655	6,579,361
Others	797,852	805,926
	9,604,415	11,962,854

6. Employee benefits expenses

	2021 RM	2020 RM
Wages and salaries	10,047,905	11,725,882
Directors' remuneration (Note 27 (b))	1,052,441	1,497,915
Defined contribution plan	1,286,285	1,531,379
Retirement benefit obligations (Note 22)	374,856	318,348
Other benefits	1,705,860	1,510,435
	14,467,347	16,583,959

7. Finance costs

	2021 RM	2020 RM
Interest expenses on lease liabilities	66,095	73,238
Profit rate on Sukuk	14,295,680	18,585,932
	14,361,775	18,659,170

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	2021 RM	2020 RM
Auditors' remuneration:		
- current year	47,000	47,000
Amortisation of EDE (Note 11)	57,651,599	65,854,122
Depreciation of property, plant and equipment (Note 12)	738,231	835,229
Depreciation of right-of-use assets (Note 14)	186,130	186,127
Short-term lease	228,000	228,000
Fair value loss on investment securities	-	920,070
Provision for heavy repairs (Note 23)	3,800,000	4,357,667

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9. Income tax expense

	2021 RM	2020 RM
Malaysian income tax:		
- current income tax	47,553,682	62,058,466
- under provision in prior years	638,806	5,047
	48,192,488	62,063,513
Deferred tax: (Note 21)		
- relating to origination and reversal of temporary differences	(11,282,535)	(13,681,202)
- (over)/under provision in prior years	(89,925)	8,317
	(11,372,460)	(13,672,885)
Income tax expense recognised in profit or loss	36,820,028	48,390,628

Current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:

	2021 RM	2020 RM
Profit before tax	149,260,603	198,973,993
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	35,822,545	47,753,758
Non-taxable income	-	(238,400)
Non-deductible expenses	448,602	861,906
Under provision of income tax in prior years	638,806	5,047
(Over)/under provision of deferred tax in prior years	(89,925)	8,317
Income tax expense recognised in profit or loss	36,820,028	48,390,628

10. Dividend

	Amount		Net dividend per ordinary share	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend recognised in respect of financial year ended 31 July 2021				
A single-tier dividend declared on 27 October 2020 and paid on 4 November 2020	45,000,000	-	9.0	-
Dividend recognised in respect of financial year ended 31 July 2020				
A single-tier dividend declared on 4 November 2019 and paid on 7 November 2019	-	74,000,000	-	14.8
	45,000,000	74,000,000	9.0	14.8

The directors do not recommend the payment of final dividend in respect of the current financial year.

11. Expressway development expenditure

	2021 RM	2020 RM
Cost		
At 1 August 2020/2019	1,555,324,392	1,548,494,653
Additions	-	6,829,739
At 31 July	1,555,324,392	1,555,324,392
Accumulated amortisation		
At 1 August 2020/2019	887,122,606	821,268,484
Amortisation for the year (Note 8)	57,651,599	65,854,122
At 31 July	944,774,205	887,122,606
Net carrying amount	610,550,187	668,201,786

The expressway development expenditure is pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

12. Property, plant and equipment

	Office building on concession land RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
At 31 July 2021				
Cost				
At 1 August 2020	6,531,339	5,663,720	4,213,357	16,408,416
Additions	-	119,205	229,698	348,903
Disposals	-	(89,917)	(145,930)	(235,847)
At 31 July 2021	6,531,339	5,693,008	4,297,125	16,521,472
Accumulated depreciation				
At 1 August 2020	6,260,710	5,235,336	3,429,453	14,925,499
Charge for the year (Note 8)	238,187	170,613	329,431	738,231
Disposals	-	(89,917)	(145,851)	(235,768)
At 31 July 2021	6,498,897	5,316,032	3,613,033	15,427,962
Net carrying amount at 31 July 2021	32,442	376,976	684,092	1,093,510
At 31 July 2020				
Cost				
At 1 August 2019	6,531,339	5,658,937	4,184,851	16,375,127
Additions	-	25,671	150,513	176,184
Disposals	-	(20,888)	(122,007)	(142,895)
At 31 July 2020	6,531,339	5,663,720	4,213,357	16,408,416
Accumulated depreciation				
At 1 August 2019	5,999,458	5,042,020	3,190,222	14,231,700
Charge for the year (Note 8)	261,252	214,204	359,773	835,229
Disposals	-	(20,888)	(120,542)	(141,430)
At 31 July 2020	6,260,710	5,235,336	3,429,453	14,925,499
Net carrying amount at 31 July 2020	270,629	428,384	783,904	1,482,917

The property, plant and equipment are pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

13. Other investment

	2021 RM	2020 RM
Corporate club membership	79,400	79,400

The fair value of the other investment is disclosed in Note 29 to the financial statements.

14. Right-of-use assets

The Company has lease contracts for apartments with contract terms of 8 years and do not contain variable lease payments.

The carrying amount of right-of-use assets recognised and the movement during the year is as follows:

	2021 RM	2020 RM
At 1 August 2020/2019	1,504,531	1,690,658
Depreciation charge for the year (Note 8)	(186,130)	(186,127)
At 31 July	1,318,401	1,504,531

15. Sundry receivables

	2021 RM	2020 RM
Deposits	141,342	141,342
Prepayments	597,584	718,380
Interest receivable on fixed deposits placement	2,260,227	1,432,334
Reimbursable receivable from the Government	18,380,000	128,410,000
Amount due from a related company	-	1,000
Others	231,901	426,565
Total sundry receivables	21,611,054	131,129,621
Less: Prepayments	(597,584)	(718,380)
Add: Cash and bank balances (Note 16)	317,059,777	205,976,460
Total financial assets at amortised cost	338,073,247	336,387,701

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or to groups of debtors, other than an amount due from the Government for imposing toll rates lower than those agreed upon in Concession Agreement amounting to RM18,380,000 (2020: RM128,410,000).

Amount due from a related company was non-trade, unsecured, non-interest bearing and repayable on demand.

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16. Cash and bank balances

	2021 RM	2020 RM
Cash on hand and at banks	2,169,777	2,476,460
Fixed deposits with financial institutions	314,890,000	203,500,000
Cash and cash equivalents	317,059,777	205,976,460

The weighted average effective interest rates and the range of maturities of deposits at the reporting date are as follows:

	Weighted average effective interest/ profit rates		Range of remaining maturities	
	2021 %	2020 %	2021 Days	2020 Days
Financial institutions	2.01	3.00	3 - 90	4 - 88

The cash and bank balances are pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

17. Share capital

	Number of shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid up:				
At 1 August 2020/2019 and 31 July	5,000,000	5,000,000	5,000,000	5,000,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2021 and 2020 under the single tier system.

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19. Sukuk Musharakah Medium Term Notes ("Sukuk")

	2021 RM	2020 RM
Current		
Secured:		
Sukuk	90,000,000	90,000,000
Non-current		
Secured:		
Sukuk	195,000,000	285,000,000
Total	285,000,000	375,000,000

The remaining maturities of the Sukuk as at 31 July 2021 and 31 July 2020 are as follows:

	2021 RM	2020 RM
Within one year	90,000,000	90,000,000
More than 1 year and less than 2 years	90,000,000	90,000,000
More than 2 years and less than 5 years	105,000,000	195,000,000
	285,000,000	375,000,000

	2021 RM	2020 RM
Primary Sukuk	285,000,000	375,000,000
Secondary Sukuk	188,184,362	188,184,362
	473,184,362	563,184,362
Less: Unamortised profit element	(16,190,523)	(30,486,203)
	456,993,839	532,698,159
Less: Accumulated profit element charged to profit or loss	(171,993,839)	(157,698,159)
	285,000,000	375,000,000

On 2 October 2014, the Company issued its Islamic medium term notes with an aggregate nominal amount of RM735 million. The Sukuk is constituted by a Sukuk Musharakah Trust Deed dated 2 October 2014. The Sukuk were issued in 8 series, with maturities from October 2016 to August 2023. The profit margin ranges from 4.20% to 4.85% (2020: 4.20% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds ("BaIDS"), Government support loan and Redeemable Convertible Unsecured Loan Stock ("RCULS").

19. Sukuk Musharakah Medium Term Notes ("Sukuk") (cont'd.)

The Sukuk of the Company is secured by the following:

(i) whole or any part of the undertakings, revenues, rights and all the assets and properties of the Company (both present and future);

(ii) subject to any necessary authorisation under Section 7 of the Federal Roads (Private Management) Act 1984, all the rights to demand, collect and retain toll as more particularly stated in Cause 2.1(c) (Grant of Concession) of the Concession Agreement;

(iii) all the Company's rights, title and benefits in respect of other contracts entered or to be entered by the Company in relation to the operation and maintenance of the Expressway and proceeds received thereunder; and

(iv) all the Company's rights, interests, title and benefits in respect of the Designated Accounts.

In accordance with clause 13.2(t) of the Sukuk Musharakah Trust Deed, no declaration or distribution of dividend ("Distribution") is allowed unless all of the following conditions have been complied with:

(i) no Dissolution Event has occurred or would occur following such payment or distribution of the Distributions;

(ii) the Projected Financial Service Cover Ratios ("FSCR") as calculated on each Distribution Date shall not fall below two point two five (2.25) times after such payment of the Distributions and for the purposes of testing the compliance of the projected FSCR, the Company shall submit a Compliance Certificate duly signed by a director of the Company in relation to the compliance of the Projected FSCR to the Facility Agent and the Sukuk Trustee;

(iii) the balance standing to the credit of the FSCR Account after such payment of the Distributions will not be less than the minimum required balance; and

(iv) such Distribution, in the reasonable opinion of the Sukuk Trustee would not have a material adverse effect.

The weighted average effective interest rate for long term and short term borrowings (per annum) as at reporting date is as follows:

	2021	2020
	%	%
Sukuk	4.75	4.70

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20. Contract liabilities

		2021 RM	2020 RM
Contract liabilities from deferred revenue			
Advance license fee	(a)	1,125,193	1,679,147
Advance maintenance fee	(b)	830,204	1,085,055
Government compensation	(c)	12,799,200	23,799,200
		14,754,597	26,563,402
Contract liabilities are analysed as follows:			
Current		11,799,171	11,808,815
Non-current		2,955,426	14,754,587
		14,754,597	26,563,402

	2021 RM	2020 RM
(a) Advance license fees		
Advance license fees received	20,384,000	20,384,000
Contract liabilities recognised to-date	(19,258,807)	(18,704,853)
Balance unrecognised	1,125,193	1,679,147
Advance license fees recognised as other income during the year (Note 5)	553,954	553,954
(b) Advance maintenance fees		
Advance maintenance fees received	5,470,262	5,470,262
Contract liabilities recognised to-date	(4,640,058)	(4,385,207)
Balance unrecognised	830,204	1,085,055
Advance maintenance fees recognised as other income during the year (Note 5)	254,851	265,057

(c) Government compensation

Compensation received from the Government of Malaysia for the imposition of revised toll rates lower than those as provided for in the Concession Agreement, which is taken to profit or loss over the period the compensation relates.

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20. Contract liabilities (cont'd.)

(c) Government compensation (cont'd.)

	2021 RM	2020 RM
Government compensation received	132,599,200	132,599,200
Contract liabilities recognised to-date	(119,800,000)	(108,800,000)
Balance unrecognised	12,799,200	23,799,200
Government compensation recognised as revenue during the year (Note 4)	11,000,000	8,700,000
Total contract liabilities recognised:		
- As revenue	11,000,000	8,700,000
- As other income	808,805	819,011
	11,808,805	9,519,011

21. Deferred tax liabilities

	2021 RM	2020 RM
At 1 August 2020/2019	131,830,456	145,565,861
Recognised in profit or loss (Note 9)	(11,372,460)	(13,672,885)
Recognised in other comprehensive income/(loss)	151,604	(62,520)
At 31 July	120,609,600	131,830,456

	2021 RM	2020 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	(7,134,068)	(6,835,349)
Deferred tax liabilities	127,743,668	138,665,805
	120,609,600	131,830,456

21. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Retirement benefit obligations RM	Provisions and accruals RM	Total RM
At 1 August 2020	(589,438)	(6,245,911)	(6,835,349)
Recognised in profit or loss	(74,267)	(376,056)	(450,323)
Recognised in other comprehensive income	151,604	-	151,604
At 31 July 2021	(512,101)	(6,621,967)	(7,134,068)
At 1 August 2019	(497,457)	(5,375,618)	(5,873,075)
Recognised in profit or loss	(29,461)	(870,293)	(899,754)
Recognised in other comprehensive loss	(62,520)	-	(62,520)
At 31 July 2020	(589,438)	(6,245,911)	(6,835,349)

Deferred tax liabilities

	Accelerated capital and industrial building allowances RM
At 1 August 2020	138,665,805
Recognised in profit or loss	(10,922,137)
At 31 July 2021	127,743,668
At 1 August 2019	151,438,936
Recognised in profit or loss	(12,773,131)
At 31 July 2020	138,665,805

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22. Retirement benefit obligations

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of service on attainment of the retirement age of 60 (2020: 60).

The amounts recognised in the financial statements are as follows:

	2021 RM	2020 RM
Statement of financial position		
Present value of unfunded defined benefit obligations, representing net liability	2,268,553	2,590,791
Analysed as:		
Current	-	66,358
Non-current:		
Later than 1 year but not later than 2 years	38,891	-
Later than 2 years but not later than 5 years	152,888	119,684
Later than 5 years	2,076,774	2,404,749
	2,268,553	2,524,433
Total unfunded defined benefit obligations	2,268,553	2,590,791
Statement of comprehensive income		
Current service cost	267,454	212,126
Interest cost	107,402	106,222
Total, included in employee benefits expense (Note 6)	374,856	318,348
Other comprehensive income/(loss)		
Effect of remeasurement in other comprehensive income	(631,685)	260,499

Movements in the net liability in the current year are as follows:

	2021 RM	2020 RM
At 1 August 2020/2019	2,590,791	2,072,738
Recognised in profit or loss (Note 6)	374,856	318,348
Effect of remeasurement in other comprehensive income	(631,685)	260,499
Benefits paid	(65,409)	(60,794)
At 31 July	2,268,553	2,590,791

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22 Retirement benefit obligations (cont'd.)

Principal actuarial assumptions used:

	2021 %	2020 %
Discount rate	4.5	3.9
Expected rate of employees' salary increases	6.0 to 10.0	7.0 to 11.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting year, with all other assumptions held constant:

	2021		2020	
	Increase/ (decrease)	Net liability RM	Increase/ (decrease)	Net liability RM
Discount rate	+1%	(274,312)	+1%	(295,814)
	-1%	326,812	-1%	356,273
Expected rate of salary increases	+1%	318,078	+1%	393,621
	-1%	(272,861)	-1%	(329,857)

The average duration of the defined benefit plan obligation at the end of the reporting year is 12 years (2020: 12 years).

23. Provision for heavy repairs

Provision for heavy repairs relates to the estimated costs of the contractual obligations to maintain and restore the Expressway infrastructure to a specified standard of serviceability.

	2021 RM	2020 RM
At 1 August 2020/2019	25,391,081	21,033,414
Provision for the year (Note 8)	3,800,000	4,357,667
Payment made during the year	(4,118,237)	-
At 31 July	25,072,844	25,391,081
Presented as:		
Current	4,169,764	4,357,667
Non current	20,903,080	21,033,414
	25,072,844	25,391,081

24. Lease liability

The carrying amount of lease liability and the movement during the year are as follows:

	2021 RM	2020 RM
At 1 August 2020/2019	1,535,896	1,690,658
Interest expense (Note 7)	66,095	73,238
Payments made during the year	(228,000)	(228,000)
At 31 July	1,373,991	1,535,896
Lease liability is analysed as follows:		
Current	169,376	161,904
Non-current	1,204,615	1,373,992
	1,373,991	1,535,896

The undiscounted lease liability is analysed as follows:

Not more than 1 year	228,000	228,000
Later than 1 year but not later than 2 years	228,000	228,000
Later than 2 years but not later than 5 years	1,151,032	1,379,032
	1,607,032	1,835,032
Less: unexpired finance charges	(233,041)	(299,136)
	1,373,991	1,535,896

The remaining maturities of the lease liability as at 31 July 2021 is as follows:

	2021 RM	2020 RM
Not more than 1 year	169,376	161,904
Later than 1 year but not later than 2 years	177,192	169,376
Later than 2 years but not later than 5 years	1,027,423	1,204,616
	1,373,991	1,535,896

25. Sundry payables

	2021 RM	2020 RM
Accrued profit element on Sukuk	4,149,683	5,522,653
Accruals	6,176,070	5,917,052
Amount due to a related company	-	21,420
Other payables	2,818,387	3,560,108
Total sundry payables	13,144,140	15,021,233
Add: Sukuk (Note 19)	285,000,000	375,000,000
Total financial liabilities carried at amortised cost	298,144,140	390,021,233

The amount due to a related company was non-trade, unsecured, non-interest bearing and is repayable on demand.

