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.

LITRAK

LINGKARAN TRANS KOTA HOLDINGS BERHAD
(Registration No. 199501006186 (335382-V))
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL OF ALL THE SECURITIES OF:

(I) LINGKARAN TRANS KOTA SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF LINGKARAN TRANS KOTA HOLDINGS BERHAD ("LITRAK HOLDINGS")) BY LITRAK HOLDINGS FOR A DISPOSAL CONSIDERATION OF RM2,326 MILLION TO BE FULLY SATISFIED IN CASH; AND

(II) SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD ("SPRINT HOLDINGS")) BY SPRINT HOLDINGS, A 50% ASSOCIATE COMPANY OF LITRAK HOLDINGS, FOR A DISPOSAL CONSIDERATION OF RM904 MILLION TO BE FULLY SATISFIED IN CASH

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

PART B

INDEPENDENT ADVICE LETTER FROM AFFIN HWANG INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF LITRAK HOLDINGS AND PERMODALAN NASIONAL BERHAD IN RELATION TO THE PROPOSED DISPOSALS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser	***Independent Adviser***
HongLeong Investment Bank	AFFIN HWANG 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)	**AFFIN HWANG INVESTMENT BANK BERHAD** **(Registration No.: 197301000792 (14389-U))** **(A Participating Organisation of Bursa Malaysia Securities Berhad)**

The Notice of the Extraordinary General Meeting ("**EGM**") of LITRAK Holdings which will be conducted fully virtual through online meeting platform via TIIHOnline 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 in Malaysia on Friday, 5 August 2022 at 3.30 p.m. or at any adjournment thereof, together with the Form of Proxy are enclosed herewith.
As a shareholder, you are entitled to appoint a proxy or proxies to attend, speak and vote on your behalf. In such event, the Form of Proxy must be completed and lodged with Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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 not less than forty eight (48) hours before the time stipulated for holding our forthcoming EGM as indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting in person at our forthcoming EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Wednesday, 3 August 2022 at 3.30 p.m.
Date and time of our forthcoming EGM	:	Friday, 5 August 2022 at 3.30 p.m.

This Circular is dated 14 July 2022

DEFINITIONS

"Act"	:	Companies Act 2016
"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 of Part A of this Circular
"Affected Listed Issuer"	:	A listed issuer who (a) has suspended or ceased (i) all of its business or its major business; or (ii) its entire major operations for any reason whatsoever; or (b) has an insignificant business or operations
"Affin Hwang IB" or "Independent Adviser"	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
"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
"Cash Company"	:	Company whose assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both
"Circular"	:	This circular to our shareholders dated 14 July 2022
"CLOO"	:	Conditional Letter of Offer from ALR dated 2 April 2022
"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"	:	LITRAK Concession Agreement and SPRINT Concession Agreement, collectively
"Concession Holding Companies" or "Vendors"	:	Holding companies of the Expressway Concession Companies, being LITRAK Holdings and SPRINT 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 4 of Appendix II to this Circular
"COVID-19"	:	Coronavirus disease 2019
"DCF"	:	Discounted cash flow
"DCF WACC"	:	The weighted average cost-of-capital that is applied for a DCF valuation methodology

"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
"ESOS Options"	:	Employee Share Option Scheme of our Company
"EV"	:	Enterprise value
"Expressway Concession Companies" or "Targets"	:	LITRAK and SPRINT, 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 our Company and between ALR and SPRINT Holdings, the salient terms and conditions of which are set out in Appendix II of this Circular
"FFCF"	:	Future free cash flows
"FYE"	:	Financial year ended/ending
"Gamuda"	:	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
"HLIB" or "Principal Adviser"	:	Hong Leong Investment Bank Berhad (Registration No. 197001000928 (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, as negotiated between the Parties on normal commercial terms
"IAL"	:	Independent advice letter issued by our Independent Adviser
"IEV"	:	Intrinsic Enterprise Value

"Indebtedness"	:	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
"Initial Sum"	:	The Equity Value less the Government Compensation Receivable
"Interested Director"	:	YBhg Dato' Haji Azmi Bin Mat Nor, the Non-Independent Non-Executive Director of our Company who is deemed to be interested in the Proposed Disposals
"Kesas"	:	Kesas Sdn Bhd (Registration No. 199301020816 (275554-U))
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"LDP Highway" or "Lebuhraya Damansara-Puchong"	:	The expressway commonly known as "*Lebuhraya Damansara Puchong*" as more particularly described in Section 1.1 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" or "Company"	:	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"	:	LITRAK Offer and SPRINT 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 for 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
"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 LITRAK and Proposed Disposal of SPRINT, collectively
"Proposed Disposal of LITRAK"	:	The Proposed Disposal of LITRAK involves the sale by our Company 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 50% interest in SPRINT"	:	Proposed Disposal of SPRINT in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings

"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
"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, which is similar with the period for the Purchaser to submit any claim for breach of Vendor's Warranties under the executed Finalised SSPAs (i.e. a period of thirteen (13) months from the Valuation Date)
"Retention Sum"	:	An amount which is approximately one per centum (1%) of the amount derived by deducting Indebtedness from the EV as negotiated between the Parties on normal commercial terms, being an amount to be retained by the Purchaser from the Initial Sum
"SCA"	:	Supplemental concession agreement
"Securities" or "Sale Shares"	:	All the ordinary shares of LITRAK and SPRINT, respectively
"SMART"	:	Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (Registration No. 200201031709 (599374-W))
"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
"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 "**LITRAK Holdings**" in this Circular are to LITRAK Holdings.

All references to "**our Group**" or "**LITRAK Holdings' 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 entail the following: **(i) 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. **(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. The highest percentage ratio applicable to the Proposed Disposals exceeds 100% and the Proposed Disposals are deemed as major disposal, hence approval from our shareholders holding at least 75% of our total number of issued shares 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. Our Board and the Board of Directors of SPRINT Holdings 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 LITRAK and SPRINT the FYE 2020, 2021 and 2022; (d) the views of the Principal Adviser which was presented to our Board. The Principal Adviser had arrived at their preliminary views of each Disposal Consideration based on the preliminary indicative EV of each Expressway Concession Company; (e) the basis of valuation of the Offers as set out in Section 3.1 of Part A of this Circular; and (f) 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 allow our shareholders to realise in cash (subject to the outcome of our forthcoming EGM in relation to the Proposed Disposals), their investments in our Company as we intend to distribute the net proceeds of the Disposal Considerations to all shareholders. Considering our Company's profit track record, dividend pay-out and our future earnings, our shareholders may continue to benefit from investing in our Company for the long term. However, as the Equity Value is derived via the DCF methodology, such future benefits from holding our Company's shares in the long term had already been priced into the Equity Value. Hence, not only our shareholders are able to enjoy all the future benefits of holding our Company's shares but you are able to realise those benefits at present via the Proposed Disposals.	Section 4
Proposed distribution to shareholders and utilisation of proceeds	In the scenario where both LITRAK and SPRINT are successfully disposed, our Company intends to distribute approximately RM2,721.03 million to our entitled shareholders by way of special a cash dividend and/or capital repayment as our Board deems appropriate. The proceeds allocated for general corporate expenses and estimated expenses for the Proposed Disposals amounts to RM8.00 million and RM1.62 million respectively.	Section 5
Listing status and future plans	As the Proposed Disposals are not inter-conditional upon each other, there are three (3) possible scenarios which may affect our listing status as follows:	Section 6

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

The Proposed Disposals under Scenario 1 and Scenario 2 signify the disposal of our Company's core business i.e. toll operation business and our Company will have no future revenue and profit from toll operation business upon completion of the Proposed Disposals.

In the event that Bursa Securities classify our Company as Cash Company and/or Affected Listed Issuer, we have no intention to regularise our financial condition in view that it is not our intention to maintain our listing status.

If the proposed distribution by way of capital repayment is not approved or carried out, our Board will consider other available options to return the disposal proceeds to our shareholders through a proposal to voluntarily wind up our Company.

If the proposed distribution by way of capital repayment is approved and carried out, our Board will apply to Bursa Securities for the voluntary withdrawal of our Company from the Main Market of Bursa Securities after the completion of the proposed distribution.

In Scenario 3 however, our Company will not be classified as a Cash Company and/or an Affected Listed Issuer in view that we will still maintain a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities from the operation of LITRAK.

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 LITRAK, SPRINT, Kesas and SMART, 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; (vi) Loss of future income after the Proposed Disposals; (vii) Risk of future pandemic outbreaks which may result in similar impact as the Covid-19 pandemic; and (viii) Risk of the Government of Malaysia paying an amount that is less than the Government Compensation Receivable shown in this Circular.	Section 7
Interest of Directors, major shareholders and persons connected	<u>**Interested Directors**</u> YBhg Dato' Haji Azmi Bin Mat Nor, the Non-Independent Non-Executive Director of our Company, is also the Group Executive Director, Head of Infrastructure Concessions, a senior management personnel of Gamuda. Therefore, YBhg Dato' Azmi Bin Mat Nor is deemed interested in the Proposed Disposals in view that he is a person connected to Gamuda. Accordingly, the Interested Director and persons connected with him (if any) has abstained and will continue to abstain from all deliberations and voting at the meetings of our Board in relation to the Proposed Disposals and will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company on the special resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM.	Section 11

Interest of Directors, major shareholders and persons connected (Cont'd)	<u>**Interested Major Shareholders**</u> PNB, being the single largest shareholder of Gamuda and the second largest shareholder of our Company (after Gamuda) 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. Gamuda acknowledges that it is an interested party for the shareholder voting process at our forthcoming EGM for the Proposed Disposals. As such, Gamuda confirmed that it shall abstain from voting, and ensure that persons connected with it (if any) will abstain from voting on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM.	Section 11
Directors statement and recommendation	**Our Board confirms that our Company and each of our Directors, Tan Sri Dato' Setia Haji Ambrin bin Buang, Ir Haji Yusoff bin Daud, Dato' Haji Azmi bin Mat Nor, Datin Lee Choi Chew and Puan Nazli binti Mohd Khir Johari, are not accustomed 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 LITRAK and Proposed Disposal of 50% interest in SPRINT at our forthcoming EGM.	Section 14

LINGKARAN TRANS KOTA HOLDINGS BERHAD
(Registration No. 199501006186 (335382-V))
(Incorporated in Malaysia)

Registered Office:

2nd Floor, Kompleks Operasi LITRAK
KM-19 Lebuhraya Damansara-Puchong
Bandar Sunway, PJS 9
47500, Subang Jaya
Selangor Darul Ehsan

14 July 2022

Board of Directors

Tan Sri Dato' Setia Haji Ambrin Bin Buang *(Independent Non-Executive Chairman)*
Ir. Haji Yusoff Bin Daud *(Non-Independent Executive Director)*
YBhg Dato' Haji Azmi Bin Mat Nor *(Non-Independent Non-Executive Director)*
Datin Lee Choi Chew *(Independent Non-Executive Director)*
Puan Nazli binti Mohd Khir Johari *(Independent Non-Executive Director)*

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) our Company had on 2 April 2022, received a CLOO from ALR in respect of LITRAK Offer; and

(b) SPRINT Holdings, being our 50% associated company, had on 2 April 2022, received a CLOO from ALR in respect of SPRINT Offer.

Each of the LITRAK Offer and SPRINT Offer has been given by ALR on a standalone basis and is mutually exclusive from each other.

On 18 April 2022, HLIB had, on behalf of our Board, announced that both our Company and SPRINT Holdings have each separately accepted the respective Offers and have delivered the respective written acceptances to ALR on 18 April 2022.

On 8 June 2022, HLIB had, on behalf of our Board, announced that on 7 June 2022, both our Company and SPRINT Holdings have each 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 5 August 2022) and

Section 9 of Part A of this Circular which includes, amongst others, the approval of the shareholders of SPRINT Holdings for the Proposed Disposal of SPRINT and your approval at our forthcoming EGM for the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT, having been obtained. Our Company will be seeking, amongst 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.

On 12 July 2022, HLIB had, on behalf of our Board, announced that ALR and each Expressway Concession Company had on 8 July 2022 agreed to extend the execution date of the definitive agreement as specified in the CLOO from 31 July 2022 to 30 August 2022. Pursuant to the extension, the definitive agreement as specified in the CLOO shall be executed by 30 August 2022 or such other extended date as may be mutually agreed between the Parties.

The Proposed Disposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the following:

(a) Gamuda, being our largest shareholder, had acknowledged that it is an interested party for the shareholder voting process at our forthcoming EGM for the Proposed Disposals pursuant to Paragraph 10.08 of the Listing Requirement given its role as the key negotiator with ALR for the Proposed Disposals as well as for the proposed disposals of Kesas by Kesas Holdings Berhad, a 70% owned subsidiary of Gamuda and the proposed disposal of SMART by Projek SMART Holdings Sdn Bhd, a 50% joint venture company of Gamuda; and

(b) PNB, being the largest shareholder of Gamuda and second largest shareholder of our Company (after Gamuda) is a common major shareholder in both the companies involved in the Proposed Disposals (i.e. Gamuda and 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 Disposals 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:

    i. 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;

    ii. our Board and Audit and Risks Management Committee must ensure that each of the Proposed Disposal 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;

    iii. appointment of the Principal Adviser and Independent Adviser (which is separate from the independent adviser of Gamuda) to advise our Company and our shareholders of the Proposed Disposals in accordance with paragraph 10.08 of the Listing Requirements; and

    iv. Gamuda shall ensure its nominee director(s) abstain from deliberation and voting at any of our board meeting and shall abstain itself from deliberation and voting at any of our general meeting, in respect of the Proposed Disposals 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 and only Gamuda and persons connected with it shall abstain from voting on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. Further details on Gamuda and PNB are as set out in Section 11 of Part A of this Circular.

In addition, the Proposed Disposals also represent a major disposal transaction pursuant to Paragraph 10.02(eA) of the Listing Requirements which may result in our Company to no longer be suitable for continued listing on the Official List of Bursa Securities. Accordingly, our Board (save for the Interested Director) had, on 5 April 2022 and pursuant to Paragraph 10.08(3) and Paragraph 10.11A of the Listing Requirements, appointed Affin Hwang IB to act as an Independent Adviser to advise our non-interested Directors and non-interested shareholders, and PNB in relation to the Proposed Disposals. Details and roles of the Independent Adviser are set out in Section 12 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 RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED 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 entail the following:

(i) Proposed Disposal of LITRAK

The Proposed Disposal of LITRAK involves the sale by our Company 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 which is 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.

(ii) Proposed Disposal of SPRINT

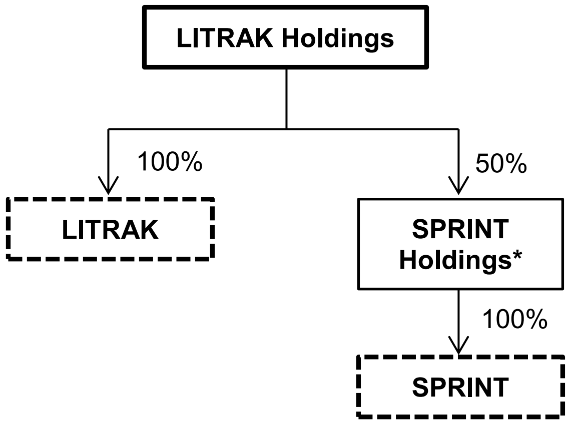
The Proposed Disposal of SPRINT involves the sale by SPRINT Holdings of 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT to ALR for a disposal consideration of RM904 million to be fully satisfied in cash which is based on the EV of SPRINT of RM1,808 million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

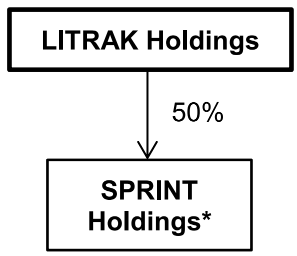
The Proposed Disposal of SPRINT shall be in respect of all and not part of the Securities of SPRINT.

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

<u>Before the Proposed Disposals</u>



<u>After the Proposed Disposals</u>



* LITRAK Holdings, Gamuda and Kumpulan Perangsang Selangor Berhad ("**KPS**") hold 50%, 30% and 20% direct interest, respectively in SPRINT Holdings. 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. The Board of Gamuda had on 18 April 2022 approved the Proposed Disposal of SPRINT and the resolutions for the Proposed Disposal of SPRINT (in respect of Gamuda's 30% direct interest in SPRINT Holdings) will be tabled for the approval of the shareholders of Gamuda at its forthcoming EGM on 27 July 2022.

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 to be calculated as follows:

$$\boxed{\text{Equity Value} \quad = \quad EV - A + B + C - D}$$

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

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 LITRAK**	**Proposed Disposal of SPRINT**	**Total**
		RM'million	**RM'million**	**RM'million**
EV		2,119	1,808	3,927
Less:				
Indebtedness[(i)]	**(A)**	(395)	(1,146)	(1,541)
Other Net Current Liabilities[(ii)]	**(D)**	(30)	(10)	(40)
Add:				
Residual Cash[(iii)]	**(B)**	464	205	669
Government Compensation Receivable[(iv)]	**(C)**	168	47	215
Equity Value		**2,326**	**904**	**3,230**
Less: Pre-Completion Dividend		(80)	-	(80)
Adjusted Equity Value	**(E)**	2,246	904	3,150
Add: Holding Cost on Initial Sum[(v)]	**(F)**	27	11	38
Total equity holders' proceeds	**(G)=(E+F)**	**2,273**	**915**	**3,188**
LITRAK Holdings' interest	(i)	100%	50%	
LITRAK Holdings' portion of the Adjusted Equity Value	**(H)=(E*i)**	**2,246**	**452**	**2,698**
LITRAK Holdings' portion of total equity holders' proceeds[(vi)]	**(J)=(G*i)**	**2,273**	**458**	**2,731**

Notes:

(i) Indebtedness as at the Valuation Date.

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

(iii) Residual Cash as at the Valuation Date.

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

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

(v) Holding Cost on 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.

(vi) 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;

	LITRAK (RM'million)	**SPRINT (RM'million)**	**Total (RM'million)**
Within 45 days from Completion Date	2,198	431	**2,409**
Within 12 months from Completion Date	75	27	**102**
Total	**2,273**	**458**	**2,731**

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 proceeds to be received by our Company within an estimated timeline of twelve (12) months from the 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, is 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 in view 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 Company's portion of the remaining proceeds to be received within 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 and Retention Sum 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:

Completion Amount	**=**	**Initial Sum + Holding Cost on Initial Sum – Pre-Completion Dividend – Retention Sum**
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. Payment of Completion Amount

On the Completion Date, ALR shall pay to the respective Holding Companies the Completion Amount which is equivalent to the Initial Sum <u>adjusted by</u> 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 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.

2.2.2. 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. There is no specific timeline for the certification of the Government Compensation Receivable. Historically for the past three (3) years, the difference between the estimated and certified Government Compensation Receivable is less than 5% for all the 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.

2.2.3. 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 based on the estimated weighted average profit rate per annum of the sukuk to be raised by ALR for the acquisition of the Expressway Concession Company, the actual WACC is to be determined upon the first issuance of sukuk under ALR Sukuk Programme). 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.

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2.2.4. Illustration of Disposal Consideration

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

	Proposed Disposal of LITRAK	**Proposed Disposal of SPRINT**	**Total**
	RM'million	**RM'million**	**RM'million**
Equity Value	2,326	904	3,230
Less:			
Government Compensation Receivable(i)	(168)(ii)	(47)	(215)
Initial Sum	**2,158**	**857**	**3,015**
Add:			
Holding Cost on Initial Sum(iii)	27	11	38
Less:			
Pre-Completion Dividend	(80)	-	(80)
Retention Sum	(17)	(7)	(24)
Completion Amount	**2,088**	**861**	**2,949**
LITRAK Holdings' interest	**100%**	**50%**	
LITRAK Holdings' portion of the Completion Amount	**2,088**	**431**	**2,519**
LITRAK Holding's portion of Government Compensation Receivable and Retention Sum	**185**	**27**	**212**
LITRAK Holdings' portion of total equity holders' proceeds	**2,273**	**458**	**2,731**

Notes:

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

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

(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 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.

2.3. Salient terms of the Finalised SSPAs

Both our Company and SPRINT Holdings have each separately agreed with ALR 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 approval of the shareholders of SPRINT Holdings for the Proposed Disposal of SPRINT and your approval at our forthcoming EGM for the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT, 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 LITRAK and the Proposed Disposal of 50% interest in SPRINT, 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 Act 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 Act, 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 LITRAK and SPRINT (via SPRINT Holdings) are set out below:

(i) Investment in LITRAK

The date and original cost of investments of the ordinary shares in LITRAK by our Company 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 by LITRAK Holdings in LITRAK amounted to RM50,000,000.

(ii) Investment in SPRINT through SPRINT Holdings

Our Company's investment in SPRINT is through SPRINT Holdings, with an effective interest of 50% in the form of 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.

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 by LITRAK Holdings in SPRINT amounted to RM392,928,382.

2.5. Information on LITRAK and SPRINT

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.

2.8. Source of funding

ALR intends to finance the Disposal Considerations via a fund-raise of an amount up to RM5.5 billion vide issuance of sukuk. The successful fund-raise by ALR is one of the Conditions Precedent agreed in the Finalised SSPA. Upon a successful fund-raise by ALR, ALR will have sufficient financial resources to make the payment of approximately RM3.2 billion (being the Disposal Considerations for the Proposed Disposals) required to complete the Proposed Disposals.

As at the date of this Circular, ALR is still in the process of securing sufficient financial resources to undertake the Proposed Disposals. The fund raising by ALR is expected to be completed by 15 August 2022.

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. Our Board and the Board of Directors of SPRINT Holdings 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 LITRAK and SPRINT for the FYE 2020, 2021 and 2022;

(d) the views of the Principal Adviser which was presented to our Board. The Principal Adviser had arrived at their preliminary views of each Disposal Consideration based on the preliminary indicative EV of each Expressway Concession Company;

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

(f) 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.

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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. 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%)	:	Based on the debt to equity capital structure of LITRAK and SPRINT
% Equity (E%)	:	
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:

	LITRAK	SPRINT	Total
DCF WACC (% p.a.)	**6.54%**	**6.77%**	
IEV (RM' million)	**2,119**	**1,808**	**3,927**
EV (RM' million)	**2,119**	**1,808**	**3,927**

The EV as shown above is based on the Offers received from ALR via its CLOOs dated 2 April 2022, which in turn is derived from the IEV. Hence, for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT, the EV is equivalent to IEV.

4. RATIONALE FOR THE PROPOSED DISPOSALS

4.1. 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 relevant Concession Agreement toll rates. In 2021, the compensation received totalled RM280 million, of which RM166.6 million is for the LDP Highway and RM113.4 million is for the SPRINT Highway.