26. Capital commitments

	2021 RM	2020 RM
Capital expenditure		
Approved and contracted for:		
- Expressway development expenditure	-	1,332,284
Approved but not contracted:		
- Expressway development expenditure	2,740,000	-
- Property, plant and equipment	766,000	412,500
	3,506,000	1,744,784

27. Significant related party transactions

(a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2021 RM	2020 RM
Lease rental expenses charged by immediate holding company	228,000	228,000

(b) Compensation of key management personnel

The remunerations of key management personnel during the year was as follows:

	2021 RM	2020 RM
Short term employee benefits	882,220	1,288,790
Defined contribution plans	170,221	209,125
	1,052,441	1,497,915

28. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Company operates within clear defined guidelines that are approved by the Board. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risks related to any financial assets, other than as disclosed in Note 15 to the financial statements.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortages of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instrument to ensure sufficient cash being kept to meet debt service obligations and covenants, expressway enhancement expenses, operating expenses and distribution to shareholders. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

28. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
At 31 July 2021			
Financial liabilities:			
Sundry payables	13,144,140	-	13,144,140
Sukuk			
- Principal	90,000,000	195,000,000	285,000,000
- Profit element	11,419,870	8,886,679	20,306,549
Total undiscounted financial liabilities	114,564,010	203,886,679	318,450,689
At 31 July 2020			
Financial liabilities:			
Sundry payables	15,021,233	-	15,021,233
Sukuk			
- Principal	90,000,000	285,000,000	375,000,000
- Profit element	15,702,307	20,306,548	36,008,855
Total undiscounted financial liabilities	120,723,540	305,306,548	426,030,088

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the interest-bearing assets that are obtained for construction of expressway projects.

The Company obtained its financing through Sukuk Musharakah which is based on agreed fixed rates.

The information relating to the terms and maturity dates of the Sukuk is disclosed in Note 19 to the financial statements.

The surplus cash from operations placed with approved licensed banks and other financial institution for interests are based on agreed fixed rates.

At the reporting date, the Company does not have significant interest rate risk.

29. Fair values of financial instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

The Company's financial instruments consist of cash and bank balances, sundry receivables, sundry payables, other investment and borrowings.

The Company's financial instruments are carried at amortised cost, which are not materially different from their fair values.

The following methods and assumptions are used to estimate fair values of the following classes of financial instruments:

(i) Cash and bank balances, sundry receivables and sundry payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(ii) Borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate/profit rate for similar types of lending or borrowing arrangements or Islamic debts at the reporting date.

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Input for the asset or liability that are not based on observable market data (unobservable input)

29. Fair values of financial instruments (cont'd.)

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using significant observable inputs (Level 2)	
	2021 RM	2020 RM
Asset measured at fair value		
Other investment:		
- Investment in corporate club membership	79,400	79,400

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

30. Guarantees

At the reporting date, the Company has provided the bank guarantees (unsecured) to third parties for the performance of contracts of RM5,000,000 (2020: RM5,000,000).

The directors are of the opinion that the transactions above have been entered into in the normal course of business.

31. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital management approaches remain unchanged for the current and previous years.

The Company monitors and maintains a prudent level of Debt to Equity Ratio ("DER") to optimise shareholders value and to ensure compliance under debt covenants.

The DER as at 31 July 2021 and 2020 are as follows:

	2021 RM	2020 RM
Borrowings	285,000,000	375,000,000
Equity	493,005,711	425,085,055
Total equity and debt	778,005,711	800,085,055
DER	37:63	47:53

SISTEM PENYURAIAN TRAFIK KL BARAT SDN. BHD.

199701014301 (429797-P)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2022

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal activities

The principal activities of the Company are to design and construct the Western Kuala Lumpur Traffic Dispersal Scheme (the "Highway"), operate and manage the toll operations and maintain the Highway. The Highway comprises Package A (Kerinchi Link), Package B (Damansara Link) and Package C (Penchala Link). The Company commenced tolling operations for both Package A and Package B on 9 September 2001 and Package C on 22 March 2004.

On 23 October 1997, the Government of Malaysia (the "Government") awarded the concession for the Highway to the Company for a period of 33 years. On 27 December 2001, the Government revised and approved the extension of the concession period to 36 years from 15 December 1998 to 14 December 2034 in respect of Package A and Package B. The concession period for Package C remained at 33 years from 15 December 1998 to 14 December 2031.

Results

	RM'000
Loss for the year	(5,228)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ir. Haji Yusoff bin Daud
Dato' Haji Azmi bin Mat Nor
Dato' Idris bin Md Tahir

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme ("ESOS") of Lingkaran Trans Kota Holdings Berhad.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interest

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding company

The holding company is Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd, a company incorporated and domiciled in Malaysia.

Other statutory information

(a) Before the financial statements of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debt and that no provision for doubtful debt was necessary; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) it necessary to write off any bad debt or to make any provision for doubtful debt in the financial statements of the Company; and

 (ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

 (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

 (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

 (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

(g) At the reporting date, the Company recorded a shareholder's deficit of RM306,363,000. The holding company has agreed to provide continued financial support to enable the Company to meet its liabilities as and when they fall due.

Significant event

Details of the significant event is disclosed in Note 27 to the financial statements.

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM'000
Auditors' remuneration	45

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2022.

Ir. Haji Yusoff bin Daud

Dato' Haji Azmi bin Mat Nor

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Ir. Haji Yusoff bin Daud and Dato' Haji Azmi bin Mat Nor, being two of the directors of Sistem Penyuraian Trafik KL Barat Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 53 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2022.

Ir. Haji Yusoff bin Daud

Dato' Haji Azmi bin Mat Nor

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Stephen Low Chee Weng, being the officer primarily responsible for the financial management of Sistem Penyuraian Trafik KL Barat Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 53 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by
the abovenamed Stephen Low Chee Weng,
at Petaling Jaya in the State of Selangor
Darul Ehsan on 1 June 2022.

Stephen Low Chee Weng
MIA CA 13501

Before me,

PESURUHJAYA SUMPAH
No. B 519
CHUA FONG LING
01/01/2021 - 31/12/2023
MALAYSIA

No. 11-2B, Jalan PJU 1/3F,
Sunwaymas Commercial Centre,
47301 Petaling Jaya, Selangor

EY
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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
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199701014301 (429797-P)

Independent auditors' report to the member of Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sistem Penyuraian Trafik KL Barat Sdn. Bhd., which comprise the statement of financial position as at 31 March 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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Independent auditors' report to the member of
Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditors' report to the member of Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditors' report to the member of Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT	Tan Shium Jye
202006000003 (LLP0022760-LCA) & AF 0039	No. 02991/05/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
1 June 2022

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 March 2022

	Note	2022 RM'000	2021 RM'000
Revenue	4	171,458	217,292
Other income	5	8,082	10,835
Employee benefits expenses	6	(15,322)	(14,961)
Highway operation expenses		(72,878)	(58,322)
Other expenses		(2,246)	(2,561)
Operating profit		89,094	152,283
Finance costs	7	(93,370)	(105,569)
(Loss)/profit before tax	8	(4,276)	46,714
Income tax expense	9	(952)	(1,335)
Net (loss)/profit for the year, representing total comprehensive (loss)/income for the year		(5,228)	45,379

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Plant and equipment	10	6,859	7,882
Highway development expenditure ("HDE")	11	1,236,594	1,295,533
		1,243,453	1,303,415
Current assets			
Sundry receivables	12	47,996	95,300
Amounts due from affiliated companies	21	-	93
Tax receivable		19	131
Cash and bank balances	13	232,686	195,409
		280,701	290,933
Total assets		1,524,154	1,594,348
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	14	50,000	50,000
Accumulated losses		(356,874)	(351,646)
Total shareholder's deficit		(306,874)	(301,646)
Non-current liabilities			
Provision for heavy repairs	15	53,368	52,835
Sundry payables	16	690,765	766,238
Loans and borrowings	17	258,712	328,944
Redeemable unsecured loan stocks ("RULS")	18	585,000	585,000
Deferred revenue	19	9,191	10,460
Retirement benefit obligations	21	2,480	2,225
		1,599,516	1,745,702
Current liabilities			
Provision for heavy repairs	15	1,499	2,384
Sundry payables	16	156,995	86,479
Amounts due to affiliated companies	21	1,170	-
Loans and borrowings	17	70,579	60,179
Deferred revenue	19	1,269	1,250
		231,512	150,292
Total liabilities		1,831,028	1,895,994
Total equity and liabilities		1,524,154	1,594,348

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 March 2022

	Share capital (Note 14) RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2021	50,000	(351,646)	(301,646)
Total comprehensive loss	-	(5,228)	(5,228)
At 31 March 2022	50,000	(356,874)	(306,874)
At 1 April 2020	50,000	(397,025)	(347,025)
Total comprehensive income	-	45,379	45,379
At 31 March 2021	50,000	(351,646)	(301,646)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	(4,276)	46,714
Adjustments for:		
Advance maintenance and licence fees	(903)	(903)
Amortisation of HDE	58,512	41,754
Provision for heavy repairs	-	1,548
Depreciation of plant and equipment	1,264	1,324
Plant and equipment written off	1	1
(Decrease)/increase in provision for short term accumulating compensated absences	(31)	100
Retirement benefit obligations	268	243
Share options granted under ESOS	430	549
Profit element and interest expense on financing activities	93,370	102,441
Unwinding of discount on Government Support Loan (Tranche IV) and Restructured Al-Bai' Bithaman Ajil Islamic Bonds ("BaIDS")	-	3,128
Interest/profit income from		
- fixed deposits	(2,995)	(3,255)
- debt service reserve account	(970)	(2,304)
Operating profit before working capital changes	144,670	191,340
Changes in receivables	47,559	(38,187)
Changes in amounts due to affiliated companies	833	(1,094)
Changes in payables	735	217
Cash generated from operating activities	193,797	152,276
Tax paid	(840)	(1,725)
Retirement benefits paid	(13)	(18)
Net cash generated from operating activities	192,944	150,533
Cash flows from investing activities		
Payment for heavy repairs	(352)	(1,004)
Refund received from excess payment made in prior years	427	-
Purchase of plant and equipment	(242)	(872)
Interest received	3,710	5,411
Withdrawal of fixed deposit held as security	3,181	5,788
Net cash generated from investing activities	6,724	9,323
Cash flows from financing activities		
Finance cost paid	(99,031)	(114,673)
Repayments of loans and borrowings	(60,179)	(140,180)
Net cash used in financing activities	(159,210)	(254,853)

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022 (cont'd.)

	2022 RM'000	2021 RM'000
Net increase/(decrease) in cash and cash equivalents	40,458	(94,997)
Cash and cash equivalents at beginning of financial year	144,952	239,949
Cash and cash equivalents at end of financial year (Note 13)	185,410	144,952

(i) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Loans and borrowings (Note 17) RM'000	Accrued interest (Note 16) RM'000	Total RM'000
At 31 March 2022			
At 1 April 2021	389,123	845,292	1,234,415
Repayment of loans and borrowings	(60,179)	-	(60,179)
Finance cost paid	-	(99,031)	(99,031)
Interest expense on Government Support Loan	347	93,271	93,618
Other charges	-	100	100
At 31 March 2022	329,291	839,632	1,168,923
At 31 March 2021			
At 1 April 2020	525,846	857,525	1,383,371
Repayment of loans and borrowings	(140,180)	-	(140,180)
Finance cost paid	-	(114,673)	(114,673)
Interest expense on Government Support Loan and profit rate on Restructured BaIDS	3,457	102,340	105,797
Other charges	-	100	100
At 31 March 2021	389,123	845,292	1,234,415

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 March 2022

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 2nd Floor Kompleks Operasi LITRAK KM19, Lebuhraya Damansara-Puchong Bandar Sunway PJS 9, 47500, Subang Jaya, Selangor. The principal place of business is located at Pejabat Operasi SPRINT, KM3, Hubungan Damansara, Lebuhraya SPRINT, Seksyen 17, 46400 Petaling Jaya, Selangor.

The holding company is Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are to design and construct the Western Kuala Lumpur Traffic Dispersal Scheme (the "Highway"), operate and manage the toll operations and maintain the Highway. The Highway comprises Package A (Kerinchi Link), Package B (Damansara Link) and Package C (Penchala Link). The Company commenced tolling operations for both Package A and Package B on 9 September 2001 and Package C on 22 March 2004.

On 23 October 1997, the Government of Malaysia (the "Government") awarded the concession for the Highway to the Company for a period of 33 years. On 27 December 2001, the Government revised and approved the extension of the concession period to 36 years from 15 December 1998 to 14 December 2034 in respect of Package A and Package B. The concession period for Package C remained at 33 years from 15 December 1998 to 14 December 2031.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 June 2022 .

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation

At the reporting date, the Company recorded a shareholder's deficit of RM306,363,000 (2021: RM301,646,000). The holding company has agreed to provide continued financial support to enable the Company to meet its liabilities as and when they fall due.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2021, the Company adopted the following amended standards mandatory for annual periods beginning on or after 1 June 2020, 1 January 2021 and 1 April 2021:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the above amended standards did not have any material impact on the financial statements of the Company.

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2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

2. Summary of significant accounting policies (cont'd.)

2.4 Highway development expenditure ("HDE")

Highway development expenditure ("HDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, HDE is carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.6 to the financial statements.

HDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon completion of the construction works of the Highway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Actual Traffic Volume For The Year}}{\begin{array}{l}\text{Actual Traffic Volume For The Year}\\ \text{Plus Projected Total Traffic Volume}\\ \text{For The Subsequent Years To The}\\ \text{End Of Concession Period}\end{array}} \quad \text{x} \quad \begin{array}{l}\text{Opening HDE Net}\\ \text{Carrying Amount Plus}\\ \text{Current Year Additions}\end{array}$$

The projected traffic volume is based on the traffic volume projected by an independent traffic consultant based on a latest available projection study commissioned by the Company.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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2. Summary of significant accounting policies (cont'd.)

2.5 Plant and equipment (cont'd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

	Useful lives
Computer and communication equipment	10% - 33%
Furniture, fittings and renovation	20% - 33%
Motor vehicles	20%
Office equipment	20%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss in the period in which it arises.

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2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and the categories include loss and financial assets at amortised cost.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are measured using effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfers substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.8 Impairment of financial assets at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets at amortised cost (cont'd.)

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and have an average maturity below 90 days.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include sundry payables, loans and borrowings, redeemable unsecured loan stocks and amounts due to affiliated companies.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities (cont'd.)

Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Summary of significant accounting policies (cont'd.)

2.12 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.14 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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2. Summary of significant accounting policies (cont'd.)

2.14 Employee benefits (cont'd.)

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. The cost of providing benefits under the Scheme is determined using the projected unit credit cost method.

Remeasurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises service costs comprising current service costs, past service costs and gains or losses on curtailments, non-routine settlements and net interest expense or income in profit or loss.

(d) Share-based payments

Lingkaran Trans Kota Holdings Berhad ("LITRAK"), a corporate shareholder of the holding company, operates an Employee Share Options Scheme ("ESOS"). The ESOS is an equity-settled, share-based compensation plan, which allows Lingkaran Trans Kota Holdings Berhad's and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd's eligible employees and directors to acquire ordinary shares of the corporate shareholder of the holding company.

The total fair value of ESOS granted to eligible employees and directors is recognised as an employee cost with a corresponding increase in the amount due to corporate shareholder of the holding Company. The fair value of ESOS is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

2. Summary of significant accounting policies (cont'd.)

2.15 Deferred revenue

Deferred revenue comprises the following:

(i) Advance maintenance and licence fees

Fees received from third parties to upkeep the interchange at the Highway and for the exclusive rights to operate and manage ancillary facilities along the Highway, are recognised in profit or loss on a straight-line basis over the remaining Concession Period.

(ii) Government grants

Government grants are recognised at the fair values where there are reasonable assurance that the grant will be received and all conditions attached will be met. The Government grant of the Company relates to the Government support loans obtained at below market interest rate. The difference between the amount received and the present value of estimated cash flows discounted at market interest rate is accounted for as Government grants.

Government grants shall be recognised in profit or loss on effective interest method over the periods in which the Company recognises the finance costs for which the grants are intended to compensate. Amortisation of Government grants is deducted against interest expense from Government support loan in reporting the finance costs.

2.16 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Revenue

(i) Toll collection

Toll collection is recognised at a point in time when the toll is chargeable for the usage of the Highway.

(ii) Government compensation

The amount of Government compensation is recognised at a point in time in profit or loss for the year after taking into consideration the effects of the Concession Agreement.

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2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income recognition (cont'd.)

(b) Other income

(i) Interest/profit income

Interest/profit income is recognised over a time proportion that reflects the effective yield on the asset.

(ii) Advertising income

Advertising income is recognised over time on an accrual basis.

(iii) Licence fee

Licence fee from occupying the ancillary facilities along the Highway is recognised over time on an accrual basis.

2.17 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.17 Income tax (cont'd.)

(b) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

2.18 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Summary of significant accounting policies (cont'd.)

2.19 Affiliates

Affiliates are subsidiaries, jointly controlled entities and associates of Lingkaran Trans Kota Holdings Berhad, Gamuda Berhad and Kumpulan Perangsang Selangor Berhad, the corporate shareholder of the holding company.

2.20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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3. Significant accounting judgements and estimates (cont'd.)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Amortisation of highway development expenditure ("HDE")

The cost of HDE is amortised over the Concession Period by applying the formula in Note 2.4 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current and future economic growth, toll-demand elasticity, capacity constraint and future infrastructure scheme. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's HDE at the reporting date is disclosed in Note 11 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM586,000 lower or RM574,000 higher (2021: RM408,000 lower or RM401,000 higher), arising mainly as a result of lower/higher expected traffic volume.