This compensation amount payable does tend to increase over time given that the underlying Concession Agreement rates would increase over time (for certain tolled highways in the industry in accordance with their respective Concession Agreements) 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)
LITRAK	1.50
SPRINT	1.62

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 Agreements 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 of LITRAK and SPRINT, 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 the shareholders as it fully values the concessions based on the existing Concession Agreements, 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 our non-interested shareholders and PNB vote in favour of the Proposed Disposal of LITRAK and the Proposed Disposal of 50% interest in SPRINT (and provided that the shareholders of SPRINT Holdings also vote in favour of the Proposed Disposal of SPRINT), then our shareholders will realise a combined gain of RM1,525.05 million from all the Proposed Disposals.

In addition, the Proposed Disposals will also allow our shareholders to realise in cash (subject to the outcome of our forthcoming EGM in relation to the Proposed Disposals), their investments in our Company as we intend to distribute the net proceeds of the Disposal Considerations to all shareholders, details of which are set out in Section 5 of Part A of this Circular.

Considering our Company's profit track record, dividend pay-out and our future earnings, our shareholders may continue to benefit from investing in our Company for the long term. However, as the Equity Value is derived via the DCF methodology, such future benefits from holding our Company's shares in the long term had already been priced into the Equity Value. Hence, not only our shareholders are able to enjoy all the future benefits of holding our Company's shares but you are able to realise those benefits at present via the Proposed Disposals.

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 us to monetise our long-term investment in LITRAK and SPRINT Holdings and reward our shareholders; and

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

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5. PROPOSED DISTRIBUTION TO SHAREHOLDERS AND UTILISATION OF PROCEEDS

The proposed utilisation of proceeds in this Section 5 can be illustrated in the following scenarios:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

In Scenario 1, 2 and 3, our Company's share of the total Disposal Considerations and Holding Cost on Initial Sum amounts to approximately RM2,730.65 million, RM2,273.44 million and RM457.21 million, respectively. Our Company intends to utilise these proceeds as follows:

	Gross proceeds						Estimated utilisation timeframe from the Completion Date
	Scenario 1		Scenario 2		Scenario 3		
Purpose	**RM'million**	**%**	**RM'million**	**%**	**RM'million**	**%**	
Distribution to our shareholders:							
Special cash dividend	*2,475.05*	*90.64*	*2,263.82**	*99.58*	*323.12*	*70.68*	*Within 45 days*
Capital repayment	*245.98*	*9.01*	-	-	*124.47*	*27.22*	*Within 12 months*
General corporate expenses	8.00	0.29	8.00	0.35	8.00	1.75	Within 12 months
Estimated expenses for the Proposed Disposals	1.62	0.06	1.62	0.07	1.62	0.35	Within 1 month
Total	**2,730.65**	**100.00**	**2,273.44**	**100.00**	**457.21**	**100.00**	

* *Includes approximately RM57.83 million of Government Compensation Receivable and RM17.24 million of Retention Sum of LITRAK which has yet to be received as at the LPD. The said Government Compensation Receivable and Retention Sum are expected to be received and distributed to our shareholders via special cash dividend within 12 months from the Completion Date.*

5.1. Distribution to shareholders of our Company

In Scenario 1, 2 and 3, it is the intention of our Company to distribute approximately RM2,721.03 million, RM2,263.82 million and RM447.59 million, respectively to our entitled shareholders by way of special cash dividend and/or capital repayment as our Board deems appropriate. The estimated breakdown between the special cash dividend and capital repayment are as follows:

	Scenario 1		**Scenario 2**		**Scenario 3**	
Distribution to our shareholders	**RM 'million**	**%**	**RM 'million**	**%**	**RM 'million**	**%**
Special cash dividend	2,475.05	90.96	2,263.82	100.00	323.12	72.19
Capital repayment	245.98	9.04	-	-	124.47	27.81
Total	**2,721.03**	**100.00**	**2,263.82**	**100.00**	**447.59**	**100.00**

The special cash dividend and capital repayment expected to be paid to our shareholders is estimated based on the projected cash balances and retained profits of our Company on the assumptions that LITRAK and/or SPRINT are successfully disposed.

The special cash dividend shall be declared upon completion of the Proposed Disposals and receipt of the Completion Amount from ALR and the special cash dividend is expected to be paid to our shareholders within forty-five (45) days from the receipt of the Completion Amount subject to the availability of cash balances and retained profits of our Company to comply with Sections 131 and 132 of the Act as at the date of the declaration of the special cash dividend.

Sections 131 and 132 of the Act stipulate that a company can distribute dividends out of its profits and the company must be solvent within twelve (12) months immediately after the distribution is made. Therefore, our Company can only distribute dividends up to our available cash balances and retained profits in compliance with Sections 131 and 132 of the Act and the cash balances and retained profits will not be available for distribution in the event that the special cash dividend will render our Company being unable to comply with Sections 131 and 132 of the Act.

Subsequently, our Company will distribute the remaining cash in our Company via a capital repayment exercise. The capital repayment exercise will be subject to, amongst others, the approval of our shareholders and the order by the High Court of Malaya confirming the capital repayment exercise being obtained, the capital repayment exercise is expected to be completed within twelve (12) months from the Completion Date. Notwithstanding the estimated breakdown above, the exact breakdown between the special cash dividend and capital repayment cannot be determined at this juncture. An announcement in relation thereto will be made at the appropriate time.

For illustrative purposes only, taking into consideration of Scenario 1 where both LITRAK and SPRINT are successfully disposed, our Company has also further assumed the following scenarios to arrive at the indicative amounts to be distributed to our shareholders (including cash proceeds from the exercise of all the in-the-money ESOS Options):

Scenario 1(A) : ESOS Options which are in-the-money (where the exercise price of the ESOS Options is below RM5.09, being the implied equity value per LITRAK Holdings' share) have been exercised as at the LPD.

Scenario 1(B) : ESOS Options which are in-the-money (i.e, exercise price below RM5.09) have been exercised as at the LPD, other than the least in-the-money ESOS Options (i.e., Exercise price at RM5.02) which would not have been exercised because of the thin capital gains and thus making it uneconomical to exercise by the ESOS Options holders.

	Scenario 1(A) (RM'million)	Scenario 1(B) (RM'million)
Amount to be distributed to our shareholders pursuant to the Proposed Disposals	2,721	2,721
Add:		
Net cash position of our Company as at the LPD	30	30
Proceeds from exercise of the in-the-money ESOS Options(i)	28	9
Total(ii)	**2,779**	**2,760**
Enlarged issued share capital ('000)	**545,450**	**541,817**
Cash distribution amount per share (RM)	**5.09**	**5.09**

Notes:

(i) *The ESOS Options which are in the money are as listed below:*

Grant date	***Exercise price (RM)***	***No. of options ('000)***	***Amount (RM'000)***
18 April 2018	*5.02*	*3,633*	*18,238*
20 April 2016	*4.68*	*767*	*3,590*
08 October 2018	*4.18*	*130*	*543*
07 October 2019	*4.05*	*2*	*8*
30 April 2019	*3.94*	*743*	*2,928*
30 April 2020	*3.55*	*355*	*1,260*
21 April 2021	*3.51*	*401*	*1,408*
10 April 2015	*3.45*	*12*	*41*
09 April 2014	*3.44*	*1*	*3*
	Total	***6,044***	***28,019***

(ii) The estimated amount to be distributed to our shareholders by way of special cash dividend and/or capital repayment are illustrated in the table below:

	Scenario 1(A) (RM'million)		Scenario 1(B) (RM'million)	
	Cash distribution amount per share (RM)	**Total (RM'million)**	**Cash distribution amount per share (RM)**	**Total (RM'million)**
Special cash dividend	4.54	2,475	4.57	2,475
Capital repayment	0.55	304	0.52	285
Total	**5.09**	**2,779**	**5.09**	**2,760**

5.2. General corporate expenses

Our Company proposes to utilise part of the Disposal Considerations for our business operations, which the breakdown is as follows:

Utilisation	(RM'million)
Staff costs/ Directors remuneration	4.70
General overheads and maintenance expenses (including rental, utilities and general administrative costs)	1.70
Professional fees (including audit, legal, tax and secretarial fees etc)	1.60
Total	**8.00**

The amount of proceeds allocated for the general corporate expenses above is based on our Company's estimation and thus any shortfall or surplus of any category of general corporate expenses will be adjusted to the other categories as our Company deems appropriate.

The actual amount to be utilised for general corporate expenses will vary based on the actual utilisation of the Disposal Considerations and estimated expenses for the Proposed Disposals. Any surplus or deficit will be applied towards adjusting the amount available at the capital repayment stage.

5.3. 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 RM1.62 million. The nature of such expenses comprises professional fees, fees to authorities, printing, postage, advertising, our forthcoming EGM and other miscellaneous expenses connected to the Proposed Disposals which the breakdown is as follows:

Utilisation	(RM'million)
Professional fees	1.55
Fees to authority	0.02
Printing, postage, advertising, and EGM related expenses	0.05
Total	**1.62**

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for general corporate expenses as set out in Section 5.2 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. LISTING STATUS AND FUTURE PLANS

As the Proposed Disposals are not inter-conditional upon each other, there are three (3) possible scenarios which may affect the listing status of our Company as follows:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

6.1. Listing status

In Scenario 1 and Scenario 2, Bursa Securities may classify our Company as Cash Company pursuant to Paragraph 8.03 and Practice Note 16 of the Listing Requirements. Pursuant to Paragraph 8.03(1) of the Listing Requirements, a company may be considered by Bursa Securities as a Cash Company when its assets, on a consolidated basis, consists of 70% or more of cash or short-term investments, or a combination of both.

Pursuant to Paragraph 8.03(4) of the Listing Requirements, a Cash Company must place at least 90% of its cash and short-dated securities, including existing cash and the net proceeds from the Proposed Disposals (after deducting transaction costs) in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian. The amount placed in this account can only be utilised for implementing a proposal to acquire a new core business approved by the Securities Commission Malaysia or for pro rata distributions to shareholders in the event our Company does not successfully implement a proposal to acquire a new core business within the stipulated timeframe.

In addition, Bursa Securities may also classify our Company as an Affected Listed Issuer under Paragraph 8.03A of the Listing Requirements in Scenario 1 and Scenario 2, as our Company may be deemed to have triggered the following prescribed criteria:

(i) suspended or ceased all of our business or major business; or its entire or major operations as a result of the Proposed Disposals; or

(ii) has an insignificant business or operations after the completion of the Proposed Disposals.

Pursuant to Paragraphs 8.03(5) and 8.03A(3) of the Listing Requirements, our Company is required to regularise our Company's condition by submitting a proposal to the Securities Commission Malaysia for its approval to acquire a new core business within twelve (12) months from the day our Company becomes a Cash Company or Affected Listed Issuer. In the event our Company fails to regularise our Company's condition within the stipulated timeframe, our Company's listed securities may be suspended and our Company may be de-listed from the Official List of Bursa Securities. In view that it is not our intention to maintain our listing status, we have no intention to regularise our Company's financial condition in the event we trigger Paragraphs 8.03 and/or 8.03A of the Listing Requirements.

In Scenario 3 however, our Company will not be classified as a Cash Company and/ or an Affected Listed Issuer in view that we will still maintain a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities from the operation of LITRAK based on its latest audited financial results for the FYE 31 March 2022 which had contributed 100% of our Company's revenue.

6.2. Future plans

The Proposed Disposals under Scenario 1 and Scenario 2 signify the disposal of our Company's core business i.e. toll operation business and our Company will have no future revenue and profit from toll operation business upon completion of the Proposed Disposals.

It is not our intention to maintain our listing status. If the proposed distribution by way of capital repayment is not approved or carried out, our Board will consider other available options to return the disposal proceeds to our shareholders through a proposal to voluntarily wind up our Company.