4. Revenue

	2022 **RM'000**	**2021** **RM'000**
Toll collection	105,724	105,277
Government compensation	65,734	112,015
	171,458	217,292

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5. Other income

	2022 RM'000	2021 RM'000
Interest/profit income		
- fixed deposits	2,995	3,255
- debt service reserve account	970	2,304
Advertising income	3,082	4,186
Advance maintenance and licence fees (Note 19)	903	903
Others	132	187
	8,082	10,835

6. Employee benefits expenses

	2022 RM'000	2021 RM'000
Salaries	10,550	10,182
Defined contribution plan	1,322	1,264
Defined benefit plan (Note 20)	268	243
Social security contributions	165	165
Share options granted under ESOS	430	549
(Decrease)/increase in provision for short term accumulating compensated absences	(31)	100
Other benefits	2,618	2,458
	15,322	14,961

7. Finance costs

	2022 RM'000	2021 RM'000
Net interest expense on Government Support Loan	93,270	98,584
Profit rate on Restructured BaIDS	-	6,885
Others	100	100
	93,370	105,569

Included in net interest expense on Government Support Loan is a Government grant amortisation income amounting to RM347,000 (2021: RM329,000).

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8. (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax:

	2022 RM'000	2021 RM'000
Auditors' remuneration:		
- current year	45	45
- over provision in prior year	(6)	(7)
Depreciation of plant and equipment (Note 10)	1,264	1,324
Provision for heavy repair (Note 15)	-	1,548
Amortisation of HDE (Note 11)	58,512	41,754
Rental of premises	53	53
Plant and equipment written off (Note 10)	1	1

9. Income tax expense

	2022 RM'000	2021 RM'000
Malaysian income tax:		
- current income tax	952	1,335

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022 RM'000	2021 RM'000
(Loss)/profit before tax	(4,276)	46,714
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(1,026)	11,211
Non-deductible expenses	1,158	940
Utilisation of previously unrecognised unabsorbed capital allowances	-	(10,816)
Deferred tax assets not recognised (Note 22)	820	-
Income tax expense for the year	952	1,335

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10. Plant and equipment

	Computer and communication equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 March 2022					
Cost					
At 1 April 2021	15,555	7,094	4,447	3,360	30,456
Additions	188	7	7	40	242
Write-offs	(30)	(2)	(4)	(15)	(51)
At 31 March 2022	15,713	7,099	4,450	3,385	30,647
Accumulated depreciation					
At 1 April 2021	8,055	7,063	4,168	3,288	22,574
Charge for the year (Note 8)	1,081	20	127	36	1,264
Write-offs	(29)	(2)	(4)	(15)	(50)
At 31 March 2022	9,107	7,081	4,291	3,309	23,788
Net carrying amount	6,606	18	159	76	6,859

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10. Plant and equipment (cont'd.)

	Computer and communication equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 March 2021					
Cost					
At 1 April 2020	14,920	7,081	4,268	3,323	29,592
Additions	637	17	179	39	872
Write-offs	(2)	(4)	-	(2)	(8)
At 31 March 2021	15,555	7,094	4,447	3,360	30,456
Accumulated depreciation					
At 1 April 2020	6,952	7,025	4,034	3,246	21,257
Charge for the year (Note 8)	1,105	42	134	43	1,324
Write-offs	(2)	(4)	-	(1)	(7)
At 31 March 2021	8,055	7,063	4,168	3,288	22,574
Net carrying amount	7,500	31	279	72	7,882

The plant and equipment are pledged as security for financing facilities as disclosed in Note 17 in the financial statements.

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11. Highway development expenditure ("HDE")

	2022 RM'000	2021 RM'000
Cost		
At beginning of the year	1,998,945	1,998,945
Refund received from excess payment made in prior years	(427)	-
At end of the year	1,998,518	1,998,945
Accumulated amortisation		
At beginning of the year	703,412	661,658
Charge for the year (Note 8)	58,512	41,754
At end of the year	761,924	703,412
Net carrying amount	1,236,594	1,295,533

The highway development expenditure of the Company is pledged as security for financing facilities as disclosed in Note 17 to the financial statements.

12. Sundry receivables

	2022 RM'000	2021 RM'000
Interest receivable	1,023	768
Deposits	107	107
Prepayments	205	132
Other receivables	115	85
Compensation claims receivable from the Government	46,546	94,208
Total sundry receivables	47,996	95,300

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than compensation claims receivable from the Government for the imposition of toll rates lower than those agreed upon amounting to RM46,546,000 (2021: RM94,208,000).

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12. Sundry receivables (cont'd.)

The following table analyses the financial assets of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2022 RM'000	2021 RM'000
Financial assets at amortised cost		
Total sundry receivables	47,996	95,300
Add: Amounts due from affiliated companies (Note 21)	-	93
Less: Prepayments	(205)	(132)
Add: Cash and bank balances (Note 13)	232,686	195,409
Total financial assets	280,477	290,670

13. Cash and bank balances

	2022 RM'000	2021 RM'000
Cash on hand and at banks	917	1,219
Deposits with:		
- licensed banks	180,868	139,739
- other financial institutions	3,625	3,994
Debt Service Reserve Account with a licensed bank	47,276	50,457
	232,686	195,409

The Debt Service Reserve Account is maintained pursuant to the terms and conditions stipulated in the Project Account Agreement. Withdrawal of the said balance is subject to endorsement from the Security Trustee, AmInvestment Bank Berhad.

The weighted average profit and interest rates and average maturities of deposits at the reporting date are as follows:

	Weighted average effective profit and interest rates	
	2022 %	2021 %
Deposits with:		
- licensed banks	2.01	2.03
- other financial institutions	2.03	1.85
Debt Service Reserve Account with a licensed bank	1.80	2.10

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13. Cash and bank balances (cont'd.)

The weighted average profit and interest rates and average maturities of deposits at the reporting date are as follows: (cont'd.)

	Average maturities	
	2022	2021
	Days	Days
Deposits with:		
- licensed banks	33	19
- other financial institutions	37	41
Debt Service Reserve Account with a licensed bank	91	91

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	2022	2021
	RM'000	RM'000
Cash on hand and at banks	917	1,219
Deposits with licensed banks and other financial institutions	231,769	194,190
	232,686	195,409
Less: Debt Service Reserve Account with a licensed bank	(47,276)	(50,457)
	185,410	144,952

14. Share capital

	Number of shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares				
At the beginning/end of the year	50,000	50,000	50,000	50,000

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15. Provision for heavy repairs

Provision for heavy repairs relates to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

	2022 RM'000	2021 RM'000
At beginning of the year	55,219	54,675
Provision for the year (Note 8)	-	1,548
Utilised during the year	(352)	(1,004)
At end of the year	54,867	55,219
Analyse as:		
Current	1,499	2,384
Non-current	53,368	52,835
	54,867	55,219

16. Sundry payables

	2022 RM'000	2021 RM'000
Current		
Accrued interest	148,867	79,054
Deposits	494	41
Retention sum	90	90
Other payables	7,544	7,294
	156,995	86,479
Non-current		
Accrued interest	690,765	766,238
Total sundry payables	847,760	852,717

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16. Sundry payables (cont'd.)

The following table analyses the financial liabilities of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2022 RM'000	2021 RM'000
Total sundry payables	847,760	852,717
Add: Loans and borrowings (Note 17)	329,291	389,123
Add: Amounts due to affiliated companies (Note 21)	1,170	-
Total financial liabilities carried at amortised cost	1,178,221	1,241,840

17. Loans and borrowings

	2022 RM'000	2021 RM'000
Current		
Secured term loans:		
Government Support Loan (Tranche I) (Note 17(a))	35,999	35,999
Government Support Loan (Tranche II) (Note 17(a))	10,400	-
Government Support Loan (Tranche III) (Note 17(b))	23,980	23,980
Government Support Loan (Tranche IV) (Note 17(c))	200	200
	70,579	60,179
Non-current		
Secured term loans:		
Government Support Loan (Tranche I) (Note 17(a))	-	35,999
Government Support Loan (Tranche II) (Note 17(a))	197,600	208,000
Government Support Loan (Tranche III) (Note 17(b))	47,960	71,940
Government Support Loan (Tranche IV) (Note 17(c))	13,152	13,005
	258,712	328,944
Total loans and borrowings	329,291	389,123

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17. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings at the reporting date are as follows:

	2022 RM'000	2021 RM'000
Within 1 year	70,579	60,179
More than 1 year and less than 5 years	185,912	187,579
5 years or more	72,800	141,365
	329,291	389,123

The weighted average effective interest rates during the financial year for conventional borrowings not under the basis of Islamic banking principles are as follows:

	2022 %	2021 %
Government Support Loan (Tranche I)	8.00	8.00
Government Support Loan (Tranche II)	8.00	8.00
Government Support Loan (Tranche III)	8.50	8.50
Government Support Loan (Tranche IV)	7.09	7.09

(a) Government Support Loan Tranche I & Tranche II

In September 2005, the Ministry of Finance approved the restructuring of the Government Support Loans Tranche I and Tranche II.

Tranche I bears an interest of 8% per annum on the original repayment amount due and deferred. Interest payable shall be capitalised and all interest capitalised bears an interest of 8% per annum. Interest accrued shall be paid in seven (7) consecutive annual instalments commencing in August 2016.

Tranche II bears an interest of 8% per annum. Repayment of principal and interest is deferred and shall be paid in five (5) consecutive annual instalments commencing in August 2022.

(b) Government Support Loan Tranche III

Tranche III bears an interest of 8.5% per annum. Interest payable shall be capitalised on a semi-annual basis from the Disbursement Date and all interest capitalised bears interest at 8.5% per annum. Interest accrued shall be paid in ten (10) consecutive semi-annual instalments commencing in June 2020.

(c) Government Support Loan Tranche IV

Tranche IV bears a fixed interest rate of 4% per annum. Repayment of principal and interest accrued shall be paid in fourteen (14) consecutive annual instalments commenced in August 2012.

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17. Loans and borrowings (cont'd.)

(d) Restructured Al-Bai' Bithaman Ajil Islamic Bonds ("BaIDS")

	2022 RM'000	2021 RM'000
Primary BaIDS	-	-
Secondary BaIDS	-	371,358
	-	371,358
Less: Unamortised discount and secondary BaIDS	-	(371,358)
	-	-

Unamortised discount and secondary BaIDS are represented by:

	2022 RM'000	2021 RM'000
Secondary BaIDS and discount on primary BaIDS	-	374,486
Less: Amortised during the year	-	(3,128)
Unamortised discount and secondary BaIDS	-	371,358

On 29 December 2005, the Company substituted and replaced the previous RM510 million BaIDS Facility which was initially issued on 6 August 2001 with a Restructured BaIDS Facility via a Supplemental BaIDS Trust Deed dated 23 December 2005.

The primary Restructured BaIDS comprised 5 tranches, with total proceeds of RM418,279,000 and maturing semi-annually from year 2016 to year 2020, with total redemption value of RM510,000,000. The coupon rate ranges from 3.00% to 6.30% per annum. The difference between the proceeds and face value of the Restructured BaIDS was recognised as discount on Restructured BaIDS.

The secondary Restructured BaIDS represents the profit element attributable to the Restructured BaIDS and is paid half-yearly in ranges from RM15,300,000 to RM32,130,000.

The discount on Restructured BaIDS was recognised as profit rate over the tenure of the Restructured BaIDS's tranche.

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18. Redeemable unsecured loan stocks ("RULS")

	2022 RM'000	2021 RM'000
At beginning/end of the year	585,000	585,000

The main features of the RULS are as follows:

(a) The RULS are cumulative and redeemable out of the net cash flow of the Company subject to the availability of funds from toll collection and interest on cash deposits less all operating expenses, tax and debt service.

(b) The RULS were subscribed in accordance with the Letters of Undertaking dated 19 April 1999 and 21 December 2005 between the Company and its holding company.

(c) The interest on RULS is payable semi-annually in arrears on 30 September and 31 March every year upon commencement of tolling. Payment of interest will be warranted by sufficient net cash flow less Debt Service Reserve. Debt Service Reserve represents funds set aside for the repayment of loans and borrowings for the subsequent six months as required by the Project Account Agreement with effect from 2004.

19. Deferred revenue

	2022 RM'000	2021 RM'000
Advance maintenance and licence fees		
Cost		
At beginning/end of the year	17,930	17,930
Accumulated amortisation		
At beginning of the year	7,151	6,248
Recognised in profit or loss (Note 5)	903	903
At end of the year	8,054	7,151
Net carrying amount	9,876	10,779

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19. Deferred revenue (cont'd.)

	2022 RM'000	2021 RM'000
Government grant received		
Cost		
At beginning/end of the year	3,605	3,605
Accumulated amortisation		
At beginning of the year	2,674	2,345
Recognised in profit or loss (Note 7)	347	329
At end of the year	3,021	2,674
Net carrying amount	584	931
Total balance of unrecognised deferred revenue	10,460	11,710
Analysed as:		
Non-current	9,191	10,460
Current	1,269	1,250
Total	10,460	11,710

20. Retirement benefits obligations

The Company operates an unfunded Retirement Benefits Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed month of service on attainment of the retirement age of 60 (2021: 60).

The amounts recognised in the financial statements are determined as follows:

(i) Statement of financial position

	2022 RM'000	2021 RM'000
Present value of unfunded defined benefit obligations, net liability	2,480	2,225
Analysed as:		
Non-current:		
Later than 5 years	2,480	2,225

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20. Retirement benefits obligations (cont'd.)

The amounts recognised in the financial statements are determined as follows: (cont'd.)

(ii) Statement of comprehensive income

	2022 RM'000	2021 RM'000
Current service cost	160	146
Interest cost	108	97
Total, included in employee benefits expense (Note 6)	268	243

Movements in the net liability in the current year are as follows:

	2022 RM'000	2021 RM'000
At beginning of the year	2,225	2,000
Recognised in profit or loss (Note 6)	268	243
Benefits paid	(13)	(18)
At end of the year	2,480	2,225

Principal actuarial assumptions used:

	2022 %	2021 %
Discount rate	4.9	4.9
Expected rate of salary increases	6.0	6.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting period, with all other assumptions held constant:

	Sensitivity	RM'000
Discount rate	+1%	(255)
	-1%	309
Expected rate of employees' salary increases	+1%	303
	-1%	(255)

21. Amounts due from/(to) affiliated companies

The amounts due from/(to) affiliated companies are non-trade in nature, unsecured, interest free and repayable on demand.

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22. Deferred taxation

	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	273,705	285,807
Deferred tax assets	(273,705)	(285,807)
	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Plant and machinery RM'000	Highway develop-ment expenditure RM'000	Total RM'000
At 1 April 2021	531	285,276	285,807
Recognised in profit or loss	55	(12,157)	(12,102)
At 31 March 2022	586	273,119	273,705
At 1 April 2020	534	293,338	293,872
Recognised in profit or loss	(3)	(8,062)	(8,065)
At 31 March 2021	531	285,276	285,807

Deferred tax assets

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 April 2021	(50,467)	(235,340)	(285,807)
Recognised in profit or loss	-	12,102	12,102
At 31 March 2022	(50,467)	(223,238)	(273,705)
At 1 April 2020	(50,467)	(243,405)	(293,872)
Recognised in profit or loss	-	8,065	8,065
At 31 March 2021	(50,467)	(235,340)	(285,807)

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22. Deferred taxation (cont'd.)

In accordance with the provision in Finance Act 2018, effective from year assessment 2018, the unutilised tax losses are available for the utilisation in the next seven years, for which, any axcess at the end of the seventh year will be disregarded. However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised business losses has been extended to ten years of assessment effective from year of assessment 2019 as follows:

Utilisation period	2022 RM'000	2021 RM'000
7 years	50,467	-
4 years	-	50,467

Deferred tax assets have not been recognised in respect of the following items:

	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	41,590	38,172

23. Significant related party transactions

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Company and related parties took place during the financial year:

	2022 RM'000	2021 RM'000
ESOS charged by LITRAK	430	549

The directors are of the opinion that the transactions above has been entered into in the normal course of business and has been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances with related parties as at 31 March 2022 and 2021 are disclosed in Note 21 to the financial statements.

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23. Significant related party transactions (cont'd.)

(b) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2022 RM'000	2021 RM'000
Short-term employee benefits	1,306	1,070
Defined contribution plans	130	107
	1,436	1,177

24. Fair value of financial instruments

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair values except for the following:

	Note	Principal	2022 Interest	Fair value
31 March 2022				
Government Support Loan (Tranche I)	17(a)	35,999	14,724	53,359
Government Support Loan (Tranche II)	17(a)	208,000	611,191	873,983
Government Support Loan (Tranche III)	17(b)	71,940	159,251	233,775
Government Support Loan (Tranche IV)	17(c)	13,352	-	13,009
31 March 2021				
Government Support Loan (Tranche I)	17(a)	71,998	29,448	106,842
Government Support Loan (Tranche II)	17(a)	208,000	550,511	812,252
Government Support Loan (Tranche III)	17(b)	95,920	212,335	312,777
Government Support Loan (Tranche IV)	17(c)	13,205	-	12,811

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24. Fair value of financial instruments (cont'd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Sundry receivables, sundry payables and amounts due from affiliated companies

The carrying amounts approximate fair value due to the relatively short term maturity of these financial instruments.

(b) Loans and borrowings

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

(c) RULS

The carrying amounts is measured at amortised cost using the effective interest method.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statements of financial position are as follows:

Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.

Level 3 - inputs that are significant to the fair value measurement are unobservable.

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24. Fair value of financial instruments (cont'd.)

Fair value hierarchy (cont'd.)

As at reporting date, the Company's fair values for loans and borrowings are measured at Level 2 hierarchy.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

			Fair value measurement using		
	Notes	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000
31 March 2022					
Liabilities for which fair values are disclosed					
Loans and borrowings					
Government support loan (Tranche I)	17(a)	53,359	-	53,359	-
Government support loan (Tranche II)	17(a)	873,983	-	873,983	-
Government support loan (Tranche III)	17(b)	233,775	-	233,775	-
Government support loan (Tranche IV)	17(c)	13,009	-	13,009	-
31 March 2021					
Liabilities for which fair values are disclosed					
Loans and borrowings					
Government support loan (Tranche I)	17(a)	106,842	-	106,842	-
Government support loan (Tranche II)	17(a)	812,252	-	812,252	-
Government support loan (Tranche III)	17(b)	312,777	-	312,777	-
Government support loan (Tranche IV)	17(c)	12,811	-	12,811	-

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25. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The carrying amounts of financial assets at the reporting date represent the Company's maximum exposure to credit risk.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risks related to any financial assets, other than as disclosed in Note 12 to the financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortages of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile as disclosed in the analysis below, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instruments to ensure sufficient cash is being kept to meet debt service obligations and covenants, highway enhancement expenses and operating expenses. In addition, the Company strives to maintain available banking facility at a reasonable level to its overall debt position.

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25. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2022			
	On demand or within one year RM'000	One to four years RM'000	More than four years RM'000	Total RM'000
Financial liabilities:				
Other payables	156,995	474,209	216,556	847,760
Borrowings				
- Principal	70,579	185,912	72,800	329,291
- Interest	72,564	210,972	23,149	306,685
Total undiscounted financial liabilities	300,138	871,093	312,505	1,483,736

	2021			
	On demand or within one year RM'000	One to four years RM'000	More than four years RM'000	Total RM'000
Financial liabilities:				
Other payables	86,479	382,624	383,614	852,717
Borrowings				
- Principal	60,179	187,579	141,365	389,123
- Interest	60,580	309,788	64,688	435,056
Total undiscounted financial liabilities	207,238	879,991	589,667	1,676,896

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the interest-bearing assets that are obtained for construction of highway projects.

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25. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk (cont'd.)

The surplus cash from operations are placed with approved licensed financial institutions.

The Company obtained its financing through Restructured BaIDS and Government Support Loans. The information relating to the terms and maturity dates of loans and borrowings are disclosed in Note 17 in the financial statements.

The Company has no exposure to significant interest rate risk as the fixed rate debts were entered into by the Company in order to minimise fluctuations in interest rates.

26. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, refinance existing borrowings, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 31 March 2021.

The loans and borrowings of the Company are subjected to several financial covenants including maintaining a prescribed debt service cover ratio of at least 1.50. The Company has complied with these covenants during the reporting period.

27. Significant event

COVID-19 pandemic

Since March 2020, the outbreak of COVID-19 pandemic has significantly impacted the economic performance globally, including Malaysia. The Government had implemented various phases of Movement Control Order ("MCO") including Conditional MCO ("CMCO") in Selangor from the beginning of the financial year. This was revised to Full MCO ("FMCO") on 1 June 2021 due to resurgence of COVID-19 cases. With the stricter containment measures in place, the Company has recorded lower traffic volume for the first and second quarters of the financial year.

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27. Significant event (cont'd.)

COVID-19 pandemic (cont'd.)

Following the introduction of National Recovery Plan ("NRP") on 15 June 2021 by the Government and the improvement of capacity of public health system coupled with increase in vaccination rate, the economic activities were gradually re-opened and the relaxing of MCO containment measures had boosted the economic recovery momentum. The Company's results rebounded in the third and fourth quarters of the financial year following the relaxation of movement restrictions and resumption of economic activities announced by the Government.

Despite the challenging outlook, the Company continues to closely monitor the related risks and impact on its businesses to ensure long term business prospects of the Company remains stable. The Company is also taking the necessary steps to mitigate the effects of the ongoing COVID-19 pandemic and proactively addresses developments in order to best manage the effects on its businesses.

28. Comparative figures

The comparative figures have been restated to reflect the reclassification between current and non-current liabilities of deferred revenue.

The effect of the above adjustment item is as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Deferred revenue			
Non-current	(11,710)	1,250	(10,460)
Current	-	(1,250)	(1,250)

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal activities

The principal activities of the Company are to design, construct, operate and maintain Lebuhraya Damansara-Puchong (the "Highway") and to manage its toll operations under a Concession from the Government of Malaysia (the "Government") based on the arrangement as elaborated further in Note 27 to the financial statements.

Result

	RM'000
Profit for the year	167,003

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the result of the operations of the Company during the financial year was not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividends declared and paid by the Company since 31 March 2021 were as follows:

	RM'000
In respect of the financial year ended 31 March 2022:	
First interim single-tier dividend of 108 sen, on 50,000,000 ordinary shares, declared on 25 August 2021 and paid on 21 September 2021	54,000
Second interim single-tier dividend of 160 sen, on 50,000,000 ordinary shares, declared on 24 February 2022 and paid on 18 March 2022	80,000
	134,000

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ir Haji Yusoff bin Daud
Dato' Haji Azmi bin Mat Nor

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme ("ESOS") of Lingkaran Trans Kota Holdings Berhad.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than remuneration received by directors from its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' indemnity

No indemnity has been given or insurance premiums paid by the Company, during or since the end of the financial year, for any person who is or has been the director of the Company. However the holding company maintained a Directors' Liability Insurance throughout the year, which provides appropriate insurance cover for the directors of the Company.

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company.

Pursuant to the Section 59(3) of the Companies Act 2016, the beneficial interests of directors are disclosed in the Directors' Report of the holding company, Lingkaran Trans Kota Holdings Berhad, where the directors of the Company are also the directors of the holding company.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Holding company

The holding company is Lingkaran Trans Kota Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Other statutory information

(a) Before the financial statements of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision has been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Company which has arisen since the end of the financial year.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the result of the operations of the Company for the financial year in which this report is made.

Significant event

Details of the significant event is disclosed in Note 31 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM'000
Auditors' remuneration	66

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed by the directors in accordance with a resolution of the directors dated 1 June 2022.

Ir Haji Yusoff bin Daud

Dato' Haji Azmi bin Mat Nor

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Ir Haji Yusoff bin Daud and Dato' Haji Azmi bin Mat Nor, being the two directors of Lingkaran Trans Kota Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 53 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the year then ended.

Signed by the directors in accordance with a resolution of the directors dated 1 June 2022.

Ir Haji Yusoff bin Daud

Dato' Haji Azmi bin Mat Nor

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Stephen Low Chee Weng, being the officer primarily responsible for the financial management of Lingkaran Trans Kota Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 53 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Stephen Low Chee Weng at Petaling Jaya in the State of Selangor Darul Ehsan on 1 June 2022.

Stephen Low Chee Weng
MIA CA 13501

Before me,

PESURUHJAYA SUMPAH
No. B 519
CHUA FONG LING
01/01/2021 - 31/12/2023
MALAYSIA

No. 11-2B, Jalan PJU 1/3F,
Sunwaymas Commercial Centre,
47301 Petaling Jaya, Selangor

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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
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199501023849 (353053-W)

Independent auditors' report to the member of Lingkaran Trans Kota Sdn. Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lingkaran Trans Kota Sdn. Bhd., which comprise the statement of financial position as at 31 March 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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199501023849 (353053-W)

Independent auditors' report to the member of Lingkaran Trans Kota Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditors' report to the member of
Lingkaran Trans Kota Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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Independent auditors' report to the member of Lingkaran Trans Kota Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
1 June 2022

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 March 2022

	Note	2022 RM'000	2021 RM'000
Revenue	4	400,932	392,827
Employee benefits expenses	5	(19,921)	(20,946)
Maintenance expenses		(12,692)	(14,251)
Depreciation and amortisation	10, 11 & 12	(96,272)	(74,612)
Other expenses		(9,392)	(8,770)
		(138,277)	(118,579)
		262,655	274,248
Other income	6	10,314	11,053
Finance costs	7	(26,849)	(39,856)
Profit before tax	8	246,120	245,445
Income tax expense	9	(79,117)	(60,995)
Profit for the year, representing total comprehensive income for the year		167,003	184,450

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Highway development expenditure ("HDE")	10	995,643	1,091,149
Plant and equipment	11	1,269	1,384
Other intangible assets	12	695	847
		997,607	1,093,380
Current assets			
Sundry receivables	13	97,238	81,532
Amount due from holding company	14	-	389
Amount due from a related company	14	1,021	36
Tax recoverable		-	898
Cash and bank balances	15	531,418	617,539
		629,677	700,394
Total assets		1,627,284	1,793,774
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	16	50,000	50,000
Retained earnings	17	942,555	909,552
Total equity		992,555	959,552
Liabilities			
Non-current liabilities			
Deferred revenue	18	10,022	11,584
Deferred tax liabilities	19	169,479	178,653
Sukuk Musyarakah Medium Term Notes ("IMTNs")	20	188,349	385,254
Retirement benefit obligations	21	5,867	5,342
Provision for heavy repairs	22	22,476	20,307
		396,193	601,140
Current liabilities			
Deferred revenue	18	1,562	1,562
Provision for heavy repairs	22	1,923	4,624
Amount due to holding company	14	131	-
Sukuk Musyarakah Medium Term Notes ("IMTNs")	20	200,000	200,000
Sundry payables	23	20,536	26,896
Tax payable		14,384	-
		238,536	233,082
Total liabilities		634,729	834,222
Total equity and liabilities		1,627,284	1,793,774

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 March 2022

	Note	Share capital (Note 16) RM'000	Distributable Retained earnings (Note 17) RM'000	Total equity RM'000
At 1 April 2021		50,000	909,552	959,552
Total comprehensive income		-	167,003	167,003
Dividends	24	-	(134,000)	(134,000)
At 31 March 2022		50,000	942,555	992,555
At 1 April 2020		50,000	795,102	845,102
Total comprehensive income		-	184,450	184,450
Dividends	24	-	(70,000)	(70,000)
At 31 March 2021		50,000	909,552	959,552

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	246,120	245,445
Adjustments for:		
Amortisation of HDE	95,610	73,821
Amortisation of other intangible assets	202	197
Depreciation of plant and equipment	460	594
Plant and equipment written off	2	3
Other intangible assets written off	-	3
Gain on disposal of plant and equipment	(30)	(92)
Deferred revenue recognised	(1,562)	(1,562)
Profit element and other charges on IMTNs	23,754	35,343
Unwinding of discount on IMTNs	3,095	4,513
Interest income from fixed deposits	(3,951)	(2,854)
Profit on Islamic investment	(5,511)	(6,855)
Reversal of provision for doubtful debts	-	(260)
Share options granted under ESOS	1,107	1,389
(Decrease)/increase in provision for short term accumulating compensated absences	(88)	194
Provision for retirement benefits	603	555
Operating profit before working capital changes	359,811	350,434
Changes in receivables	(16,364)	41,142
Changes in payables	(917)	(1,666)
Changes in amount due (to)/from holding company	(587)	(1,826)
Changes in amount due from a related company	(985)	389
Cash generated from operations	340,958	388,473
Income tax paid	(73,009)	(71,628)
Retirement benefits paid	(78)	(32)
Net cash generated from operating activities	267,871	316,813
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	30	92
Purchase of plant and equipment	(347)	(538)
Purchase of other intangible assets	(50)	-
Payments for heavy repairs	(532)	(781)
Interest income received from fixed deposits	3,979	2,247
Profit received from Islamic investment	6,141	6,730
Payments for HDE	(104)	(226)
Net cash generated from investing activities	9,117	7,524

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022 (cont'd.)

	2022 RM'000	2021 RM'000
Cash flows from financing activities		
Repayment of IMTNs	(200,000)	(200,000)
Dividends paid	(134,000)	(70,000)
Profit element and fees paid on IMTNs	(29,109)	(40,611)
Net cash used in financing activities	(363,109)	(310,611)
Net changes in cash and cash equivalents	(86,121)	13,726
Cash and cash equivalents at beginning of the year	617,539	603,813
Cash and cash equivalents at end of the year (Note 15)	531,418	617,539

(i) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	IMTNs (Note 20) RM'000	Accrued profit element on IMTNs (Note 23) RM'000	Total RM'000
At 31 March 2022			
At 1 April 2021	585,254	16,065	601,319
Repayment of IMTNs	(200,000)	-	(200,000)
Profit element and fees paid on IMTNs	-	(29,109)	(29,109)
Unwinding of discount and profit element on IMTNs (Note 7)	3,095	23,645	26,740
Other charges (Note 7)	-	109	109
At 31 March 2022	388,349	10,710	399,059
At 31 March 2021			
At 1 April 2020	780,741	21,333	802,074
Repayment of IMTN I	(200,000)	-	(200,000)
Profit element and fees paid on IMTNs	-	(40,611)	(40,611)
Unwinding of discount and profit element on IMTNs (Note 7)	4,513	35,232	39,745
Other charges (Note 7)	-	111	111
At 31 March 2021	585,254	16,065	601,319

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022 (cont'd.)

(ii) Reconciliation of additions of HDE to cash flows arising from investing activities:

	2022 RM'000	2021 RM'000
Additions of HDE (Note 10)	104	195
Add:		
Payment for previous year acquisition	-	31
	104	226

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 March 2022

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are located at 2nd Floor, Kompleks Operasi LITRAK, KM 19 Lebuhraya Damansara-Puchong, Bandar Sunway PJS 9, 47500 Subang Jaya, Selangor Darul Ehsan.

The holding company is Lingkaran Trans Kota Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are to design, construct, operate and maintain Lebuhraya Damansara-Puchong (the "Highway") and to manage its toll operations under a Concession from the Government of Malaysia (the "Government") based on the arrangement as elaborated further in Note 27 to the financial statements.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 June 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2021, the Company adopted the following amended standards mandatory for annual periods beginning on or after 1 June 2020, 1 January 2021 and 1 April 2021:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

2.4 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.4 Plant and equipment (cont'd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Renovation	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Operation tools and equipment	20% to 33 1/3%
Motor vehicles	20%
Computer equipment	10%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Highway development expenditure ("HDE")

Highway development expenditure ("HDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, HDE is carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7.

HDE comprises construction and development expenditure (including interest and fee charges relating to the financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon completion of the construction works of the Highway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year Plus Projected Total Traffic Volume For The Subsequent Years To The End Of Concession Period}} \times \text{Opening HDE Net Carrying Amount Plus Current Year Additions}$$

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Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.5 Highway development expenditure ("HDE") (cont'd.)

The projected traffic volume is based on the traffic volume projected by an independent traffic consultant based on a latest available projection study commissioned by the Company.

2.6 Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, other intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7.

The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired.

The amortisation period and the amortisation method for other intangible assets with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on other intangible assets with finite lives are recognised in profit or loss.

The following annual amortisation rate is applied:

Computer software and licences	10%

Gains or losses arising from derecognition of other intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

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2. Summary of significant accounting policies (cont'd.)

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment loss is recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets at amortised cost

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets at amortised cost (cont'd.)

The Company determines the classification of its financial assets at initial recognition, and the category includes financial assets at amortised cost.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are measured using the effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfer substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.9 Impairment of financial assets at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. Summary of significant accounting policies (cont'd.)

2.9 Impairment of financial assets at amortised cost (cont'd.)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand, demand deposits with a maturity of three months or less and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.11 Deferred revenue

Deferred revenue comprises fees received from third parties for the use of ancillary facilities along the Highway, which is recognised in profit or loss on a straight-line basis over the Concession Period as disclosed in Note 27 to the financial statements.

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2. Summary of significant accounting policies (cont'd.)

2.12 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include amount due to holding company, sundry payables and IMTNs.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

IMTN is classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.15 Employee benefits

(a) Short term benefits

Salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. The cost of providing benefits under the Scheme is determined using the projected unit credit cost method.

Re-measurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

2. Summary of significant accounting policies (cont'd.)

2.15 Employee benefits (cont'd.)

(c) Defined benefit plans (cont'd.)

The Company recognises service costs comprising current service costs, past service costs and gains or losses on curtailments, non-routine settlements and net interest expense or income in profit or loss.

(d) Share based payments

Lingkaran Trans Kota Holdings Berhad, the holding company operates an Employee Share Option Scheme ("ESOS"). The ESOS is an equity-settled, share-based compensation plan, allows eligible employees and directors to acquire ordinary shares of the holding company.

The total fair value of share options granted to eligible employees is recognised as an employee cost with a corresponding increase in the amount due to holding company. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

2.16 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(i) Revenue

(a) Toll revenue

Toll revenue includes toll collection and Government compensation. Toll collection is recognised at point in time when the toll is chargeable for the usage of the Highway.

The amount of Government compensation are recognised at point in time in profit or loss for the year after taking into consideration the effects of the Concession Agreement as disclosed in Note 27 to the financial statements.

(b) Advertising income

Advertising income is recognised over time on an accrual basis.

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2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income recognition (cont'd.)

(i) Revenue (cont'd.)

(c) Licence fee

Licence fee from occupying the ancillary facilities along the Highway is recognised over time on an accrual basis.

(ii) Other income

Interest income

Interest income is recognised over time proportion that reflects the effective yield on the asset.

2.17 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.17 Income tax (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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2. Summary of significant accounting policies (cont'd.)

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Amortisation of highway development expenditure ("HDE")

The cost of HDE is amortised over the Concession Period by applying the formula in Note 2.5 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions, toll-demand elasticity, future infrastructure scheme and peak hour factor. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's HDE at the reporting date is disclosed in Note 10 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM859,000 (2021: RM698,000) lower/higher, arising mainly as a result of lower/higher expected traffic volume.

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4. Revenue

	2022 RM'000	2021 RM'000
Toll revenue	396,200	387,757
Advertising income	2,776	3,156
Licence fee (Note 18)	1,562	1,562
Others	394	352
	400,932	392,827

Included in toll revenue of the Company is an amount of RM127,985,000 (2021: RM125,273,000), representing the compensation claim from the Government for the imposition of toll rates lower than those as provided for in the Concession Agreement as described further in Note 27 to the financial statements.