If the proposed distribution by way of capital repayment is approved and carried out, our Board will apply to Bursa Securities for the voluntary withdrawal of our Company from the Main Market of Bursa Securities after the completion of the proposed distribution.

Our Company will make the appropriate announcements on any material developments in respect to the proposed distribution pursuant to the Listing Requirements and obtain our shareholders' approval at our forthcoming EGM, where applicable.

In Scenario 3 however, our Company will continue to operate our toll operating business and shall maintain its status quo.

7. 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:

7.1. Termination of CLOOs

Based on the agreed term under the CLOOs and notwithstanding the approval by our Board and approvals from our shareholders and shareholders of SPRINT Holdings, respectively 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.

7.2. 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 LITRAK, SPRINT, Kesas and SMART are not approved for disposal, particularly if the cash-flows of LITRAK, SPRINT, Kesas and/or SMART is deemed necessary by the funding investors of ALR. On the other hand, if the cash flows of LITRAK, SPRINT, Kesas and/or SMART is not deemed material for ALR, then ALR's fund-raising can proceed and thus ALR's acquisition of LITRAK, SPRINT, Kesas and/or SMART which are approved for disposal, can also proceed.

7.3. 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.

7.4. 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.

7.5. Contractual risk

Our Company and SPRINT Holdings, being 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.

7.6. Loss of future income after the Proposed Disposal

Upon completion of the Proposed Disposal of LITRAK, which is a major contributor to our revenue and profit, LITRAK will cease to be our wholly-owned subsidiary and upon completion of the Proposed Disposal of SPRINT, SPRINT shall cease to be a subsidiary of SPRINT Holdings and our Company's indirect associate company. Therefore, our Company will cease to consolidate LITRAK's financial results nor receive any dividend income from SPRINT. For the FYE 2022, LITRAK contributed approximately 100% to our Company's total revenue and PAT while SPRINT is loss making.

Further, in the event where only the Proposed Disposal of LITRAK is completed, our Company will not have sufficient business or operations to maintain its listing status.

Upon completion of the Proposed Disposals, our Company will have no significant operations.

7.7. Impact of Covid-19 pandemic

Pursuant to the Covid-19 pandemic, the Government of Malaysia had imposed various movement control orders ("**MCO**") throughout Malaysia since 18 March 2020 in its effort to curb the spread of the virus. Tollable traffic volume for LDP Highway and SPRINT Highway dropped by approximately 55% and 73% respectively compared to pre-MCO levels (prior to March 2020) before both our highways registered positive recoveries of tollable traffic volumes with the relaxation of MCO 2.0 in February 2021. Whilst the highway remains operational throughout all periods of MCO, tollable traffic volume had reduced significantly which is reflected in the financials of our Company which saw a decrease of approximately 22.0% in revenue and 21.4% in PAT for the FYE 31 March 2021.

However, the Government of Malaysia had announced that Malaysia began its transition to the endemic phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed. Interstate travel is allowed for all regardless of their vaccination status. The transition to the endemic phase is an exit strategy that would allow Malaysians to return to near normal life after nearly two years of battling the pandemic. With the removal of movement restrictions and resumption of economic activities, both LDP Highway and SPRINT Highway have registered positive recovery of tollable traffic volumes, albeit still below pre-MCO levels.

Notwithstanding the above, any such future pandemic outbreaks may result in similar impact to our Company's operations and may subsequently have a material adverse impact on our financial performance.

7.8. 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 the Expressway Concession Companies. Hence, the risk of material difference in the Government Compensation Receivable amount is low.

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8. EFFECTS OF THE PROPOSED DISPOSALS

The effects of the Proposed Disposals in this Section 8 can be illustrated in the following scenarios:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

8.1. 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.

8.2. Earnings and EPS

Our Company is expected to recognise a total gain of approximately RM1,525.05 million, RM1,280.69 million and RM242.74 million in Scenario 1, 2 and 3, respectively arising from the Proposed Disposals in our pro-forma consolidated income statement for the FYE 31 March 2022. This estimated gain translates to a gain per LITRAK Holdings share of approximately RM2.86, RM2.40 and RM0.46 in Scenario 1, 2 and 3, respectively.

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

	Scenario 1[(i)]	**Scenario 2**	**Scenario 3**
	RM'000	**RM'000**	**RM'000**
Equity Value	2,778,141	2,326,319	451,822
Add:			
Holding Cost on Initial Sum	32,509	27,125	5,384
Less:			
- Pre-Completion Dividend	(80,000)	(80,000)	-
Estimated Disposal Considerations	2,730,650	2,273,444	457,206
Add:			
- Net liabilities of SPRINT as at 31 March 2022 (50% equity interest)	79,645	-	79,645
Less:			
- NA of our Company as at 31 March 2022	(991,135)	(991,135)	-
- Redemption of SPRINT RULS by SPRINT (50% equity interest)	(292,500)	-	(292,500)
- Estimated expenses for the Proposed Disposals	(1,615)	(1,615)	(1,615)
Estimated gain on the Proposed Disposals	**1,525,045**	**1,280,694**	**242,736**

Notes:

(i) *The breakdown of the estimated expenses between the Proposed Disposal of LITRAK and Proposed Disposal of SPRINT under Scenario 1 and the corresponding estimated gain is as follows:*

	Proposed Disposal of LITRAK	***Proposed Disposal of SPRINT***	***Total***
	RM'000	***RM'000***	***RM'000***
Estimated expenses for the Proposed Disposals	*(1,152)**	*(463)**	*(1,615)*
Estimated gain on the Proposed Disposals	*1,281,157*	*243,888*	*1,525,045*

* *The estimated expenses have been allocated between the Proposed Disposal of LITRAK and Proposed Disposal of SPRINT based on the respective proportion of the estimated disposal considerations.*

For illustration purposes only, the pro forma effects of the Proposed Disposals to our Group's earnings and EPS assuming that the Proposed Disposals had been effected on the beginning of the FYE 31 March 2022 are as follows:

	Audited for FYE 31 March 2022	**After the Proposed Disposals**
	RM'000	**RM'000**
Consolidated PAT attributable to our Group	162,848	162,848
Add:		
- Loss of PAT contribution from LITRAK and SPRINT	-	(164,599)
- Pro forma gain on the Proposed Disposals based on the NA of LITRAK and SPRINT as at 31 March 2021	-	1,689,644
- Pro forma gain on the Proposed Disposals	-	1,525,045
Adjusted PAT attributable to our Group	**162,848**	**1,687,893**[(i)]
Weighted average number of ordinary shares in issue (**'000**)	532,876	532,876
Basic EPS (sen)	**30.56**	**316.75**
No. of ordinary shares in issue as at the LPD (**'000**)	539,406	539,406
Basic EPS as at the LPD (sen)	**30.19**	**312.92**

For the FYE 2022, LITRAK contributed approximately 100% to our Company's total revenue and PAT while SPRINT is loss making.

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8.3. NA, NA per share and gearing

For illustration purposes only, based on the audited consolidated statement of financial position of our Group as at 31 March 2022 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 our Group is as follows:

	Audited as at 31 March 2022	**(I) After the Proposed Disposal of LITRAK**	**(II) After (I) and the Proposed Disposal of SPRINT**
	RM'000	**RM'000**	**RM'000**
Share capital	253,661	253,661	253,661
Other reserve	9,576	9,576	9,576
Retained earnings	950,009	2,231,166[(i)]	2,475,054[(i)]
Shareholders' fund / NA	**1,213,246**	**2,494,403**	**2,738,291**
No. of ordinary shares in issue (**'000**)	533,084	533,084	533,084
NA per share (**RM**)	2.28	4.68	5.14
No. of ordinary shares in issue as at the LPD (**'000**)	539,406	539,406	539,406
NA per share as at the LPD (**RM**)	2.25	4.62	5.08
Total borrowings (**RM**)	388,349	-[(ii)]	-[(ii)]
Gearing ratio (**times**)	0.32	-	-

Notes:

(i) *After taking into consideration the estimated gain on the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT of RM1,281.16 million and RM243.89 million respectively (after deducting estimated expenses in relation to the Proposed Disposals amounting to approximately RM1.62 million).*

(ii) *After taking into consideration the RM388.35 million borrowings under LITRAK being disposed of as part of the Proposed Disposals.*

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9. APPROVAL 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 before the date of our forthcoming EGM, being 5 August 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 (represented by the Ministry of Works) of a 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 VIII for further details on the SCA;

(d) approval of an income tax exemption 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 was obtained on 1 June 2022 (for the Proposed Disposal of LITRAK), 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 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 our Company and SPRINT Holdings for the disposal of each Expressway Concession Company by our Company and SPRINT Holdings, respectively, 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 5 August 2022;

(ii) approval from the shareholders of our Company holding at least 75% of the total number of issued shares held by our Company's shareholders present and voting either in person or by proxy being obtained at our forthcoming EGM as the Proposed Disposals are deemed as major disposal, for the following:

(a) the Proposed Disposal of LITRAK, in respect of our Company's 100% direct interest in LITRAK; and

(b) the Proposed Disposal of SPRINT, in respect of our Company's 50% direct interest in SPRINT Holdings;

(iii) approval from existing lenders of each Expressway Concession Companies and/or Concession Holding Company, namely Kumpulan Wang Simpanan Pekerja, Malayan Banking Berhad and CitiGroup Nominees (Tempatan) Sdn Bhd as the lenders of LITRAK and Bank Pembangunan Malaysia Berhad and the Government of Malaysia (represented by the Ministry of Finance) as the lenders of SPRINT (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 only one of the resolutions is 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.

10. 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.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

11.1. Interested Director

YBhg Dato' Haji Azmi Bin Mat Nor, the Non-Independent Non-Executive Director of our Company, is also the Group Executive Director, Head of Infrastructure Concessions, a senior management personnel of Gamuda. Therefore, YBhg Dato' Azmi Bin Mat Nor is deemed interested in the Proposed Disposals in view that he is a person connected to Gamuda. Accordingly, the Interested Director has abstained and will continue to abstain from all deliberations and voting at the meetings of our Board in relation to the Proposed Disposals. In addition, the Interested Director shall ensure that persons connected with him (if any) will also abstain from any deliberation and voting at the meeting of our Board.

The Interested Director will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company on the special resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. In addition, the Interested Director shall ensure that persons connected with him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the special resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. As at the LPD, YBhg Dato' Haji Azmi Bin Mat Nor does not hold any ordinary shares in our Company.

Save as disclosed above, none of our Directors and/or persons connected to our Directors have any interest, whether direct or indirect, in relation to the Proposed Disposals.

11.2. Interested Major Shareholder

PNB is a common major shareholder in both the companies involved in the Proposed Disposals (namely Gamuda and our Company) as well as being the single largest shareholder of Gamuda, holding 17.5% direct interest in Gamuda, and second largest shareholder of our Company (after Gamuda, which holds 42.7% direct interest in our Company as at the LPD), holding 20.7% direct interest in our Company 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 Disposals 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.

Gamuda's shareholding in our Company

Gamuda acknowledges that it is an interested party for the shareholder voting process at our forthcoming EGM for the Proposed Disposals, especially given its role as the key negotiator with ALR for the Proposed Disposals as well as for the proposed disposals of Kesas Sdn Bhd by Kesas Holdings Berhad, a 70% owned subsidiary of Gamuda and the proposed disposal of Syarikat Mengurus Air Banjir & Terowong Sdn Bhd by Projek SMART Holdings Sdn Bhd, a 50% joint venture company of Gamuda.

As such, Gamuda confirmed that it shall abstain from voting on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. Gamuda shall also ensure that persons connected with it (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Disposals to be tabled at our forthcoming EGM. In addition, Gamuda shall ensure that its nominee director abstain from deliberation and voting at any Board meeting of our Company.

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.

12. ADVISER AND INDEPENDENT ADVISER

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

In view of the interests of Gamuda and PNB as set out in Section 11 of Part A of this Circular and as the Proposed Disposals are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements and is a major disposal transaction pursuant to Paragraph 10.02(eA) of the Listing Requirements, our Company had pursuant to Paragraph 10.08(3) and Paragraph 10.11A of the Listing Requirements, appointed the Independent Adviser on 5 April 2022 to undertake the following:

(i) comment as to whether each Proposed Disposal is fair and reasonable in so far as our Company's non-interested shareholders and PNB are concerned, including the reasons for the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise our Company's non-interested shareholders and PNB on whether they should vote in favour of each Proposed Disposal; 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 Affin Hwang IB's evaluations and recommendations on the Proposed Disposals, as well as its opinion on the fairness and reasonableness of the 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.

13. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Listing Requirements exceeds 100%, based on the latest audited consolidated financial statements of our Company for the FYE 31 March 2022.

14. DIRECTORS STATEMENT AND RECOMMENDATION

Our Board is not seeking other alternative bids for each Proposed Disposal.

Pursuant to one of the conditions imposed by Bursa Securities in granting the waiver applied for under the Waiver Application, **our Board confirms that our Company and each of our Directors, Tan Sri Dato' Setia Haji Ambrin bin Buang, Ir Haji Yusoff bin Daud, Dato' Haji Azmi bin Mat Nor, Datin Lee Choi Chew and Puan Nazli binti Mohd Khir Johari, are not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PNB.**

Our Board, save for the Interested Director who has abstained from deliberating and voting in respect of each Proposed Disposal, after taking into consideration all aspects of the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT including but not limited to the following:

Consideration factors	Our Board's consideration
(i) LITRAK Offer and SPRINT Offer and the estimated Disposal Consideration for LITRAK Offer and SPRINT Offer;	After taking into consideration of the basis of valuation of the LITRAK Offer and SPRINT 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 LITRAK Offer and SPRINT Offer are fair and reasonable as ALR's EV offer is equivalent to the IEV.
(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 LITRAK and Proposed Disposal of 50% interest in SPRINT;	Our Company will realise an indicative one-off proforma gain on the Proposed Disposals of RM1,525.05 million, which represent an opportunity for LITRAK Holdings to realise its investment in each Expressway Concession Company at an attractive gain. The rationale and benefits of the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT as set out in Section 4 of Part A of this Circular are fair and reasonable.

(iv)	Utilisation of disposal proceeds and the effects of the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT;	The Disposal Consideration will be utilised to reward our shareholders via a special cash dividend and/or capital repayment. This will allow our shareholders to realise in cash their investments in our Company. 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. The effects of the Proposed Disposals are set out in Section 8 of Part A of this Circular.
(v)	the estimated gains on the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT; and	Our Group is expected to record a gain on disposal upon completion of the Proposed Disposal of LITRAK of RM1,281.16 million and Proposed Disposal of 50% interest in SPRINT of RM243.89 million.
(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 LITRAK and Proposed Disposal of 50% interest in SPRINT are **fair and reasonable** and are **not detrimental** to our non-interested shareholders and PNB. Accordingly, the Independent Adviser recommends that our non-interested shareholders and PNB vote in favour of the resolutions to give effect to the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT 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 LITRAK and the Proposed Disposal of 50% interest in SPRINT are in the best interests of our Company, are fair, reasonable and on normal commercial terms, and are not detrimental to the interests of our non-interested shareholders and PNB.

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) The Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT are not inter-conditional upon each other. If only one of the resolutions is approved by our non-interested shareholders and PNB at our forthcoming EGM, our Board will take the necessary steps to proceed with the implementation of the approved Proposed Disposal(s).

Accordingly, our Board will table the following separate resolutions for the consideration of our non-interested shareholders and PNB at our forthcoming EGM:

(i) the Proposed Disposal of LITRAK, in respect of our Company's 100% direct interest in LITRAK; and

(ii) the Proposed Disposal of SPRINT, in respect of our Company's 50% direct interest in SPRINT Holdings.

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

15. STATEMENT BY AUDIT AND RISKS MANAGEMENT COMMITTEE

The Audit and Risks Management Committee of our Company, after taking into consideration all aspects of the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT including but not limited to the consideration factors as set out in Section 14 of Part A of this Circular, is of the opinion that the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT:

(i) are in the best interest of our Company;

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

(iii) are not detrimental to the interest of our non-interested shareholders and PNB.

16. TRANSACTIONS WITH PNB AND GAMUDA FOR THE PAST TWELVE (12) MONTHS

During the twelve (12) months preceding the date of this Circular, the total amount transacted between our Company and Gamuda was approximately RM0.01 million and there was no transaction entered into between our Company and PNB.

17. TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the Proposed Disposals is as follows:

Date	Events
5 August 2022	EGM to approve the Proposed Disposals
5 August 2022	Execution of each Finalised SSPA
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 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.

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18. 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 Investor & Issuing House Services Sdn Bhd in Malaysia,on Friday, 5 August 2022 at 3.30 p.m. for the purpose of considering and if thought fit, passing with or without modification, the resolutions for the Proposed Disposals.

If you are unable to attend, speak and vote in person at our forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions therein, to be deposited with Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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 not less than forty eight (48) hours before the time stipulated for holding our forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting in person at our forthcoming EGM should you subsequently wish to do so.

19. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of our Board of
LINGKARAN TRANS KOTA HOLDINGS BERHAD

TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG
Independent Non-Executive Chairman

PART B

**IAL FROM AFFIN HWANG IB
TO THE NON-INTERESTED SHAREHOLDERS OF LITRAK HOLDINGS
AND PNB IN RELATION TO THE PROPOSED DISPOSALS**

EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary shall have the same meaning as defined in the "Definitions" section of Part A of the Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Executive Summary are to Affin Hwang IB, being the independent adviser for the Proposed Disposals.

This Executive Summary highlights the salient information of the Proposed Disposals. We advise the non-interested shareholders of the Company and PNB to read and understand this IAL in its entirety, together with Part A of the Circular and the appendices thereto. Non-interested shareholders of the Company and PNB are not to rely solely on this Executive Summary before forming an opinion on the Proposed Disposals. You are also advised to consider carefully the recommendation contained herein before voting on the special resolutions pertaining to the Proposed Disposals to be tabled at the forthcoming EGM. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

1. INTRODUCTION

On 4 April 2022, HLIB on behalf of the Board, announced that on 2 April 2022:

(i) the Company had received a CLOO from ALR in respect of the LITRAK Offer; and

(ii) SPRINT Holdings had received a CLOO from ALR in respect of the SPRINT Offer.

Each of the LITRAK Offer and SPRINT Offer has been given by ALR on a standalone basis and is mutually exclusive from each other.

On 18 April 2022, HLIB on behalf of the Board, announced that both LITRAK Holdings and SPRINT Holdings have each separately accepted the respective Offers and have delivered the respective written acceptances to ALR on 18 April 2022.

On 8 June 2022, HLIB on behalf of the Board, announced that on 7 June 2022 both LITRAK Holdings and SPRINT Holdings have each separately agreed with ALR and finalised the terms and conditions of the draft Finalised SSPAs.

On 12 July 2022, HLIB had, on behalf of the Board, announced that ALR and each Expressway Concession Company had on 8 July 2022 agreed to extend the execution date of the definitive agreement as specified in the CLOO from 31 July 2022 to 30 August 2022. Pursuant to the extension, the definitive agreement as specified in the CLOO shall be executed by 30 August 2022 or such other extended date as may be mutually agreed between the Parties.

The Proposed Disposals:

- are deemed related party transactions under Paragraph 10.08 of the Listing Requirements; and

- represent major disposals under Paragraph 10.02(eA) of the Listing Requirements involving the disposal of all or substantially all of the Company's assets which may result in LITRAK Holdings being no longer suitable for continued listing on the Official List of Bursa Securities.

Accordingly, in compliance with Paragraphs 10.08(2)(c) and 10.11A(1)(b) of the Listing Requirements, the Board (save for the Interested Director) appointed Affin Hwang IB on 5 April 2022 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company, and PNB in respect of the Proposed Disposals.

2. EVALUATION OF THE PROPOSED DISPOSALS

In evaluating the Proposed Disposals, we have taken into consideration the following:

Section in the IAL	Section of evaluation	Comments
6.1	Rationale for the Proposed Disposals	The Proposed Disposals are expected to serve as a long-term solution to the Government of Malaysia to alleviate its compensation burden, and concurrently enable LITRAK Holdings to realise the value of its investment in each Expressway Concession Company based on an appropriate valuation. LITRAK Holdings will realise an indicative one-off proforma gain on disposal of approximately RM1,525.05 million from the Proposed Disposals, which represent an opportunity for LITRAK Holdings to realise its investment in each Expressway Concession Company at an attractive gain. Premised on the above, we are of the view that the rationale for the Proposed Disposals is reasonable.
6.2	Evaluation of the Disposal Considerations	The Disposal Considerations are based on the Offers received from ALR via its CLOOs dated 2 April 2022. The Board and the Board of Directors of SPRINT Holdings had accepted the respective Offers subject to the terms and conditions of the respective CLOOs We are of the view that the Disposal Considerations are fair as: (a) the Disposal Consideration for the Proposed Disposal of LITRAK ("**LITRAK Consideration**") and the Disposal Consideration for the Proposed Disposal of SPRINT ("**SPRINT Consideration**") are above the range of the computed Equity Value of LITRAK and Equity Value of SPRINT respectively; and (b) the implied price-to-earnings ratio ("**PER**") of the LITRAK Consideration of 9.5 - 13.9 times and implied PER of the SPRINT Consideration of 19.9 - 24.4 times are higher than the median PER of the precedent acquisition or disposal ("**M&A**") transactions of 9.0 times.
6.3	Salient terms of the CLOOs and Finalised SSPAs	The salient terms of the CLOOs include: (i) conditions of Offer ("**Offer Conditions**") to be fulfilled prior to the execution of the Finalised SSPAs; and (ii) termination of the CLOOs. The salient terms of the Finalised SSPAs include: (i) Disposal Considerations; (ii) mode of settlement; (iii) settlement of inter-company debts; (iv) Conditions Precedent;

Section in the IAL	Section of evaluation	Comments
		(v) pre-completion undertakings; (vi) completion; and (vii) termination. Based on the salient terms of the CLOOs and Finalised SSPAs, we are of the view that save for the termination term under the CLOOs where there is no recourse to the Concession Holding Companies should ALR decides to unilaterally terminate the Offers before the execution of the Finalised SSPAs, the remaining salient terms of the CLOOs and Finalised SSPAs are reasonable. We wish to highlight that the Finalised SSPAs, which are the final form of the share sale and purchase agreements for the Proposed Disposals, as agreed between ALR and LITRAK Holdings and SPRINT Holdings have yet to be executed by the Parties. The execution of the Finalised SSPAs are subject to the fulfilment of the Offer Conditions and for ALR agreeing to proceed with the execution of the Finalised SSPAs.
6.4	Utilisation of disposal proceeds	LITRAK Holdings intend to utilise the disposal proceeds for the following purpose: (i) distribution to shareholders of LITRAK Holdings; (ii) general corporate expenses including the staff costs/Directors remuneration, general overheads, maintenance expenses and professional fees; and (iii) estimated expenses in relation to the Proposed Disposals. We are of the view that the utilisation of proceeds is reasonable.
6.5	Risk factors	The risk factors of the Proposed Disposals are: (i) termination of CLOOs; (ii) funding and interest rate risk; (iii) completion risk; (iv) political, economic and regulatory risk; (v) contractual risk; (vi) loss of future income after the Proposed Disposals; (vii) impact of COVID-19 pandemic; and (viii) potential shortfall of Government Compensation Receivable.