5. Employee benefits expenses

	2022 RM'000	2021 RM'000
Salaries	11,533	12,457
(Decrease)/increase in provision for short term accumulating compensated absences	(88)	194
Defined contribution plan	1,693	1,686
Defined benefit plan (Note 21)	603	555
Share options granted under ESOS	1,107	1,389
Social security contributions	211	218
Other benefits	4,862	4,447
	19,921	20,946

6. Other income

	2022 RM'000	2021 RM'000
Interest income from fixed deposits	3,951	2,854
Profit on Islamic investment	5,511	6,855
Others	852	1,344
	10,314	11,053

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7. Finance costs

	2022 RM'000	2021 RM'000
Profit element on IMTNs	23,645	35,232
Unwinding of discount on IMTNs	3,095	4,513
Others	109	111
	26,849	39,856

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	2022 RM'000	2021 RM'000
Auditors' remuneration		
- current year	66	63
- under provision in prior year	3	3
Amortisation of HDE (Note 10)	95,610	73,821
Amortisation of other intangible assets (Note 12)	202	197
Depreciation of plant and equipment (Note 11)	460	594
Plant and equipment written off	2	3
Other intangible assets written off	-	3
Gain on disposal of plant and equipment	(30)	(92)
Reversal of provision for doubtful debts (Note 13)	-	(260)
Deferred revenue recognised (Note 18)	(1,562)	(1,562)

9. Income tax expense

	2022 RM'000	2021 RM'000
Malaysian income tax:		
- current income tax	88,339	64,923
- (over)/under provision in prior year	(48)	240
	88,291	65,163
Deferred tax (Note 19):		
- relating to reversal of temporary differences	(9,194)	(4,168)
- under provision in prior year	20	-
	(9,174)	(4,168)
Income tax expense recognised in profit or loss	79,117	60,995

9. Income tax expense (cont'd.)

Current income tax is calculated at the statutory tax rate of 24% and 33% (2021: 24%) of the estimated assessable profit for the year. The Government has introduced Cukai Makmur which is a special one-off tax on companies which have chargeable income above RM100 million in the Year of Assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current rate of 24% and amounts in excess of RM100 million taxed at 33%.

Reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	2022 RM'000	2021 RM'000
Profit before tax	246,120	245,445
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	59,069	58,907
Effects of increase in statutory tax rate of 33%	17,547	-
Expenses not deductible for tax purposes	2,529	1,848
(Over)/under provision of income tax expense in prior year	(48)	240
Under provision of deferred tax in prior year	20	-
Income tax expense recognised in profit or loss	79,117	60,995

10. Highway development expenditure ("HDE")

	2022 RM'000	2021 RM'000
Cost		
At beginning of the year	2,178,127	2,177,932
Additions	104	195
At end of the year	2,178,231	2,178,127
Accumulated amortisation		
At beginning of the year	1,086,978	1,013,157
Amortisation for the year (Note 8)	95,610	73,821
At end of the year	1,182,588	1,086,978
Net carrying amount	995,643	1,091,149

The highway development expenditure of the Company is pledged for the financing facilities as disclosed in Note 20 to the financial statements.

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11. Plant and equipment

	Renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Operation tools and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
At 31 March 2022							
Cost							
At 1 April 2021	1,634	1,569	3,389	2,467	6,641	1,895	17,595
Additions	-	18	108	13	175	33	347
Disposals	-	-	-	-	(150)	-	(150)
Write-offs	-	(3)	(32)	(3)	-	-	(38)
At 31 March 2022	1,634	1,584	3,465	2,477	6,666	1,928	17,754
Accumulated depreciation							
At 1 April 2021	1,630	1,522	3,120	2,364	6,232	1,343	16,211
Charge for the year (Note 8)	4	25	133	8	194	96	460
Disposals	-	-	-	-	(150)	-	(150)
Write-offs	-	(3)	(30)	(3)	-	-	(36)
At 31 March 2022	1,634	1,544	3,223	2,369	6,276	1,439	16,485
Net carrying amount	-	40	242	108	390	489	1,269

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11. Plant and equipment (cont'd.)

	Renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Operation tools and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
At 31 March 2021							
Cost							
At 1 April 2020	1,634	1,567	3,409	2,451	7,211	1,687	17,959
Additions	-	8	136	22	154	218	538
Disposals	-	-	-	-	(704)	-	(704)
Write-offs	-	(6)	(156)	(6)	(20)	(10)	(198)
At 31 March 2021	1,634	1,569	3,389	2,467	6,641	1,895	17,595
Accumulated depreciation							
At 1 April 2020	1,599	1,495	3,080	2,352	6,760	1,230	16,516
Charge for the year (Note 8)	31	33	195	16	196	123	594
Disposals	-	-	-	-	(704)	-	(704)
Write-offs	-	(6)	(155)	(4)	(20)	(10)	(195)
At 31 March 2021	1,630	1,522	3,120	2,364	6,232	1,343	16,211
Net carrying amount	4	47	269	103	409	552	1,384

The plant and equipment are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

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12. Other intangible assets

	2022 RM'000	2021 RM'000
Cost		
At beginning of the year	2,699	2,937
Additions	50	-
Write-offs	(5)	(238)
At end of the year	2,744	2,699
Accumulated amortisation		
At beginning of the year	1,852	1,890
Amortisation for the year (Note 8)	202	197
Write-offs	(5)	(235)
At end of the year	2,049	1,852
Net carrying amount	695	847

Other intangible assets relate to computer software and licences which are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

13. Sundry receivables

	2022 RM'000	2021 RM'000
Compensation claim receivable from the Government	94,915	77,709
Deposits	125	163
Prepayments	889	1,017
Interest receivable from fixed deposits	743	771
Profit receivable on Islamic investment	102	732
Others	517	1,193
	97,291	81,585
Less: Provision for doubtful debts	(53)	(53)
Total sundry receivables	97,238	81,532
Financial assets at amortised cost		
Total sundry receivables	97,238	81,532
Add: Amount due from a related company (Note 14)	1,021	36
Amount due from holding company (Note 14)	-	389
Cash and bank balances (Note 15)	531,418	617,539
Less: Prepayments	(889)	(1,017)
Total financial assets	628,788	698,479

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13. Sundry receivables (cont'd.)

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or a group of debtors, other than an amount due from the Government for imposing toll rates lower than those agreed upon amounting to RM94,915,000 (2021: RM77,709,000).

The Company's sundry receivables that are impaired at the reporting date and movement of the allowance accounts used to record the impairment are as follows:

	2022 RM'000	2021 RM'000
Movement in allowance accounts:		
At 1 April 2021/2020	53	313
Reversal of provision for doubtful debts (Note 8)	-	(260)
At 31 March	53	53

14. Amounts due (to)/from holding company and a related company

	2022 RM'000	2021 RM'000
Amount due (to)/from holding company	(131)	389
Amount due from a related company	1,021	36

These amounts are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

A related company refers to an associate of Lingkaran Trans Kota Holdings Berhad. The amount due from a related company is non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

15. Cash and bank balances

	2022 RM'000	2021 RM'000
Licensed banks	164,833	289,232
Investment banks	196,277	175,451
Deposits with licensed bank and financial institutions	361,110	464,683
Cash on hand and at banks	170,308	152,856
Cash and cash equivalents	531,418	617,539

Cash and bank balances are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

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15. Cash and bank balances (cont'd.)

The weighted average effective interest/profit rates and the range of maturities of deposits at the reporting date were as follows:

	Weighted average effective interest/ profit rates		Range of maturities	
	2022 %	2021 %	2022 Days	2021 Days
Licensed banks	1.98	2.01	19 - 89	59 - 89
Investment banks	2.12	2.09	19 - 89	81 - 89

16. Share capital

	Number of shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid				
Ordinary shares				
At beginning/end of the year	50,000	50,000	50,000	50,000

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 March 2022 and 31 March 2021 under the single-tier system.

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18. Deferred revenue

	2022 RM'000	2021 RM'000
Licence fee		
Licence fee received	47,900	47,900
Deferred revenue recognised to-date	(36,316)	(34,754)
Balance unrecognised	11,584	13,146
Analysed as:		
Non-current	10,022	11,584
Current	1,562	1,562
Total	11,584	13,146
Licence fee recognised as revenue during the year (Note 4)	1,562	1,562

19. Deferred tax liabilities

	2022 RM'000	2021 RM'000
At beginning of the year	178,653	182,821
Recognised in profit or loss (Note 9)	(9,194)	(4,168)
Under provision in prior year (Note 9)	20	-
At end of the year	169,479	178,653
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	186,516	198,975
Deferred tax assets	(17,037)	(20,322)
	169,479	178,653

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19. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax liabilities and assets of the Company during the financial year prior to offsetting are as follows:

	Deferred tax liabilities			Deferred tax assets						
	Plant and equipment RM'000	Highway development expenditure RM'000	Total RM'000	Deferred revenue RM'000	Provision for heavy repairs RM'000	Sundry payables RM'000	Retirement benefit obligations RM'000	IMTNs RM'000	Total RM'000	Net deferred tax liabilities RM'000
2022										
At 1 April 2021	253	198,722	198,975	(3,155)	(5,983)	(271)	(1,282)	(9,631)	(20,322)	178,653
Recognised in profit or loss	49	(12,508)	(12,459)	375	127	138	(126)	2,771	3,285	(9,174)
At 31 March 2022	302	186,214	186,516	(2,780)	(5,856)	(133)	(1,408)	(6,860)	(17,037)	169,479
2021										
At 1 April 2020	241	205,752	205,993	(3,530)	(6,171)	(224)	(1,156)	(12,091)	(23,172)	182,821
Recognised in profit or loss	12	(7,030)	(7,018)	375	188	(47)	(126)	2,460	2,850	(4,168)
At 31 March 2021	253	198,722	198,975	(3,155)	(5,983)	(271)	(1,282)	(9,631)	(20,322)	178,653

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20. Sukuk Musyarakah Medium Term Notes ("IMTNs")

	2022 RM'000	2021 RM'000
Current		
Secured:		
IMTN I	100,000	100,000
IMTN II	100,000	100,000
	200,000	200,000
Non-current		
Secured:		
IMTN I	90,000	190,000
Less: Unamortised discount for IMTN I	(784)	(2,294)
	89,216	187,706
IMTN II	100,000	200,000
Less: Unamortised discount for IMTN II	(867)	(2,452)
	99,133	197,548
Amount repayable after 12 months	188,349	385,254
Total IMTNs	388,349	585,254

The details of the IMTNs are as follows:

The IMTNs comprise IMTN I and IMTN II of RM1,145,000,000 and RM300,000,000 respectively were initially issued on 15 April 2008.

The IMTN I were constituted by a Sukuk Musyarakah Trust Deed dated 19 March 2008 made by the Company and the Trustee for the holders of the IMTN I. The IMTN I were negotiable non-interest bearing secured Bonds in bearer form, evidencing a promise by the issuer to pay stated sum on specified dates.

The IMTN I were issued in 10 series, with maturities from April 2013 to April 2023. The profit margin ranges from 4.6% to 6.0% per annum.

The IMTN II were constituted by a Sukuk Musyarakah Trust Deed dated 19 March 2008 made by the Company and the Trustee for the holders of the IMTN II. The IMTN II were negotiable non-interest bearing secured Bonds in bearer form, evidencing a promise by the issuer to pay stated sum on specified dates.

The IMTN II were issued in 3 series, with maturities commencing from April 2021 to April 2023. The profit margin ranges from 5.8% to 6.0% per annum.

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20. Sukuk Musyarakah Medium Term Notes ("IMTNs") (cont'd.)

The details of the IMTNs are as follows (cont'd.):

The security arrangements in connection with the Company's IMTNs are as follows:

(i) fixed and floating charge over the property, assets and rights of the Company; and

(ii) an assignment of the Company's rights, interests and benefits in certain designated bank accounts and insurance policies.

In addition, the Company's IMTNs are further secured by way of an assignment of the Company's rights, interests and benefits in the Concession Agreement.

Pursuant to the Total Priority Security Sharing Agreement dated 25 April 2008, the IMTNs shall rank pari passu amongst themselves.

21. Retirement benefit obligations

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of service on attainment of the retirement age of 60 (2021: 60).

The amounts recognised in the financial statements are as follows:

	2022 RM'000	2021 RM'000
Statement of financial position		
Present value of unfunded defined benefit obligations, net liability	5,867	5,342
Analysed as:		
Non-current:		
Later than 2 years but not later than 5 years	649	649
Later than 5 years	5,218	4,693
	5,867	5,342
Statement of comprehensive income		
Current service cost	343	319
Interest cost	260	236
Total, included in employee benefits expenses (Note 5)	603	555

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21. Retirement benefit obligations (cont'd.)

Movements in the net liability in the current year were as follows:

	2022 RM'000	2021 RM'000
At beginning of the year	5,342	4,819
Recognised in profit or loss	603	555
Retirement benefits paid	(78)	(32)
At end of the year	5,867	5,342

Principal actuarial assumptions used:

	2022 %	2021 %
Discount rate	4.9	4.9
Expected rate of employees' salary increases	6.0	6.0

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligations as of the end of the reporting period, with all other assumptions held constant:

	Sensitivity	RM'000
Discount rate	+1%	(533)
	-1%	637
Expected rate of employees' salary increases	+1%	624
	-1%	(533)

22. Provision for heavy repairs

Provision for heavy repairs relate to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

	2022 RM'000	2021 RM'000
At beginning of the year	24,931	25,712
Utilised during the year	(532)	(781)
At end of the year	24,399	24,931
Analysed as:		
Non-current	22,476	20,307
Current	1,923	4,624
Total	24,399	24,931

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23. Sundry payables

	2022 RM'000	2021 RM'000
Accrued profit element on IMTNs	10,710	16,065
Amounts due to related parties	153	2
Retention sum	436	399
Sundry payables and accruals	9,237	10,430
Total sundry payables	20,536	26,896
Add: IMTNs (Note 20)	388,349	585,254
Amount due to holding company (Note 14)	131	-
Total financial liabilities carried at amortised costs	409,016	612,150

Amounts due to related parties are non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

Further details on related party transactions are disclosed in Note 26 to the financial statements.

24. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
First interim single-tier dividend of 60 sen on 50,000,000 ordinary shares declared on 27 August 2020 and paid on 24 September 2020	-	30,000	-	30,000
Second interim single-tier dividend of 80 sen on 50,000,000 ordinary shares declared on 25 February 2021 and paid on 22 March 2021	-	40,000	-	40,000
First interim single-tier dividend of 108 sen on 50,000,000 ordinary shares declared on 25 August 2021 and paid on 21 September 2021	54,000	-	54,000	-
Second interim single-tier dividend of 160 sen on 50,000,000 ordinary shares declared on 24 February 2022 and paid on 18 March 2022	80,000	-	80,000	-
	134,000	70,000	134,000	70,000

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25. Capital commitments

	2022 RM'000	2021 RM'000
Capital expenditure		
Approved but not contracted for:		
- Highway development expenditure	7,509	7,509

26. Related party disclosures

(a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2022 RM'000	2021 RM'000
Holding company:		
- ESOS expenses charged by the holding company	1,107	1,389
- Management fee charged by the holding company	1,191	900
Other related parties: (*)		
- Other services rendered by other related parties	812	44

(*) Other related parties refers to Gamuda Berhad, a substantial shareholder of the holding company, and its affiliates. Certain directors of the holding company are also directors of the other related parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2022 are disclosed in Note 14 and Note 23 to the financial statements.

(b) Compensation of key management personnel

The remunerations of key management personnel during the year was as follows:

	2022 RM'000	2021 RM'000
Salaries and other short-term employee benefit	881	792
Defined contribution plan	92	79
Defined benefit plan	69	64
Share options granted under ESOS	111	334
Estimated monetary value of benefits-in-kind	9	12
	1,162	1,281

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27. Concession arrangement

On 23 April 1996, the Government of Malaysia (the "Government") awarded the Company, Lingkaran Trans Kota Sdn Bhd ("LITRAK"), a concession to design, construct, operate and maintain Lebuhraya Damansara-Puchong ("LDP" or the "Highway") for a period of 33 years ending 14 August 2029 ("Concession Period").

Under the Concession Agreement, the Government will make available the land required for the Highway, subject to reimbursement by LITRAK to acquire land of up to RM98 million.

The Concession Agreement provides that LITRAK will collect and retain all traffic tolls and will be responsible for all operating and maintenance costs incurred during the Concession Period. The collection of toll revenue commenced on 25 January 1999 and the toll rates applicable to the Concession Period are specified in the Concession Agreement.

The Government may reduce the toll rates by giving at least two months notice to LITRAK. Should the Government reduce the toll rate below the agreed rates, the Government shall compensate LITRAK for any reduction in toll collections based on the basis and the formula specified in the Concession Agreement.

The Concession Agreement may be terminated by either the Government or LITRAK if either party fails to remedy its default within the period specified in the Concession Agreement.

The Government may terminate the Concession Agreement by expropriation of the Concession Company or the Concession at any time by giving three months written notice to LITRAK.

LITRAK shall hand over the Highway to the Government at the end of the Concession Period, in a well-maintained condition and shall make good any defects thereto at LITRAK's own expense within one year after the date of handing over.

Pursuant to the provisions of the Second Supplemental Concession Agreement executed between LITRAK and the Government on 4 September 2007 and via the Government Gazette No. P.U.(A) 443 dated 26 December 2006, the Government had revised the toll rates structure for LITRAK effective from 1 January 2007 to 31 December 2010.

In consideration of LITRAK agreeing to the above revised toll rate structure, the Government has agreed to provide LITRAK, with a sum of RM150 million cash compensation and a one-year extension to the Concession Period from 14 August 2029 extended to 14 August 2030.