Section in the IAL	Section of evaluation	Comments
		Although measures will be taken by LITRAK Holdings to limit the risks associated with the Proposed Disposals, no assurance can be given that one or a combination of these risk factors, will not occur and adversely affect the Proposed Disposals or the Company.
6.6	Effects of the Proposed Disposals	**Share capital and substantial shareholders' shareholdings** No effect. **NA, NA per share and gearing** (i) NA is expected to increase from approximately RM1,213.25 million to approximately up to RM2,738.29 million due to the expected proforma gain on disposal; (ii) NA per LITRAK Holdings share is expected to increase from approximately RM2.25 per share to approximately up to RM5.08 per share; and (iii) gearing is expected to decrease from 0.32 times to nil. **Earnings and EPS** LITRAK Holdings is expected to recognise a one-off proforma gain on disposal of approximately up to RM1,525.05 million pursuant to the Proposed Disposals, representing a gain of approximately RM2.86 per LITRAK Holdings share. We are of the view that the effects of the Proposed Disposals are not to the detriment of the non-interested shareholders of the Company and PNB.
6.7	Historical share price analysis	The implied Equity Value of LITRAK Holdings computed based on LITRAK Consideration and SPRINT Consideration of approximately RM5.08 per LITRAK Holdings share is above the historical range of traded price of LITRAK Holdings shares for the past 1 year up to 1 April 2022 being the last trading day on which the Offers were received ("**LTD**") of between RM3.55 and RM4.03. The implied Equity Value of RM5.08 per LITRAK Holdings share represents a premium ranging from RM1.05 or 25.91% per LITRAK Holdings share to RM1.29 or 34.04% per LITRAK Holdings share over the last share traded market price, 5-day volume weighted average market price ("**VWAMP**"), 1-month VWAMP, 2-month VWAMP, 3-month VWAMP and 6 month VWAMP up to the LTD. However, this may not be an indication of future market price performance of LITRAK Holdings share and there can be no assurance that the market price of the LITRAK Holdings share will continue to trade at the current price levels in the event the Proposed Disposals are not implemented.

<table>
<tr><th>Section in the IAL</th><th>Section of evaluation</th><th>Comments</th></tr>
<tr><td>6.8</td><td>Alternative bids</td><td>As at the LPD, the Board has not received any alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT. Further, we note that the terms of the CLOOs includes an exclusivity period of 125 days commencing from the date of acceptance of the Offers.

The Board does not intend to seek other alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT.

In the absence of an alternative bid, the Proposed Disposals represent the only opportunity for LITRAK Holdings to realise its value of investment in each Expressway Concession Company.</td></tr>
<tr><td>6.9</td><td>Listing status and future plans of LITRAK Holdings</td><td>As the Proposed Disposals are not inter-conditional upon each other, there are 3 possible scenarios which may affect our listing status as follows:

<table><tr><th>Scenario</th><th>Event</th></tr><tr><td>1</td><td>Both LITRAK and SPRINT are successfully disposed</td></tr><tr><td>2</td><td>Only LITRAK is successfully disposed</td></tr><tr><td>3</td><td>Only SPRINT is successfully disposed</td></tr></table>
Under Scenario 1 and 2, the Company may be classified as a “Cash Company” pursuant to Paragraph 8.03(1) of the Listing Requirements or an “Affected Listed Issuer” pursuant to Paragraph 8.03A(2) of the Listing Requirements.

The Company is required to regularise its condition by submitting a proposal to acquire a new core business to the Securities Commission Malaysia for its approval within 12 months from the date of being classified as a “Cash Company” and/or “Affected Listed Issuer”.

If the Company fails to regularise its condition within the stipulated timeframe, trading in the Company’s listed securities may be suspended and the Company may be delisted from the Official List of Bursa Securities.

It is not the intention of the Company to maintain its listing status and the Company has no intentions to regularise LITRAK Holdings’ financial condition in the event the Company had triggered Paragraphs 8.03 and/or 8.03A of the Listing Requirements. The Board intends to distribute 99.65% of the disposal proceeds to the shareholders of the Company by way of special cash dividend and/or capital repayment.

The Company will make the appropriate announcements on any material developments on the proposed distribution pursuant to the Listing Requirements and obtain shareholders’ approval at an EGM, where applicable.

In Scenario 3 however, the Company will not be classified as a Cash Company and/or an Affected Listed Issuer in view that the Company will still maintain a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities from the operation of LITRAK.</td></tr>
</table>

Section in the IAL	Section of evaluation	Comments
6.10	Industry overview and prospects	**<u>Overview and outlook of the Malaysian Economy</u>** The Malaysian economy expanded 5.0% in the first quarter of 2022, supported mainly by higher domestic demand amid continued strength in consumer expenditure driven by the recovery in the labour market with higher wage and employment growth. **<u>Overview and outlook of the transportation sector in Malaysia</u>** Overall, the transportation sector is anticipated to grow due to the normalisation of economic activities and improved external demand. Nonetheless, we note that the Government of Malaysia intends to formulate measures to reduce its fiscal exposure in light of the Government of Malaysia's increased risk exposure as a result of support provided to entities operating in the services sector, including highway concessionaires. In this respect, the Proposed Disposals are in line with the Government of Malaysia's plan and may also result in future restructuring of other highway concessionaires. **<u>Prospects of the Group prior to the completion of the Proposed Disposals</u>** For the LDP Highway, there is no further scheduled contractual toll increases until the end of the concession. Similarly, for SPRINT Highway, there is no further scheduled contractual toll increase for Penchala Link from 2019 until the end of the concession; and Damansara Link and Kerinchi Link from 1 January 2022 until the end of the concession. Hence, revenue growth for these highways can only be achieved by tollable traffic growth **<u>Prospects of the Group upon the completion of the Proposed Disposals</u>** Assuming both the Proposed Disposals are successfully implemented, LITRAK Holdings may be classified as a Cash Company and an Affected Listed Issuer. It is not the intention of the Company to maintain its listing status. The Board intends to distribute the disposal proceeds to the shareholders of the Company. If the proposed distribution by way of capital repayment is approved and carried out, the Board will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution. The Group intends to distribute 99.65% of the proceeds from the Proposed Disposals to its shareholders by way of special cash dividend and/or capital repayment after taking into account significant factors, if any, such as: (i) timing of compensation and disbursement from the Government of Malaysia; and (ii) funds required for general corporate expenses.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposals and have set out our evaluation in Section 6 of this IAL. You should consider the merits and demerits of the Proposed Disposals carefully based on all relevant and pertinent factors including the considerations as set out in this IAL, Part A of the Circular together with the appendices and other publicly available information prior to making a decision to vote on the resolutions pertaining to the Proposed Disposals.

After taking into consideration our overall assessment and evaluation of the Proposed Disposals based on the information available to us up to the LPD, we are of the opinion that the Proposed Disposals are **FAIR** and **REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of LITRAK Holdings and PNB.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the special resolutions pertaining to the Proposed Disposals to be tabled at the forthcoming EGM of the Company.

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14 July 2022

To: The non-interested shareholders of LITRAK Holdings and PNB

Dear Sir/Madam,

LINGKARAN TRANS KOTA HOLDINGS BERHAD

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF THE COMPANY AND PNB IN RELATION TO THE PROPOSED DISPOSALS

1. INTRODUCTION

On 4 April 2022, HLIB on behalf of the Board, announced that on 2 April 2022:

(i) the Company had received a CLOO from ALR in respect of the LITRAK Offer; and

(ii) SPRINT Holdings had received a CLOO from ALR in respect of the SPRINT Offer.

Each of the LITRAK Offer and SPRINT Offer has been given by ALR on a standalone basis and is mutually exclusive from each other.

On 18 April 2022, HLIB on behalf of the Board, announced that both LITRAK Holdings and SPRINT Holdings have each separately accepted the respective Offers and have delivered the respective written acceptances to ALR on 18 April 2022.

On 8 June 2022, HLIB on behalf of the Board, announced that on 7 June 2022 both LITRAK Holdings and SPRINT Holdings have each separately agreed with ALR and finalised the terms and conditions of the draft Finalised SSPAs.

On 12 July 2022, HLIB had, on behalf of the Board, announced that ALR and each Expressway Concession Company had on 8 July 2022 agreed to extend the execution date of the definitive agreement as specified in the CLOO from 31 July 2022 to 30 August 2022. Pursuant to the extension, the definitive agreement as specified in the CLOO shall be executed by 30 August 2022 or such other extended date as may be mutually agreed between the Parties.

Please refer to Section 2 of Part A of the Circular for further information on the Proposed Disposals.

The Proposed Disposals:

- are deemed related party transactions under Paragraph 10.08 of the Listing Requirements; and

- represent major disposals under Paragraph 10.02(eA) of the Listing Requirements involving the disposal of all or substantially all of the Company's assets which may result in LITRAK Holdings being no longer suitable for continued listing on the Official List of Bursa Securities.

Accordingly, in compliance with Paragraphs 10.08(2)(c) and 10.11A(1)(b) of the Listing Requirements, the Board (save for the Interested Director) appointed Affin Hwang IB on 5 April 2022 to act as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company, and PNB in respect of the Proposed Disposals.

Pursuant to Paragraph 10.11(A)(1)(d) of the Listing Requirements, the special resolutions pertaining to the Proposed Disposals are required to be approved by at least 75% of the total number of issued shares held by the Company's shareholders present and voting either in person or by proxy at LITRAK Holdings' forthcoming EGM.

The purpose of this IAL is to:

(i) provide the non-interested shareholders of the Company and PNB with an independent evaluation of the Proposed Disposals and for the Independent Adviser to form an opinion as to whether the Proposed Disposals are fair and reasonable in so far as the non-interested shareholders of the Company and PNB are concerned;

(ii) advise whether the Proposed Disposals are detrimental to the non-interested shareholders of the Company and PNB; and

(iii) provide our recommendation in relation to the special resolutions pertaining to the Proposed Disposals to be tabled at the Company's forthcoming EGM.

YOU ARE ADVISED TO READ THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES AND CONSIDER CAREFULLY THE EVALUATION AND RECOMMENDATION CONTAINED IN THIS IAL BEFORE VOTING ON THE SPECIAL RESOLUTIONS PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

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

2. THE PROPOSED DISPOSALS

Further information on the Proposed Disposals are as set out in Section 2 of Part A of the Circular, which should be read in its entirety by the non-interested shareholders of the Company and PNB.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED DISPOSALS

We have not been involved in the formulation, deliberation and negotiation of the terms of the Proposed Disposals. Our scope as independent adviser is limited to expressing an independent opinion on the Proposed Disposals based on information and documents provided to us or which are available to us, including the following:

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

(ii) the Finalised SSPAs;

(iii) the audited financial statements of LITRAK and SPRINT for the past 3 financial years from the FYE 31 March 2020 to 2022;

(iv) the Projected FCFF (as defined in Section 6.2.1 of this IAL);

(v) other relevant information and documents furnished to us by the directors and management of LITRAK Holdings ("**Management**") or obtained in or derived from our discussions with the Management; and

(vi) other publicly available information which we deem relevant.