The toll rates were scheduled to revert to those in the Concession Agreement from 1 January 2011 onwards, but the Government decided to defer the toll rate increase and shall compensate LITRAK in accordance with the provisions of the Concession Agreement.

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27. Concession arrangement (cont'd.)

Pursuant to Government Gazette No. P.U. (A) 243 dated 12 October 2015, the toll rates payable by users of LDP, deferred since 1 January 2011, have been increased effective 15 October 2015 for the following classes of vehicles:

Class of vehicle	Toll rates (Before increase) (RM)	Toll rates (After increase) (RM)
Class 1	1.60	2.10
Class 2	3.20	4.20
Class 3	4.80	6.30
Class 4	0.80	1.10

However, the toll rate payable by users of LDP for Class 5 vehicle remains unchanged at RM1.60.

Pursuant to the Concession Agreement, the next and final toll hike was scheduled to increase effective from 1 January 2016. The Government has decided to defer the increase until further notice. Based on past experience with the Government, the Company is optimistic that terms of the Concession Agreement will continue to be observed by all parties concerned.

The Government shall compensate LITRAK in accordance with the provisions of the Concession Agreement.

28. Fair value of financial instruments

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair value except for the following:

	Carrying amount RM'000	Fair value RM'000
Financial liabilities:		
At 31 March 2022		
IMTN I (Note 20)	189,216	192,527
IMTN II (Note 20)	199,133	202,788
	388,349	395,315

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28. Fair value of financial instruments (cont'd.)

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair value except for the following: (cont'd.)

	Carrying amount RM'000	Fair value RM'000
Financial liabilities:		
At 31 March 2021		
IMTN I (Note 20)	287,706	297,555
IMTN II (Note 20)	297,548	308,074
	585,254	605,629

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Sundry receivables, amount due (to)/from holding company, amount due from a related company and sundry payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(b) IMTNs

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of IMTN at the reporting date.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statement of financial position are as follows:

Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted market prices that are observable either directly or indirectly

Level 3 - inputs that are significant to the fair value measurement are unobservable

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28. Fair value of financial instruments (cont'd.)

Fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Note	Total RM'000	Fair value measurement using Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 March 2022					
Liabilities for which fair values are disclosed					
IMTN I	20	192,527	-	192,527	-
IMTN II	20	202,788	-	202,788	-
		395,315	-	395,315	-

	Note	Total RM'000	Fair value measurement using Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 March 2021					
Liabilities for which fair values are disclosed					
IMTN I	20	297,555	-	297,555	-
IMTN II	20	308,074	-	308,074	-
		605,629	-	605,629	-

29. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest/profit rate risk, liquidity risk and credit risk.

The Board of Directors review and agree policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

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29. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest/profit rate risk

Interest/profit rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest/profit rates.

The Company obtains its external fundings through the issuance of IMTNs and the profit element for IMTNs are based on fixed rates. The information relating to the interest rates, profit element and maturity dates of these IMTNs are disclosed in Note 20 to the financial statements.

The surplus funds are placed as fixed deposits or fixed rate overnight money market placements with licensed financial institutions.

The interest/profit profile of financial liabilities of the Company are as follows:

	2022 RM'000	2021 RM'000
Fixed rate financial liabilities	388,349	585,254

Fixed rate financial liabilities comprise the IMTNs as described further in Note 20 to the financial statements. The weighted average interest rate/profit element of these instruments is 6.1% (2021: 6.0%). The rate is fixed up to maturity of the IMTNs.

The interest/profit profile of financial assets of the Company are as follows:

	2022 RM'000	2021 RM'000
Fixed rate financial assets *	361,110	464,683

* Fixed rate financial assets mainly comprise short term deposits and overnight money market placements placed with licensed financial institutions as described further in Note 15 to the financial statements.

The Company has no exposure to significant interest rate risk as the fixed rate debts were entered into by the Company in order to minimise fluctuations in interest rates.

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29. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile as disclosed in the analysis below, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instrument to ensure sufficient cash being kept to meet debt service obligation and covenants, highway enhancement expenses, operating expenses and distribution to shareholder. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
31 March 2022				
Financial liabilities:				
Sundry payables	9,826	-	-	9,826
Amount due to holding company	131	-	-	131
IMTNs				
- principal	200,000	190,000	-	390,000
- profits	17,300	5,700	-	23,000
Total undiscounted financial liabilities	227,257	195,700	-	422,957
31 March 2021				
Financial liabilities:				
Sundry payables	10,831	-	-	10,831
IMTNs				
- principal	200,000	200,000	190,000	590,000
- profits	29,000	17,300	5,700	52,000
Total undiscounted financial liabilities	239,831	217,300	195,700	652,831

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29. Financial risk management objectives and policies (cont'd.)

(c) Credit risk

The carrying amounts of sundry receivables and amount due from holding company represent the Company's maximum exposure to credit risk. The risk in relation to the amount due from the Government as compensation for the imposition of toll rates lower than those as provided for under the Concession Agreement is sovereign in nature. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 13 to the financial statements.

30. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, refinance existing IMTNs, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 31 March 2021.

The IMTNs as mentioned in Note 20 to the financial statements are subjected to several financial covenants including maintaining a prescribed debt equity ratio of no more than 90:10 and finance service cover ratio of no less than 1.2 times. The Company has complied with these covenants during the reporting period.

31. Significant event

COVID-19 pandemic

Since March 2020, the outbreak of COVID-19 pandemic has significantly impacted the economic performance globally, including Malaysia. The Government had implemented various phases of Movement Control Order ("MCO") including Conditional MCO ("CMCO") in Selangor from the beginning of the financial year. This was revised to Full MCO ("FMCO") in 1 June 2021 due to resurgence of COVID-19 cases. With the stricter containment measures in place, the Company has recorded lower traffic volume for the first and second quarters of the financial year.

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31. Significant event (cont'd.)

COVID-19 pandemic (cont'd.)

Following the introduction of National Recovery Plan ("NRP") on 15 June 2021 by the Government and the improvement of capacity of public health system coupled with increase in vaccination rate, the economic activities were gradually re-opened and the relaxing of MCO containment measures had boosted the economic recovery momentum. The Company's results rebounded in the third and fourth quarters of the financial year following the relaxation of movement restrictions and resumption of economic activities announced by the Government.

Despite the challenging outlook, the Company continues to closely monitor the related risks and impact on its businesses to ensure long term business prospects of the Company remains stable. The Company is also taking the necessary steps to mitigate the effects of the ongoing COVID-19 pandemic and proactively addresses developments in order to best manage the effects on its businesses.

32. Comparative figures

The comparative figures have been restated to reflect the following:

(a) reclassification between sundry receivables and sundry payables; and

(b) reclassification between current and non-current liabilities of deferred revenue.

The effect of the above adjustment items are as follow:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Sundry receivables	80,393	1,139	81,532
Sundry payables	(25,757)	(1,139)	(26,896)
Deferred revenue			
Non-current	(13,146)	1,562	(11,584)
Current	-	(1,562)	(1,562)

SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN. BHD.

200201031709 (599374-W)

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Directors' Report and Audited Financial Statements
31 December 2021

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
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Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company are to design and construct the Stormwater Management and Road Tunnel Project ("SMART"), comprising the stormwater channel and motorway works, operate, manage the toll operations and maintain the motorway.

Results

	RM
Loss for the year	18,440,425

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend any payment of dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Haji Azmi bin Mat Nor
Dato' Sri Che Khalib bin Mohamad Noh
Saw Wah Theng
Sazally bin Saidi (Alternate Director to Dato' Haji Azmi bin Mat Nor)
Mohd Razin bin Ghazali (Appointed on 1 April 2021)

Holding company

The holding company is Projek Smart Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

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Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

	RM
Fee	35,000

Directors' and officers' indemnity

The equity holders of the holding company, namely:

(a) Gamuda Berhad maintains a liability insurance for its directors and officers throughout the financial year, which provides insurance coverage of RM50,000,000 at an insurance premium of RM117,200; and

(b) MMC Corporation Berhad, the immediate holding company of the 30% and 20% corporate shareholders namely, MMC Engineering Group Berhad and Anglo-Oriental (Annuities) Sdn. Bhd. respectively, maintains a liability insurance for its directors and officers throughout the financial year, which provides insurance coverage of RM50,000,000 at an insurance premium of RM95,410.

The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' interest

None of the director in office at the end of the financial year had any interest in shares in the Company or its related corporation.

Other statutory information

(a) Before the financial statements of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
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Other statutory information (cont'd.)

(a) Before the financial statements of the Company were made out, the directors took reasonable steps: (cont'd.)

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Company might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

(g) The Company recorded loss after tax of RM18,440,425. As at 31 December 2021, the Company's current liabilities exceeded its current assets by RM13,803,374. The equity holders of the holding company, Gamuda Berhad and MMC Corporation Berhad have agreed to provide continued financial support to enable the Company to meet its obligations and liabilities as and when they fall due.

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM
Auditors' remuneration	47,250

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2022.

Dato' Sri Che Khalib bin Mohamad Noh

Dato' Haji Azmi bin Mat Nor

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Che Khalib bin Mohamad Noh and Dato' Haji Azmi bin Mat Nor, being two of the directors of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2022.

Dato' Sri Che Khalib bin Mohamad Noh

Dato' Haji Azmi bin Mat Nor

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Haji Azmi bin Mat Nor, being the director primarily responsible for the financial management of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 45 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Dato' Haji Azmi bin Mat Nor at Kuala Lumpur in the Federal Territory on 3 June 2022.

Dato' Haji Azmi bin Mat Nor

Before me,

PESURUHJAYA SUMPAH
W530
TAN SEOK KETT
BC/T/301
1/1/2022-30/9/2022
MALAYSIA

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50200 Kuala Lumpur

Building a better working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
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Independent auditors' report to the member of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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Independent auditors' report to the member of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent auditors' report to the member of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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Independent auditors' report to the member of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
3 June 2022

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Revenue	4	16,024,182	23,703,185
Cost of sales	5	(12,794,095)	(14,206,785)
Gross profit		3,230,087	9,496,400
Other income	6	1,186,741	1,531,656
Other operating expenses		(4,690,586)	(4,684,616)
(Loss)/profit from operations		(273,758)	6,343,440
Finance cost	7	(18,166,667)	(18,492,715)
Loss before tax	9	(18,440,425)	(12,149,275)
Income tax expense	10	-	-
Loss for the year, representing total comprehensive loss for the year		(18,440,425)	(12,149,275)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Plant and equipment	11	1,146,402	1,500,593
Motorway development expenditure ("MDE")	12	369,827,880	374,129,476
		370,974,282	375,630,069
Current assets			
Other receivables	13	7,133,058	945,929
Amount due from holding company	14	13,236,029	22,108,780
Tax recoverable		39,010	39,010
Investment securities	15	6,745,067	25,996,580
Cash and bank balances	16	1,521,629	627,796
		28,674,793	49,718,095
Total assets		399,649,075	425,348,164
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	17	323,000,000	323,000,000
Accumulated losses		(266,231,162)	(247,790,737)
Total equity		56,768,838	75,209,263
Non-current liability			
Advance due to holding company	18	300,402,070	305,402,070
Current liabilities			
Trade and other payables	18	23,814,150	26,072,524
Amount due to an affiliated company	14	4,744	4,744
Amounts due to equity holders of the holding company	19	18,659,273	18,659,563
		42,478,167	44,736,831
Total liabilities		342,880,237	350,138,901
Total equity and liabilities		399,649,075	425,348,164

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2021

	Share capital RM (Note 17)	Accumulated losses RM	Total equity RM
At 1 January 2021	323,000,000	(247,790,737)	75,209,263
Total comprehensive loss	-	(18,440,425)	(18,440,425)
At 31 December 2021	323,000,000	(266,231,162)	56,768,838
At 1 January 2020	323,000,000	(235,641,462)	87,358,538
Total comprehensive loss	-	(12,149,275)	(12,149,275)
At 31 December 2020	323,000,000	(247,790,737)	75,209,263

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2021

	2021 RM	2020 RM
Cash flows from operating activities		
Loss before tax	(18,440,425)	(12,149,275)
Adjustments for:		
Amortisation of motorway development expenditure	4,301,596	6,296,564
Depreciation of plant and equipment	675,658	944,584
Provision for maintenance	1,817,216	-
Loss on disposal of plant and equipment	-	661
Bad debts written off	52,800	-
Interest expense on advances received from holding company	17,726,582	17,758,932
Interest expense on advances received from Government of Malaysia	440,085	733,783
Distribution from investment securities	(267,153)	(467,266)
Interest income on deposits with licensed banks	(5,837)	(525,952)
Operating profit before working capital changes	6,300,522	12,592,031
Changes in receivables	(6,239,929)	229,000
Changes in payables	(9,571,757)	(1,749,478)
Changes in amounts due to equity holders of the holding company	(290)	363,360
Changes in amounts due from affiliated companies	-	500,000
Changes in amount due from holding company	8,928,833	(430,686)
Cash (used in)/generated from operations	(582,621)	11,504,227
Interest paid	(17,726,582)	(17,758,932)
Income tax paid	-	(39,010)
Net cash flows used in operating activities	(18,309,203)	(6,293,715)
Cash flows from investing activities		
Purchase of plant and equipment	(321,467)	(341,064)
Proceed from disposal of plant and equipment	-	1,300
Net proceeds from disposal of investment securities	19,251,513	4,227,715
Distribution received from investment securities	267,153	467,266
Interest received from deposits with licensed banks	5,837	525,952
Net cash flows generated from investing activities	19,203,036	4,881,169
Net changes in cash and cash equivalents	893,833	(1,412,546)
Cash and cash equivalents at beginning of year	627,796	2,040,342
Cash and cash equivalents at end of year (Note 16)	1,521,629	627,796

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 December 2021

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Kompleks Operasi & Penyelenggaraan Lebuhraya SMART, Jalan Davis, Off Bulatan Kg. Pandan, 50400 Kuala Lumpur.

The holding company is Projek Smart Holdings Sdn. Bhd. ("PSHSB"), a company incorporated in Malaysia. The principal activities of the Company are to design and construct the Stormwater Management and Road Tunnel Project ("SMART"), comprising the stormwater channel and motorway works, operate, manage the toll operations and maintain the motorway.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 June 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis and are presented in Ringgit Malaysia ("RM").

The Company recorded loss after tax of RM18,440,425 (2020: RM12,149,275) for the financial year ended 31 December 2021. At the reporting date, the Company's current liabilities exceeded its current assets by RM13,803,374.

The financial statements of the Company have been prepared on the going concern basis as the equity holders of the holding company, Gamuda Berhad and MMC Corporation Berhad, have agreed to provide continued financial support to enable the Company to meet its obligations and liabilities as and when they fall due.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Company adopted the following new and amended MFRSs:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the above amended standards did not have any material impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts

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Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. (cont'd.)

Effective for annual periods beginning on or after 1 January 2023: (cont'd.)

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

2.4 Plant, equipment and depreciation

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as asset, as appropriate, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (cont'd.)

2.4 Plant, equipment and depreciation (cont'd.)

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plant, traffic safety, office and communication equipment	20%
Furniture and fittings	20%
Computer equipment	33.3%
Motor vehicles	20%
Renovation	20%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Motorway development expenditure ("MDE")

Motorway development expenditure ("MDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, MDE is carried at cost less accumulated amortisation and accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7 to the financial statements.

MDE comprises of construction and development expenditure (including interest and fee charges relating to the financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon the completion of the construction works of the Motorway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Current Year Actual Traffic Volume}}{\text{Current Year Actual Traffic Volume Plus Projected Total Traffic Volume For The Subsequent Years To The End of Concession Period}} \times \text{Opening Net Carrying Amount of MDE Plus Current Year Additions}$$

The projected traffic volume is based on the traffic volume projected by an independent traffic consultants based on a latest available projection study commissioned by the Company.

2. Summary of significant accounting policies (cont'd.)

2.6 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.6 Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing the value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets (cont'd.)

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and financial assets at amortised cost.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition or financial assets mandatorily required to be amortised at fair value. Financial assets held for trading are financial assets acquired principally for the purpose of selling in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be represented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets (cont'd.)

(b) Financial assets at amortised cost (cont'd.)

Financial assets at amortised cost are measured using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfers substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.9 Impairment of financial assets at amortised cost

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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2. Summary of significant accounting policies (cont'd.)

2.9 Impairment of financial assets at amortised cost (cont'd.)

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include advance due to holding company, trade and other payables, amount due to an affliated company and amounts due to equity holders of the holding company.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.11 Affiliated companies

The Company regards the related companies of the equity holders of the holding company as affiliated companies.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares and Redeemable Preference Shares ("RPS") are equity instruments.

Ordinary shares and RPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares and RPS are recognised in equity in the period in which they are declared.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consists of interest and other costs that the Company incurred in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amounts of revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable associated with the transaction.

(a) Revenue

(i) Toll revenue

Toll revenue is recognised at point in time when toll is chargeable for the usage of the Motorway.

(ii) Government compensation

Pursuant to the Concession awarded by the Government, the Government reserves its rights to restructure or to restrict the imposition of unit toll rate increases by the Company. The Government shall compensate the Company for any reduction in toll revenue as a consequence of such restructure or restriction imposed, subject to negotiation and other consideration that the Government may deem fit. The amount of Government compensation are recognised at point in time in profit or loss for the year after taking into consideration the effects of the concession arrangement.

(b) Other income

(i) Interest income

Interest income is recognised over time proportion that reflects the effective yield on the asset.

(ii) Rental income

Rental income is accounted for over time on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd.)