We have relied on the Board and the Management to take due care to ensure that all the information, documents and representations in respect of the Group and the Proposed Disposals provided to us by them to facilitate our evaluation of the Proposed Disposals are accurate, complete and free from material omission. We have not undertaken any independent investigation into the business and affairs of the Group and all relevant parties involved in the Proposed Disposals. However, after making all reasonable enquiries and to the best of our knowledge and belief, we acknowledge that this IAL constitutes a full and true disclosure of all material facts concerning the Proposed Disposals, and we are satisfied that the information used is free from material omission and we have no reason to believe that the information used is unreasonable, inaccurate or incomplete as at the LPD. Our advice should be considered in the context of the entirety of this IAL.

In preparing this IAL, we have taken into consideration those factors that we believe are of relevance and of general importance to the non-interested shareholders of the Company and PNB for an assessment of the Proposed Disposals and which are of concern to the non-interested shareholders of the Company and PNB as a whole.

Since our evaluation as set out in this IAL is rendered solely for the benefit of the non-interested shareholders of the Company and PNB as a whole, we have not taken into consideration any specific investment objectives, financial and tax position, risk profiles, financial situation and particular needs of any director, individual shareholder or any specific group of shareholders.

If you are in doubt as to the action to be taken or require specific advice in relation to the Proposed Disposals in the context of your individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, we recommend that you consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Our evaluation and opinion as set out in this IAL are based on prevailing equity capital market, economic, industry, regulatory, monetary, socio-political and other conditions (if applicable), and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time.

The members of the Board have seen and approved the contents of this IAL. The members of the Board collectively and individually accept full responsibility for the accuracy and completeness of all statements and/or information stated in this IAL and after having made all reasonable enquiries and to the best of the Board's knowledge and belief, the Board confirms all statements and/or information in this IAL are free from material omission and:

(i) no statement and/or information in this IAL is unreasonable, inaccurate or incomplete;

(ii) there are no other facts and/or information, the omission of which would make any statement or information in this IAL unreasonable, inaccurate or incomplete; and

(iii) all relevant material facts and/or information, including those required under the Listing Requirements, have been disclosed in this IAL.

The responsibility of the Board in respect of the independent advice and expression of opinion by Affin Hwang IB in relation to the Proposed Disposals as set out in this IAL is to ensure that all information in relation to the Group and the Proposed Disposals that is relevant to Affin Hwang IB's evaluation of the Proposed Disposals have been accurately and completely disclosed to Affin Hwang IB and is free from material omission.

We will notify the non-interested shareholders of the Company and PNB after the issuance of this IAL up to the date of the Company's forthcoming EGM, if we:

(i) become aware of a significant change affecting the information set out in this IAL;

(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.

We will immediately notify the non-interested shareholders of the Company and PNB of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAL. Such circumstances include any material modification, condition, variation and/or amendment to the terms and conditions of the Finalised SSPAs that are proposed to be made after obtaining the shareholders' approval but before the execution of the Finalised SSPAs. If circumstances require, a supplementary IAL will issued and sent to the non-interested shareholders of the Company and PNB to:

(i) provide the non-interested shareholders of the Company and PNB with an independent evaluation of the material changes and form an opinion as to whether the material changes are fair and reasonable in so far as the shareholders are concerned;

(ii) advise whether the material changes are detrimental to the non-interested shareholders of the Company and PNB; and

(iii) provide our recommendation on the course of action pertaining to the material changes.

4. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the independent adviser to the Company for the Proposed Disposals, has given and has not subsequently withdrawn its consent to the inclusion in this IAL of its name and all references thereto in the form and context in which they so appear in this IAL.

Save for our role as the independent adviser for the Proposed Disposals and the past related party transaction set out below, Affin Hwang IB does not have any other professional relationship with LITRAK Holdings in the past 2 years prior to the LPD. Further, Affin Hwang IB confirms that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the independent adviser for the Proposed Disposals.

Date of appointment	Related party transaction
3 July 2019	Proposed offer to purchase all the securities in LITRAK and SPRINT by the Minister of Finance (Incorporated) ("**MOF Offer**") (1)

Note:

(1) The parties to the MOF Offer were not able to finalise the terms of the definitive agreement and the MOF Offer was terminated accordingly. Our role as the independent adviser for the MOF Offer ended consequentially following the lapse of our mandate for the MOF Offer on 3 July 2020.

5. CREDENTIALS AND EXPERIENCE OF AFFIN HWANG IB

Affin Hwang IB is a Participating Organisation of Bursa Securities and provides a range of services including corporate finance advisory, debt capital markets advisory, structured lending, stockbroking and research. Our corporate finance advisory team provides a full range of corporate finance advisory services including mergers and acquisitions, corporate and debt restructuring, initial public offerings, equity fund raisings and independent advisory opinions.

Affin Hwang IB had, over the past 2 years prior to 4 April 2022 being the date of announcement of the CLOOs and up to the LPD, issued independent advice opinions in relation to 3 related party transactions under the Listing Requirements, 1 selective unit redemption exercise as well as 2 take-over offers under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia with a total transaction value of approximately RM1,069.70 million.

The details of our past experience are as follows:

(i) disposal of 50,000,001 ordinary shares representing 100% of the issued and paid-up share capital of HS Credit (Birmingham) Ltd by HSC Birmingham Holding Limited, an indirect wholly-owned subsidiary of Hap Seng Consolidated Berhad to Lei Shing Hong Capital Limited for a cash consideration of British Pound Sterling 127,800,000 (equivalent to RM706,171,680). Our independent advice letter was issued on 5 July 2022;

(ii) settlement of amount owing of RM47.68 million by NBH Service Centre Sdn Bhd to Chin Well Service Centre Sdn Bhd, a wholly-owned subsidiary of Chin Well Holdings Berhad. Our independent advice letter was issued on 12 January 2022;

(iii) unconditional voluntary take-over offer by Jardine Cycle & Carriage Limited ("**JCCL**"), through CIMB Investment Bank Berhad, to acquire all the remaining ordinary shares in Cycle & Carriage Bintang Berhad not already held by JCCL ("**Offer Shares**") at a cash consideration of RM2.40 per Offer Share. Our independent advice circular was issued on 19 April 2021;

(iv) conversion of Amanah Harta Tanah PNB ("**AHP**") to an unlisted real estate investment trust by way of selective unit redemption exercise and amendments to the first restated deed of AHP dated 13 August 2015 at cash consideration of RM1.00 per AHP unit. Our independent advice letter was issued on 16 November 2020;

(v) entering into a leasing arrangement by SEGi College (Subang Jaya) Sdn Bhd, a wholly-owned subsidiary of SEG International Berhad with HCK Capital Group Berhad group of companies for the leasing of part of a development namely, Edumetro @ Subang Jaya, where our independent advice letter was issued on 8 September 2020; and

(vi) unconditional mandatory take-over offer by Yee Lee Organization Bhd, Dato' Lim A Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn Bhd ("**Joint Offerors**") through UOB Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in Yee Lee Corporation Bhd not already held by the Joint Offerors ("**YL Offer Shares**") at a cash consideration of RM2.06 per YL Offer Share, where our independent advice circular was issued on 12 June 2020.

Based on the above, we are capable and competent in carrying out our role and responsibilities as the independent adviser to advise the non-interested shareholders of the Company and PNB in relation to the Proposed Disposals.

6. EVALUATION OF THE PROPOSED DISPOSALS

In evaluating the Proposed Disposals, we have taken into consideration the following:

No.	Item	Section
1.	Rationale for the Proposed Disposals	6.1
2.	Evaluation of the Disposal Considerations	6.2
3.	Salient terms of the CLOOs and Finalised SSPAs	6.3
4.	Utilisation of disposal proceeds	6.4
5.	Risk factors	6.5
6.	Effects of the Proposed Disposals	6.6
7.	Historical share price analysis	6.7
8.	Alternative bids	6.8
9.	Listing status and future plans of LITRAK Holdings	6.9
10.	Industry overview and prospects	6.10

6.1 RATIONALE FOR THE PROPOSED DISPOSALS

We note the rationale for the Proposed Disposals as set out in Section 4 of Part A of the Circular and our commentaries are set out below:

(i) Absolution of compensation payment risk for the concessionaire and substantial savings for the Government of Malaysia

As the Government of Malaysia respects the sanctity of the Concession Agreements, the Expressway Concession Companies have been receiving compensation from the Government of Malaysia in maintaining the highway user toll rates over the concession periods as opposed to the agreed contractual toll rates under the Concession Agreements. The Government of Malaysia has been paying such compensation with the objective of keeping the cost-of-living of the people at an affordable level. In respect of LITRAK and SPRINT, the Government of Malaysia had started paying such compensation to the Expressway Concession Companies since 1999 and 2002, respectively.

The government compensation formed a fundamental component of the current revenue of the Expressway Concession Companies and for the past 3 financial years under review of FYE 31 March 2020 to 2022 is as set out below:

LITRAK

FYE 31 March	2020	2021	2022
Government compensation (RM'000)	161,465	125,273	127,985
Revenue(1) (RM'000)	498,849	387,757	396,200
Percentage of revenue (%)	32.4	32.3	32.3

SPRINT(2)

FYE 31 March	2020	2021	2022
Government compensation (RM'000)	74,426	112,015	65,734
Revenue(1) (RM'000)	244,519	217,292	171,458
Percentage of revenue (%)	30.4	51.6	38.3

Note:

(1) Revenue comprise toll collection from highway users and compensation claim from the Government of Malaysia. The government compensation as stated in the audited financial statements is recognised on an accrual basis.

(2) LITRAK Holdings only holds 50% direct interest in SPRINT Holdings which in turn holds 100% interest in SPRINT.

We note that a total of RM110.8 million of Government Compensation Receivable was received by the Group from the Government of Malaysia on 14 January 2022. The Government Compensation Receivable is being recognised as “sundry receivables” under current assets in the statement of financial position of the Group. Similar to other current assets, the estimated compensation by the Government of Malaysia is subject to assessment by the Board if the Board is aware of any circumstances which would render such amount to be impaired. In the event of non-payment of any of the estimated compensation by the Government of Malaysia, the Group will need to take appropriate actions to recover such amounts and consider such impairment as may be necessary to an amount which the Group may expect to realise. If the impairment is recorded, such amounts will be recognised as an expense in the statement of comprehensive income of the Group and will affect the financial performance of the Group. Accordingly, the timely receipt of the estimated compensation by the Government of Malaysia is crucial in managing the Group’s financial liquidity position as well as to reduce the risk of a breach under the respective Expressway Concession Companies’ loan covenants.

We also note that the government compensation receivable may increase over time due to the underlying increasing contractual toll rates of the respective Concession Agreements and/or the volume of traffic increases. We note that the highway user toll rates for the LDP Highway and SPRINT Highway were last increased in 2015 but remain below the contractual toll rates that were agreed upon under the respective Concession Agreements. Based on the traffic forecast that was used in the Projected FCFF (as defined in Section 6.2.1 of this IAL), we note that the volume of traffic for both the LITRAK Highway and SPRINT Highway are expected to increase over time. Further, the final contractual toll rate increase for the Damansara Link and Kerinchi Link took effect from 1 January 2022, and this would lead to an increase in the government compensation burden for SPRINT moving forward. The estimated government compensation amount for each Expressway Concession Company from 1 January 2022 until the end of the existing Concession Agreements are set out below assuming the current highway user toll rates are maintained. We wish to highlight that the estimated government compensation amounts are estimates computed by the Management using assumptions and the formula specified in the respective Concession Agreements. Please refer to Sections 1.6 and 2.6 of Appendix III of the Circular for the formula specified in the respective Concession Agreements. These assumptions include maintaining the current highway user toll rates and using forecasted traffic volumes on the respective highways for the remaining concession periods. As the forecasted traffic volumes are forward-looking in nature, the government compensation illustrated below are only estimates and subject to variation.