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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2. Summary of significant accounting policies (cont'd.)

2.18 Fair value measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.19 Current versus non-current classification

The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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2. Summary of significant accounting policies (cont'd.)

2.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. Significant accounting estimates and judgements

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that effect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(i) Amortisation of motorway development expenditure ("MDE")

The cost of MDE is amortised over the Concession Period by applying the formula stipulated in Note 2.5 to the financial statements. The denominator of the formula includes total projected traffic volume of the Concession and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the MDE is disclosed in Note 12 to financial statements.

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3. Significant accounting estimates and judgements (cont'd.)

Key sources of estimation uncertainty (cont'd.)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below: (cont'd.)

(i) Amortisation of motorway development expenditure ("MDE") (cont'd.)

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's loss before tax would have been approximately RM43,000 lower or RM42,000 higher (2020: RM63,000 lower or RM61,000 higher), arising mainly as a result of lower/higher expected traffic volume.

(ii) Impairment of motorway development expenditure ("MDE")

At the reporting date, the Company assessed whether there is an indication that an asset may be impaired. If any of such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The recoverable amount is measured through discounted cash flow analysis, considering the projected revenue, growth rate and discount rate. These estimates provide reasonable approximations to the computation of the recoverable amount.

In preparing discounted cash flow analysis, growth rates and discount rate used reflect, among others, the maturity of the business development cycles as well as industry growth potential. The projected revenue used in the projected cash flows for the following years approximate the performance of the Company based on toll revenue forecast by an independent traffic consultant.

At the reporting date, if the discount rate for the remaining concession period had been 10 basis point lower/higher, with all variables held constant, the Company's recoverable amount would have been approximately RM4,060,000 (2020: RM3,746,000) higher/lower, as a result of lower/higher expected discount rate.

At the reporting date, if the projected revenue for the remaining concession period had been 1% lower/higher, with all variable held constant, the Company's recoverable amount would have been approximately RM7,662,000 (2020: RM5,209,000) lower/higher, as a result of lower/higher expected projected revenue.

The carrying amount of the Company's motorway development expenditure at the reporting date is disclosed in Note 12 to the financial statements.

Based on management's review, no impairment is required for the Company's motorway development expenditure during the current financial year.

4. Revenue

	2021 RM	2020 RM
Toll revenue	9,602,453	14,252,250
Government compensation	6,421,729	9,450,935
	16,024,182	23,703,185

5. Cost of sales

	2021 RM	2020 RM
Toll operations	12,794,095	14,206,785

6. Other income

	2021 RM	2020 RM
Distributions from investment securities	267,153	467,266
Interest income on deposits with licensed banks	5,837	525,952
Rental income from:		
- sub-license fee	267,600	264,900
- broad casting equipment	275,210	148,513
- warehouse	33,200	18,000
Government grant received in relation to wage subsidy	172,800	-
Sundry income	164,941	107,025
	1,186,741	1,531,656

7. Finance cost

	2021 RM	2020 RM
Interest expense on advance due to holding company	17,726,582	17,758,932
Interest expense on advance received from Government of Malaysia ("GoM")	440,085	733,783
	18,166,667	18,492,715

8. Employee benefits expenses

	2021 RM	2020 RM
Salaries and bonus	3,681,096	3,372,631
Defined contribution plans	420,907	406,246
Social security costs	53,853	55,279
Other staff related expenses	238,653	277,389
	4,394,509	4,111,545

Included in employee benefits expenses are directors' fee and directors' meeting allowance amounted to RM35,000 (2020: RM24,500) and RM4,000 (2020: Nil) respectively.

9. Loss before tax

The following items have been included in arriving at loss before tax:

	2021 RM	2020 RM
Auditors' remuneration	47,250	47,250
Amortisation of MDE (Note 12)	4,301,596	6,296,564
Bad debts written off	52,800	-
Loss on disposal of plant and equipment	-	661
Depreciation of plant and equipment (Note 11)	675,658	944,584
Provision for maintenance (Note 18)	1,817,216	-

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10. Income tax expense

There are no tax expense during the year as the Company did not generate any taxable income.

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2021 RM	2020 RM
Loss before tax	(18,440,425)	(12,149,275)
Taxation at statutory tax rate of 24% (2020: 24%)	(4,425,702)	(2,915,826)
Expenses not deductible for tax purposes	796,403	1,483,292
Non-taxable income	(64,117)	(238,386)
Deferred tax assets not recognised	3,693,416	1,670,920
Tax expense for the year	-	-

Deferred tax assets have not been recognised in respect of the following items:

	2021 RM	2020 RM
Unutilised tax losses	71,951,887	61,480,475
Unabsorbed capital allowance	166,647,045	161,666,503
Other deductible temporary differences	398,124	460,845
	238,997,056	223,607,823

Year of expiry is analysed as follows:

	2021 RM	2020 RM
Unutilised tax losses		
Expiry by 2026	59,813,482	59,813,482
Expiry by 2027	-	1,666,993
Expiry by 2030	1,666,993	-
Expiry by 2031	10,471,412	-
	71,951,887	61,480,475
Indefinite		
Unabsorbed capital allowances	166,647,045	161,666,503
Other deductible temporary differences	398,124	460,845
	167,045,169	162,127,348
Total	238,997,056	223,607,823

10. Income tax expense (cont'd.)

In the previous financial year, effective from year of assessment 2019, the unutilised tax losses shall only be allowed to be carried forward for a maximum period of seven consecutive years of assessment. Any amount which is not utilised at the end of the period of seven years of assessment shall be disregarded.

However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised tax losses has been extended to ten years of assessment effective from the year of assessment 2019.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in Company against which the Company can utilise the benefits.

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11. Plant and equipment

	Plant, traffic safety, office and communication equipment RM	Furniture and fittings RM	Computer equipment RM	Motor vehicles RM	Renovation RM	Total RM
2021						
Cost						
At 1 January 2021	9,891,030	221,862	1,117,431	1,010,709	98,568	12,339,600
Additions	295,520	5,696	20,251	-	-	321,467
Write-off	-	-	(2,360)	-	-	(2,360)
At 31 December 2021	10,186,550	227,558	1,135,322	1,010,709	98,568	12,658,707
Accumulated depreciation						
At 1 January 2021	8,518,979	197,718	1,054,524	977,717	90,069	10,839,007
Charge for the year	617,861	9,587	27,122	17,212	3,876	675,658
Write-off	-	-	(2,360)	-	-	(2,360)
At 31 December 2021	9,136,840	207,305	1,079,286	994,929	93,945	11,512,305
Net carrying amount						
At 31 December 2021	1,049,710	20,253	56,036	15,780	4,623	1,146,402

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11. Plant and equipment (cont'd.)

	Plant, traffic safety, office and communication equipment RM	Furniture and fittings RM	Computer equipment RM	Motor vehicles RM	Renovation RM	Total RM
2020						
Cost						
At 1 January 2020	9,567,776	220,122	1,103,581	1,010,709	98,568	12,000,756
Additions	323,254	3,960	13,850	-	-	341,064
Disposals	-	(2,220)	-	-	-	(2,220)
At 31 December 2020	9,891,030	221,862	1,117,431	1,010,709	98,568	12,339,600
Accumulated depreciation						
At 1 January 2020	7,636,245	189,204	1,022,894	960,146	86,193	9,894,682
Charge for the year	882,734	8,773	31,630	17,571	3,876	944,584
Disposals	-	(259)	-	-	-	(259)
At 31 December 2020	8,518,979	197,718	1,054,524	977,717	90,069	10,839,007
Net carrying amount						
At 31 December 2020	1,372,051	24,144	62,907	32,992	8,499	1,500,593

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12. Motorway development expenditure

	2021 RM	2020 RM
Cost		
1 January/31 December	655,712,802	655,712,802
Accumulated amortisation		
At 1 January	84,679,326	78,382,762
Charge for the year (Note 9)	4,301,596	6,296,564
At 31 December	88,980,922	84,679,326
Accumulated impairment		
1 January/31 December	196,904,000	196,904,000
Net carrying amount	369,827,880	374,129,476

13. Other receivables

	2021 RM	2020 RM
Sundry receivables	374,612	606,251
Deposits	206,751	206,751
Prepayments	140,157	132,927
Compensation claim receivable from the GoM	6,411,538	-
Total other receivables	7,133,058	945,929
Financial assets at amortised cost		
Total other receivables	7,133,058	945,929
Add: Amount due from holding company	13,236,029	22,108,780
Cash and bank balances (Note 16)	1,521,629	627,796
Less: Prepayments	(140,157)	(132,927)
Total financial assets at amortised cost	21,750,559	23,549,578
Financial asset at fair value through profit or loss		
Investment securities (Note 15)	6,745,067	25,996,580
Total financial assets	28,495,626	49,546,158

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or a group of debtors, other than an amount due from GoM for imposing toll rates lower than those agreed upon amounting to RM6,411,538 (2020: Nil).

14. Amounts due from/(to) holding company and affiliated companies

The amounts due from/(to) holding company and affiliated companies are non-trade in nature, unsecured, interest-free and repayable on demand.

15. Investment securities

	2021 RM	2020 RM
Financial asset at fair value through profit and loss		
Held as investment fund placements	6,745,067	25,996,580

Investment securities represents funds placed with licensed fund managers. The portfolio of securities managed by the fund manager comprise of money funds, commercial papers, government bonds and fixed deposits. Their fair values are determined based on the quoted prices from the respective investment funds.

16. Cash and bank balances

	2021 RM	2020 RM
Cash in hand	6,418	7,945
Cash at bank	515,211	119,851
Deposits with licensed banks	1,000,000	500,000
Total cash and cash equivalents	1,521,629	627,796

The average effective interest rate and maturity days of the deposits at the reporting date are as follows:

	2021	2020
Average effective interest rate (%)	1.55	1.35
Maturity days	31	14

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17. Share capital

	Number of shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid:				
Ordinary shares				
At 1 January/ 31 December	20,000,000	20,000,000	20,000,000	20,000,000
Redeemable preference shares				
At 1 January/ 31 December	3,030,000	3,030,000	303,000,000	303,000,000
Total issued and fully paid	23,030,000	23,030,000	323,000,000	323,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The terms of the Redeemable Preference Shares ("RPS") are as follows:

(a) The RPS shall carry with the right to be repaid in priority to any payment to the holders of any class of shares in the capital of the Company in respect of the repayment of such capital paid-up on the said RPS thereof. Provided that the RPS shall not confer any further rights to participate in any surplus assets and profits of the Company;

(b) The right to receive as and when declared by the Board of Directors at its sole discretion, dividend, payable out of the distribution profits of the Company upon the amount paid up thereon at a rate to be determined by the Board of Directors as it deems fit and at its sole discretion. If in a year the profits do not warrant payment of a dividend, the arrears shall not be carried forward to the subsequent year(s);

(c) The RPS shall not be convertible into or exchangeable for shares with another class of the Company's capital now existing or hereafter authorised;

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17. Share capital (contd.)

The terms of the Redeemable Preference Shares ("RPS") are as follows: (contd.)

(d) The RPS shall not confer upon the holder any right to receive notice of or to be present or to vote either in person or by proxy at any general meeting of the Company save only if the proposed resolution relates to winding up or reconstruction of the Company or for reduction of capital or for sanctioning a sale of the undertakings of the Company or the varying or abrogation, of any of the rights or privileges of the RPS. Every holder of the RPS shall be entitled to one vote for every one RPS held at any of the aforesaid general meeting of the Company; and

(e) Subject to the provision of Section 72 of the Companies Act 2016, the redemption of the preference shares shall not be taken as reducing the amount of share capital of the Company and the shares shall be redeemable only if the shares are fully paid up and the redemption shall be out of profits, a fresh issue of shares or capital of the company.

18. Trade and other payables

	Note	2021 RM	2020 RM
Non-current			
Other payable			
Advance due to holding company	(a)	300,402,070	305,402,070
Current			
Trade payables			
Third parties	(b)	1,025,369	866,218
Provision for maintenance	(c)	1,827,216	163,418
		2,852,585	1,029,636
Other payables			
Sundry payables		203,259	1,062,706
Accruals		631,686	537,240
Advance due to holding company	(a)	15,000,000	10,000,000
Interest payable on advance due to holding company	(a)	4,510,016	4,453,934
Advance from the GoM		-	8,812,488
Interest payable on advance received from the GoM		616,604	176,520
		20,961,565	25,042,888
		23,814,150	26,072,524
Total trade and other payables		324,216,220	331,474,594

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18. Trade and other payables (cont'd.)

(a) These represent advances due to holding company. The amount was advanced to the Company for the purpose of repayment of the Company's previous loan with Bank Pembangunan Malaysia Berhad in 2015 and as working capital to manage and run the SMART Motorway and Tunnel. The loan is unsecured and repayable in a series of 16 repayments with the final repayment date fixed at 30 September 2032. The effective interest rate is 5.54% (2020: 5.54%) per annum.

(b) The normal trade credit terms granted to the Company range from 30 to 60 days (2020: 30 to 60 days).

(c) Provision for maintenance relate to the estimated costs of the contractual obligations to maintain the motorway infrastructure to a specified standard of serviceability.

	2021 RM	2020 RM
At 1 January	163,418	291,506
Provision during the year (Note 9)	1,817,216	-
Utilised during the year	(153,418)	(128,088)
At 31 December	1,827,216	163,418
Presented as:		
Current	1,827,216	163,418

The following table analyses the financial liabilities of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2021 RM	2020 RM
Total trade and other payables	324,216,220	331,474,594
Add: Amount due to an affiliated company	4,744	4,744
Amounts due to equity holders of the holding company	18,659,273	18,659,563
Less: Provision for maintenance	(1,827,216)	(163,418)
Total financial liabilities carried at amortised cost	341,053,021	349,975,483

19. Amounts due to equity holders of the holding company

The amounts due to equity holders of the holding company is non-trade, unsecured, interest-free and repayable on demand.

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20. Related party disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year.

	2021 RM	2020 RM
Interest expense on advance due to holding company	17,726,582	17,758,932

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established under negotiated terms.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year is as follows:

	2021 RM	2020 RM
Short-term employee benefits	753,320	912,920
Defined contribution plan	106,377	125,242
Allowances	96,880	90,884
Fees	35,000	24,500
	991,577	1,153,546

21. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks.

21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables, amount due from holding company and amount due from an affiliated company. The risk in relation to the amount due from the GoM as compensation for the imposition of toll rates lower than those as provided for under the Concession Agreement is sovereign in nature. For other financial assets (including cash and bank balances and investment securities), the Company minimises credit risk by dealing exclusively with reputable financial institutions.

The Company's receivables are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors.

Credit risk concentration profile

At the reporting date, the Company had significant concentration of credit risk that may arise from exposure to amount due from holding company which accounted for 61% (2020: 94%) of the Company's financial asset at amortised cost. At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks. (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Financial liabilities:				
Trade and other payables	2,476,918	-	-	2,476,918
Amount due to an affiliated company	4,744	-	-	4,744
Amounts due to equity holders of the holding company	18,659,273	-	-	18,659,273
Advances due to holding company	32,507,778	136,756,008	274,615,184	443,878,970
Total undiscounted financial liabilities	53,648,713	136,756,008	274,615,184	465,019,905

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21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks. (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2020				
Financial liabilities:				
Trade and other payables	11,455,172	-	-	11,455,172
Amount due to an affiliated company	4,744	-	-	4,744
Amounts due to equity holders of the holding company	18,659,563	-	-	18,659,563
Advances due to holding company	42,016,407	128,281,362	299,964,508	470,262,277
Total undiscounted financial liabilities	72,135,886	128,281,362	299,964,508	500,381,756

The Company relies on the equity holders of its holding company, Gamuda Berhad and MMC Corporation Berhad, for continued financial support to enable it to meet its obligations as and when they fall due.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from its advances due to holding company.

22. Fair values of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other receivables	13
Amount due from holding company	14
Amount due to an affiliated company	14
Advances due to holding company	18
Trade and other payables	18
Amounts due to equity holders of the holding company	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of current and non-current advances due to holding company is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statements of financial position are as follows:

Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.

Level 3 - inputs that are significant to the fair value measurement are unobservable.

At the reporting date, the Company held the following asset carried at fair value on the statements of financial position.

	Level 1	
	2021 RM	2020 RM
Investment securities	6,745,067	25,996,580

23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, refinance existing borrowings, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 2020.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY

The SCAs are entered to facilitate the toll restructuring by amending the terms of the Concession Agreements to incorporate the latest terms as agreed with the Government of Malaysia.

In addition, each Offer is conditional upon each Expressway Concession Company entering into such SCA, without which the Vendors and the Purchaser cannot proceed to sign the Finalised SSPA as it is one of the conditions precedent stated in the CLOOs which is required to be fulfilled prior to the execution of the Finalised SSPA.

The salient terms of the SCAs are as follows:

A. KESAS

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and Kesas ("**Kesas 6th SCA**") shall take effect from the date as specified by the Government of Malaysia in its written notice to Kesas ("**Kesas SCA Effective Date**") after all the conditions precedent in Kesas 6th SCA (as set out in paragraph (b) below) have been fulfilled by Kesas to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of Kesas between Kesas Holdings and ALR shall have been completed on or before the aforesaid Kesas SCA Effective Date and provided further that such Kesas SCA Effective Date shall be a date within a period of four (4) months from the date of Kesas 6th SCA ("**Kesas SCA CP Period**") or any extended Kesas SCA CP Period.

(b) Conditions Precedent

Kesas 6th SCA is conditional upon the fulfillment of the following conditions by Kesas:

(vii) the shareholder of Kesas, Kesas Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in Kesas;

(viii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;

(ix) the approval from the Government of Malaysia approving the change in shareholder of Kesas shall have been obtained. Nevertheless, pursuant to clause 19.4 of Kesas Concession Agreement, Kesas is only required to provide notification to the Government of Malaysia for any change in shareholder of Kesas. As such, Kesas had via its letter dated 22 April 2022 to the Ministry of Works (*KKR*), Malaysia, notified the Government of Malaysia of the change in shareholder and acknowledgment from the Ministry of Works (*KKR*), Malaysia on the same was obtained on 29 April 2022;

(x) the approval from the Government of Malaysia approving the stamp duty and tax exemption for Kesas and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for Kesas and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);

(xi) ALR and Kesas Holdings shall have executed the Finalised SSPA for Kesas. This can only be fulfilled subsequent to the approval from the shareholders of Kesas Holdings and your approval at our forthcoming EGM being obtained;

(xii) Kesas has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against Kesas or the Government of Malaysia in respect of the concession granted ("**Kesas Concession**") pursuant to the Kesas Concession Agreement; and

(xiii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the Kesas Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of Kesas Concession Period

The Kesas Concession Period shall be extended until 31 July 2034 ("**Kesas Extended Concession Period**") subject to the agreed toll rate ("**Kesas Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the Kesas Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the Kesas Agreed Toll Rate, the Government of Malaysia shall compensate Kesas. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

∑ = summation for all classes of vehicles;

AT = the Kesas Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;

TA = the aggregate toll collected by Kesas for the relevant concession year.

(d) Early Surrender of Kesas Concession

The Kesas Concession and the land obtained by the Government of Malaysia and made available to Kesas pursuant to the Kesas Concession Agreement and required for the Kesas Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of Kesas and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of Kesas by ALR.

(e) New Kesas Agreed Toll Rate

The Kesas Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the Kesas Extended Concession Period be as follows:

AWAN BESAR (EASTBOUND AND WESTBOUND) TOLL PLAZAS, SUNWAY TOLL PLAZA AND KEMUNING TOLL PLAZA

Concession Years	**Toll Payable According to Classes of Vehicles (RM)**				
	Class 1	**Class 2**	**Class 3**	**Class 4**	**Class 5**
1 January 2022 - 31 July 2034	2.00	3.00	4.00	1.00	1.50

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of Kesas to all its lenders other than its shareholder in the sum of RM1,250,000,000 which was imposed on Kesas in Kesas Concession Agreement is deleted in its entirety.

B. SPRINT

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and SPRINT ("**SPRINT 5th SCA**") shall, take effect from the date as specified by the Government of Malaysia in its written notice to SPRINT ("**SPRINT SCA Effective Date**") after all the conditions precedent in SPRINT 5th SCA (as set out in paragraph (b) below) have been fulfilled by SPRINT to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of SPRINT between SPRINT Holdings and ALR shall have been completed on or before the aforesaid SPRINT SCA Effective Date and provided further that such SPRINT SCA Effective Date shall be a date within a period of four (4) months from the date of SPRINT 5th SCA ("**SPRINT SCA CP Period**") or any extended SPRINT SCA CP Period.

(b) Conditions Precedent

SPRINT 5th SCA is conditional upon the fulfillment of the following conditions by SPRINT:

(i) the shareholder of SPRINT, SPRINT Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in SPRINT;

(ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;

(iii) the approval from the Government of Malaysia approving the change in shareholder of SPRINT shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;

(iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for SPRINT and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 2 June 2022 for SPRINT, 1 June 2022 for ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);

(v) ALR and SPRINT Holdings shall have executed the Finalised SSPA for SPRINT. This can only be fulfilled subsequent to the approval from the shareholders of SPRINT Holdings and your approval at our forthcoming EGM being obtained;

(vi) SPRINT has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against SPRINT or the Government of Malaysia in respect of the concession granted ("**SPRINT Concession**") pursuant to the SPRINT Concession Agreement; and

(vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the SPRINT Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of SPRINT Concession Period

The SPRINT Concession Period shall be extended as follows:

(i) in respect of package A and package B highways, until 30 November 2044; and

(ii) in respect of package C highway, until 30 November 2041

(collectively be referred to as "**SPRINT Extended Concession Period**") subject to the agreed toll rate ("**SPRINT Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the SPRINT Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the SPRINT Agreed Toll Rate, the Government of Malaysia shall compensate SPRINT. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

∑ = summation for all classes of vehicles;

AT = the SPRINT Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;

TA = the aggregate toll collected by SPRINT for the relevant concession year.

(d) Early Surrender of the SPRINT Concession

The SPRINT Concession and the land obtained by the Government of Malaysia and made available to SPRINT pursuant to the SPRINT Concession Agreement and required for the SPRINT Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of SPRINT and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of SPRINT by ALR.

(e) New SPRINT Agreed Toll Rate

The SPRINT Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the SPRINT Extended Concession Period be as follows:

PENCHALA/KIARA TOLL PLAZA, PANTAI TOLL PLAZA AND DAMANSARA TOLL PLAZA

Concession Years	Toll Plaza	Toll Payable According to Classes of Vehicles (RM)				
		Class 1 Vehicle	Class 2 Vehicle	Class 3 Vehicle	Class 4 Vehicle	Class 5 Vehicle
1 January 2022 – 30 November 2041	Bukit Penchala Toll Plaza	3.00	6.00	9.00	1.50	2.00
1 January 2022 – 30 November 2044	Pantai Toll Plaza	2.50	7.00	10.50	1.80	1.50
	Jalan Damansara Toll Plaza	2.00	4.00	6.00	1.00	1.00

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of the Government of Malaysia to the lenders in the sum of RM1,100,000,000 or in the sum of RM700,000,000 in the event that SPRINT is unable to proceed with package C highway, which was imposed on the Government of Malaysia in SPRINT Concession Agreement is deleted in its entirety.

C. <u>LITRAK</u>

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and LITRAK ("**LITRAK 3rd SCA**") shall take effect from the date as specified by the Government of Malaysia in its written notice to LITRAK ("**LITRAK SCA Effective Date**") after all the conditions precedent in LITRAK 3rd SCA (as set out in paragraph (b) below) have been fulfilled by LITRAK to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of LITRAK between LITRAK Holdings and ALR shall have been completed on or before the aforesaid LITRAK SCA Effective Date and provided further that such LITRAK SCA Effective Date shall be a date within a period of four (4) months from the date of LITRAK 3rd SCA ("**LITRAK SCA CP Period**") or any extended LITRAK SCA CP Period.

(b) Conditions Precedent

LITRAK 3rd SCA is conditional upon the fulfillment of the following conditions by LITRAK:

(i) the shareholder of LITRAK, LITRAK Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in LITRAK;

(ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;

(iii) the approval from the Government of Malaysia approving the change in shareholder of LITRAK shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;

(iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for LITRAK and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for LITRAK and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);

(v) ALR and LITRAK Holdings shall have executed the Finalised SSPA for LITRAK. This can only be fulfilled subsequent to the approval from the shareholders of LITRAK Holdings being obtained;

(vi) LITRAK has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against LITRAK or the Government of Malaysia in respect of the concession granted ("**LITRAK Concession**") pursuant to the LITRAK Concession Agreement; and

(vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the LITRAK Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of LITRAK Concession Period

The LITRAK Concession Period shall be extended until 31 July 2040 ("**LITRAK Extended Concession Period**") subject to the agreed toll rate ("**LITRAK Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the LITRAK Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the LITRAK Agreed Toll Rate, the Government of Malaysia shall compensate LITRAK. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

∑ = summation for all classes of vehicles;

AT = the LITRAK Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;

TA = the aggregate toll collected by LITRAK for the relevant concession year.

(d) Early Surrender of LITRAK Concession

The LITRAK Concession and the land (including the right of way and any land required for future widening) obtained by the Government of Malaysia and made available to LITRAK pursuant to the LITRAK Concession Agreement and required for the LITRAK Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of LITRAK and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of LITRAK by ALR.

(e) New LITRAK Agreed Toll Rate

The LITRAK Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the LITRAK Extended Concession Period be as follows:

PENCHALA TOLL PLAZA, PJ SELATAN TOLL PLAZA, PUCHONG BARAT TOLL PLAZA, AND PUCHONG SELATAN TOLL PLAZA

Concession Years	Toll Payable According to Classes of Vehicles (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
1 January 2022 - 31 July 2040	2.10	4.20	6.30	1.10	1.60

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of LITRAK to its lenders in the sum of RM1,000,000,000 which was imposed on LITRAK in LITRAK Concession Agreement is deleted in its entirety.

D. SMART

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and SMART ("**SMART 1st SCA**") shall take effect from the date as specified by the Government of Malaysia in its written notice to SMART ("**SMART SCA Effective Date**") after all the conditions precedent in SMART 1st SCA (as set out in paragraph (b) below) have been fulfilled by SMART to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of SMART between Smart Holdings and ALR shall have been completed on or before the aforesaid SMART SCA Effective Date and provided further that such SMART SCA Effective Date shall be a date within a period of four (4) months from the date of SMART 1st SCA ("**SMART SCA CP Period**") or any extended SMART SCA CP Period.

(b) Conditions Precedent

SMART 1st SCA is conditional upon the fulfillment of the following conditions by SMART:

(i) the shareholder of SMART, SMART Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in SMART;

(ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;

(iii) the approval from the Government of Malaysia approving the change in shareholder of SMART shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;

(iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for SMART and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for SMART and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);

(v) ALR and SMART Holdings shall have executed the Finalised SSPA for SMART. This can only be fulfilled subsequent to the approval from the shareholders of SMART Holdings and your approval at our forthcoming EGM being obtained;

(vi) SMART has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against SMART or the Government of Malaysia in respect of the concession granted ("**SMART Concession**") pursuant to the SMART Concession Agreement; and

(vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the SMART Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of SMART Concession Period

The SMART Concession Period shall be extended until 30 November 2048 ("**SMART Extended Concession Period**") subject to the agreed toll rate ("**SMART Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the SMART Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the SMART Agreed Toll Rate, the Government of Malaysia shall compensate SMART. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - [TA + OI]$$

Where:

CA = the amount of compensation payable in respect of the relevant operating year;

∑ = summation for all classes of vehicles;

AT = the SMART Agreed Toll Rate which should have been applied for the relevant operating year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for relevant operating year;

TA = the aggregate toll collected by SMART for the relevant operating year;

OI = any other income generated from advertisements located on the motorway.

(d) Early Surrender of SMART Concession

The SMART Concession and the land (including the right of way and any land required for future widening) obtained by the Government of Malaysia and made available to SMART pursuant to the SMART Concession Agreement and required for the SMART Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of SMART and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of SMART by ALR.

(e) New SMART Agreed Toll Rate

The SMART Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the SMART Extended Concession Period be as follows:

Operating Period	**Agreed Toll Rate (RM)**
1 January 2022 - 30 November 2048	3.00

GAMUDA BERHAD
[Registration No. 197601003632 (29579-T)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("**EGM**") of Gamuda Berhad ("**Gamuda**" or the "**Company**") will be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions set out below:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY KESAS HOLDINGS BERHAD ("KESAS HOLDINGS") OF ALL THE SECURITIES IN KESAS SDN BHD ("KESAS") TO AMANAT LEBUHRAYA RAKYAT BERHAD ("ALR"), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN KESAS HOLDINGS AND ALR, IN RESPECT OF GAMUDA'S 70.0% DIRECT INTEREST IN KESAS HOLDINGS ("PROPOSED DISPOSAL OF KESAS")

"**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure Kesas Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between Kesas Holdings and ALR ("**Kesas Finalised SSPA**") with full powers to assent to any modifications, conditions, variations and/or amendments to the Kesas Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the Kesas Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above ("**Kesas Executed SSPA**") and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for Kesas Holdings to dispose 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas for a disposal consideration of RM1,285 million to be fully satisfied in cash which is based on the enterprise value of Kesas of RM1,240 million as at 31 December 2021, upon such terms and conditions contained in the Kesas Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the Kesas Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of Kesas."

ORDINARY RESOLUTION 2

PROPOSED DISPOSAL BY SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD ("SPRINT HOLDINGS") OF ALL THE SECURITIES IN SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD ("SPRINT") TO AMANAT LEBUHRAYA RAKYAT BERHAD ("ALR"), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN SPRINT HOLDINGS AND ALR, IN RESPECT OF GAMUDA'S 30.0% DIRECT INTEREST IN SPRINT HOLDINGS ("PROPOSED DISPOSAL OF SPRINT")

"**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure SPRINT Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between SPRINT Holdings and ALR ("**SPRINT Finalised SSPA**") with full powers to assent to any modifications, conditions, variations and/or amendments to the SPRINT Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the SPRINT Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above ("**SPRINT Executed SSPA**") and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for SPRINT Holdings to dispose 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT for a disposal consideration of RM904 million to be fully satisfied in cash which is based on the enterprise value of SPRINT of RM1,808 million as at 31 December 2021, upon such terms and conditions contained in the SPRINT Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the SPRINT Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of SPRINT."

ORDINARY RESOLUTION 3

PROPOSED DISPOSAL BY PROJEK SMART HOLDINGS SDN BHD ("SMART HOLDINGS") OF ALL THE SECURITIES IN SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD ("SMART") TO AMANAT LEBUHRAYA RAKYAT BERHAD ("ALR"), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN SMART HOLDINGS AND ALR, IN RESPECT OF GAMUDA'S 50.0% DIRECT INTEREST IN SMART HOLDINGS ("PROPOSED DISPOSAL OF SMART")

"**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure SMART Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between SMART Holdings and ALR ("**SMART Finalised SSPA**") with full powers to assent to any modifications, conditions, variations and/or amendments to the SMART Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the SMART Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above ("**SMART Executed SSPA**") and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for SMART Holdings to dispose 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART and 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART for a disposal consideration of RM1.00 to be fully satisfied in cash based on the enterprise value of SMART of RM313 million as at 31 December 2021, upon such terms and conditions contained in the SMART Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the SMART Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of SMART."

BY ORDER OF THE BOARD

LIM SOO LYE
(LS0006461) (SSM PC NO. 201908002053)

PANG SIOK TIENG
(MAICSA 7020782) (SSM PC NO. 201908001079)
Company Secretaries

Petaling Jaya
12 July 2022

Notes:

1. *Virtual EGM:*
   The EGM will be conducted fully virtual through online meeting platform via Tricor's TIIH Online website. The Members are advised to follow the procedures as set out in the Administrative Details for the EGM on the registration and voting process for the EGM.

2. *Every Member of the Company is entitled to:-*
   i. *appoint another person as his proxy to exercise all or any of his rights to participate and/or vote at the EGM and that proxy may but need not be a Member of the Company.*
   ii. *appoint more than one (1) person as his proxy provided that he specifies the proportions of his shareholdings to be represented by each proxy.*

3. *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.*

4. *Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the nominee specifies the number of shares to be represented by each proxy.*

5. *If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.*

6. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*

7. *The Form of Proxy shall be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof*
   i. *Hard copy:*
      The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
      OR
   ii. *Electronic means:*
      You may also submit the Form of Proxy electronically via Tricor's TIIH Online website at https://tiih.online by following the procedures provided in the Administrative Details for the EGM.

8 *a Depositor whose name appears in the Record of Depositors as at 19 July 2022 shall be entitled to participate and/or vote remotely in the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor or appoints a proxy or proxies to participate and/or vote on his/her behalf.*

GAMUDA
Co. Regn. No.
197601003632 (29579-T)

Form of Proxy

CDS account no. of authorised nominee (Note 1)

*I/We (full name and in block letters) ____

*NRIC/Passport/Company No. (compulsory) ____________________ Mobile Phone No.: _____________

Address (in block letters): ____

being a member of **Gamuda Berhad** ("the Company") hereby appoint:-

First Proxy

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	**%**
Address:			

and Second Proxy (as the case may be)

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	**%**
Address:			

or failing *him/her, the Chairman of the Meeting as *my/our Proxy to vote for *me/our behalf at the Extraordinary General Meeting of the Company to be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof.

Resolution	Ordinary Resolution	For	Against
1	Proposed Disposal of Kesas		
2	Proposed Disposal of SPRINT		
3	Proposed Disposal of SMART		

(Please indicate with an "X" or "√" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion)

Signed this __________________day of_______________ , 2022.

No. of Shares held

____

Signature/Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. *Virtual EGM*

   The EGM will be conducted fully virtual through online meeting platform via Tricor's TIIH Online website. The Members are advised to follow the procedures as set out in the Administrative Details for the EGM on the registration and voting process for the EGM.

2. *Every Member of the Company is entitled to:-*
   - i. *appoint another person as his proxy to exercise all or any of his rights to participate and/or vote at the EGM and that proxy may but need not be a Member of the Company.*
   - ii. *appoint more than one (1) person as his proxy provided that he specifies the proportions of his shareholdings to be represented by each proxy.*

3. *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.*

4. *Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the nominee specifies the number of shares to be represented by each proxy.*

5. *If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.*

6. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*

7. *Form of Proxy shall be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof*
   - i. *Hard copy:*

     The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

     OR
   - ii. *Electronic means:*

     You may also submit the Form of Proxy electronically via Tricor's TIIH Online website at https://tiih.online by following the procedures provided in the Administrative Details for the EGM.

8. *Only a Depositor whose name appears in the Record of Depositors as at 19 July 2022 shall be entitled to participate and/or vote remotely in the EGM via the Remote Participation and Voting facilities provided by Tricor or appoints a proxy or proxies to participate and/or vote on his/her behalf.*

** Delete where not applicable*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
Gamuda Berhad
[Co. Regn. No. 197601003632 (29579-T)]
c/o Tricor Investor & Issuing House Services Sdn Bhd
[Co. Regn. No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

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