Expressway Concession Company	**Estimated government compensation[1] (RM'billion)**
LITRAK	1.50
SPRINT[2]	1.62

Note:

(1) The estimated government compensation amount has been estimated on the assumption that the current highway user toll rates are maintained and not increased to the agreed contractual toll rates under the respective Concession Agreements and using the relevant forecasted traffic volumes until the end of the respective concession periods.

(2) LITRAK Holdings only holds 50% direct interest in SPRINT Holdings which in turn holds 100% interest in SPRINT.

While the Government of Malaysia honoured the compensation payments in the past, we note that a sustainable long-term solution is needed to restructure the highway concession arrangements with industry players. This is needed to balance out the cost of providing highway infrastructure for efficient traffic mobility against burdening the Government of Malaysia on paying such government compensation. Accordingly, LITRAK Holdings' Proposed Disposals are a consequence to the Offers made by ALR to acquire the Expressway Concession Companies.

We note from Appendix IV of the Circular that 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 is a special purpose public limited company incorporated with the specific purpose of carrying on or undertaking the business of a holding company of highway concessions.

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).

Thus, we note the risk of non-settlement of government compensation payments to the Expressway Concession Companies can be addressed following the completion of the Proposed Disposals.

As such, the Proposed Disposals are expected to serve as a long-term solution to the Government of Malaysia to alleviate its compensation burden, and concurrently enable LITRAK Holdings to realise the value of its investment in each Expressway Concession Company based on an appropriate valuation. The Disposal Considerations take into account the EV of the Expressway Concession Companies respectively as at the Valuation Date of 31 December 2021 and adjusted to arrive at the Disposal Considerations. The EV of the Expressway Concession Companies respectively have been arrived at based on the DCF which takes into account future free cash flows to firm ("**FCFFs**") of each concession based on the terms of the existing Concession Agreements.

Please refer to Section 6.2 of this IAL for our evaluation of the Disposal Considerations.

(ii) Substantial benefits to the shareholders of LITRAK Holdings

Assuming both the special resolutions for the Proposed Disposals are carried by the shareholders of the Company and both LITRAK and SPRINT are successfully disposed of, LITRAK Holdings will realise an indicative one-off proforma gain on disposal of approximately RM1,525.05 million from the Proposed Disposals. The said one-off proforma gain will contribute positively to the Group's proforma earnings and EPS for the FYE 31 March 2022, which translates to a gain per LITRAK Holdings share of approximately RM2.86. Hence, the Proposed Disposals represent an opportunity for LITRAK Holdings to realise its value of investment in each Expressway Concession Company at an attractive gain.

Further, assuming both LITRAK and SPRINT are successfully disposed of, the proceeds from the Proposed Disposals will primarily be distributed to the shareholders of LITRAK Holdings, with the balance used to fund the Group's general corporate expenses and defray the estimated expenses for the Proposed Disposals. Please refer to Section 6.4 of the IAL for our analysis on the utilisation of disposal proceeds under 3 different scenarios on the Proposed Disposals.

We wish to highlight that while the Proposed Disposals will enable LITRAK Holdings to realise a proforma gain on disposal of approximately RM1,525.05 million, the Proposed Disposals, if successfully implemented, will at the same time result in LITRAK Holdings disposing substantially all of LITRAK Holdings' assets which will result in LITRAK Holdings being no longer suitable for continued listing on Bursa Securities. It is not the intention of the Company to maintain its listing status. Subject to the completion of the Proposed Disposals and the approval by the Board, it is the intention of the Company to distribute approximately RM2,721.03 million to the entitled shareholders by way of special cash dividend and/or capital repayment as the Board deems appropriate. Please refer to Section 6.4 of the IAL for our analysis on the proposed distribution following the completion of the Proposed Disposals. Thereafter, the Company will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution.

We also wish to highlight that LITRAK Holdings' dividend yield for the past 5 financial years from FYE 31 March 2018 to 2022 has been between 4.3% and 6.7% as set out below:

FYE 31 March	Declaration date	Type	Dividend per share (RM)	Price on the entitlement date (RM)	Dividend yield (%)	Dividend yield per annum (%)
2022	24 February 2022	Interim Dividend	0.15	3.70	4.1	6.7
	25 August 2021	Interim Dividend	0.10	3.72	2.7	

FYE 31 March	Declaration date	Type	Dividend per share (RM)	Price on the entitlement date (RM)	Dividend yield (%)	Dividend yield per annum (%)
2021	25 February 2021	Interim Dividend	0.10	3.88	2.6	5.1
	27 August 2020	Interim Dividend	0.10	4.00	2.5	
2020	27 February 2020	Interim Dividend	0.15	3.60	4.2	6.4
	28 August 2019	Interim Dividend	0.10	4.54	2.2	
2019	27 February 2019	Interim Dividend	0.15	4.50	3.3	5.5
	29 August 2018	Interim Dividend	0.10	4.61	2.2	
2018	28 February 2018	Interim Dividend	0.10	5.77	1.7	4.3
	29 August 2017	Interim Dividend	0.15	5.85(1)	2.6	
Average						**5.6**

(Source: Bloomberg and Bursa Securities)

Note:

(1) Based on the share price on 19 September 2017, being the day before the entitlement date as the shares were not traded on the entitlement date.

The following are the possible scenarios for a shareholder holding 100 LITRAK Holdings shares to approve or reject both the resolutions on the Proposed Disposals:

Scenario	Decision of a shareholder of LITRAK Holdings holding 100 LITRAK Holdings shares	Computation	Total dividend / income per annum
1	Approve the resolutions on the Proposed Disposals and place the cash distribution amount per share of RM5.09 per share (before deducting transaction costs) in fixed deposit to earn interest income at 2.10%(1) per annum	RM5.09 per share x 100 LITRAK Holdings shares x 2.10% per annum	RM10.69
2	Reject the resolutions on the Proposed Disposals and dispose of the LITRAK Holdings shares in the open market at RM4.80(2) per share and place the gross proceeds (before deducting transaction costs) of RM480 in the fixed deposit to earn interest income at 2.10%(1) per annum	RM4.80 per share x 100 LITRAK Holdings shares x 2.10% per annum	RM10.08
3	Reject the resolutions on the Proposed Disposals and retain the LITRAK Holdings shares to earn an assumed dividend yield of 5.6% (based on the simple average dividend yield payout for the past 5 financial years from FYE 31 March 2018 to 2022)	100 LITRAK Holdings shares issued at RM1.00 per share x 5.6% per annum	RM5.60

Note:

(1) Based on Malayan Banking Berhad's 12-month fixed deposit rate as at the LPD.

(2) Based on the closing price as at the LPD.

Based on the above scenarios:

Scenario 1	Shareholders of LITRAK Holdings would be in the best position to approve the resolutions on the Proposed Disposals and place the cash distribution amount per share in the fixed deposit as the cash distribution amount per share of RM5.09 is higher than the price of LITRAK Holdings shares as at the LPD of RM4.80 per share. However, shareholders of LITRAK Holdings should note that the cash distribution amount per share of RM5.09 can only be fully realised after completion of the capital repayment which is expected to take place within 12 months of the Completion Date.
Scenario 2	Shareholders of LITRAK Holdings should note that our evaluation is based on the historical market prices of LITRAK Holdings shares as at the specific dates/periods and should not be relied upon as an indication of the future trading performance of LITRAK Holdings shares. Please refer to Section 6.7 of this IAL for our analysis on the historical share price of the Company.
Scenario 3	Shareholders of LITRAK Holdings will continue to hold the LITRAK Holdings shares and potentially earn dividend income from its investment in the Company. However, shareholders of LITRAK Holdings should note that the historical track record on the dividend payout is not an indication of the future dividend payout of the Company. In addition, shareholders of LITRAK Holdings should note that the future dividend payout will depend on the future financial performance and cashflow of the Group and may be subject to changes in the Company's dividend policy.

Further, as the LITRAK Consideration and the SPRINT Consideration are determined based on the Equity Value of LITRAK and SPRINT using DCF methodology, such future cashflow from holding LITRAK Holdings shares during the concession period had already been priced into the Equity Value. Accordingly, if the Proposed Disposals are being considered favourably by the non-interested shareholders of the Company and PNB, shareholders of the Company would similarly be able to reap the discounted value of the expected future cashflow of holding LITRAK Holdings shares.

Premised on the above, we are of the view that the rationale for the Proposed Disposals is reasonable.

6.2 EVALUATION OF THE DISPOSAL CONSIDERATIONS

The principal activities of LITRAK are to design, construct, operate and maintain the LDP Highway and to manage its toll operations under the LITRAK Concession Agreement.

The principal activities of SPRINT are to design and construct the SPRINT Highway, operate and manage the toll operations and maintain the SPRINT Highway under the SPRINT Concession Agreement.

As stated in Section 3 of Part A of the Circular, the Disposal Considerations are based on the Offers received from ALR via its CLOOs dated 2 April 2022. The Board and the Board of Directors of SPRINT Holdings had accepted the respective 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 LITRAK and SPRINT for the FYE 31 March 2020, 2021 and 2022;

(d) the views of the Principal Adviser which were presented to the Board. The Principal Adviser had arrived at their preliminary views of each Disposal Consideration based on the preliminary indicative EV of each Expressway Concession Company;

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

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

The fairness of the Proposed Disposals can be determined by evaluating the fairness of the Disposal Consideration for each Proposed Disposal i.e. the LITRAK Consideration and the SPRINT Consideration.

It is noted that the LITRAK Consideration and the SPRINT Consideration are offered by ALR based on the Equity Value of LITRAK and SPRINT after taking into account the enterprise values ("**EV**") of LITRAK and SPRINT respectively as at the Valuation Date of 31 December 2021 and adjusted to arrive at the Disposal Considerations. EV is a measure of a company's total value where it takes into account the entire market value of a company and all ownership interests and asset claims from both debt and equity.

As the Proposed Disposals involve the disposal by LITRAK Holdings of its equity interests in both LITRAK and SPRINT, we have considered the equity values of the LITRAK securities and SPRINT securities to assess the Proposed Disposals. Equity value represents the total value of a company that is attributable to its shareholders. In arriving at the Equity Value of LITRAK and SPRINT, the adjustments to the EV of LITRAK and SPRINT have been provided for in the Finalised SSPAs as set out below:

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

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The above formula is used to arrive at the market value of equity of LITRAK and SPRINT, which is in-line with the ALR's intention to acquire the equity interest of LITRAK and SPRINT. We note that the adjustments made above are reasonable to arrive at the Equity Value from the EV of LITRAK and SPRINT. The Equity Value has been computed as follows:

	Workings	LITRAK	SPRINT	Total
		(RM'million)	(RM'million)	(RM'million)
EV	(A)	2,119	1,808	3,927
Less:				
Indebtedness [(1)]	(B)	(395)	(1,146)	(1,541)
Other Net Current Liabilities[(2)]	(C)	(30)	(10)	(40)
Add:				
Residual Cash[(3)]	(D)	464	205	669
Government Compensation Receivable[(4)]	(E)	168	47	215
Equity Value	**(F)**	**2,326**	**904**	**3,230**
[(A) - (B) - (C) + (D) + (E)]				
Less: Pre-Completion Dividend	(G)	(80)	-	(80)
Adjusted Equity Value [(F) - (G)]	**(H)**	**2,246**	**904**	**3,150**
LITRAK Holdings' interest	(i)	100%	50%	
LITRAK Holdings portion of the Adjusted Equity Value [(H)*(i)]	**(J)**	**2,246**	**452**	**2,698**

***Note**:*

(1) Indebtedness as at the Valuation Date as extracted from the unaudited financial statements of LITRAK and SPRINT as at 31 December 2021.

(2) Other Net Current Liabilities as at the Valuation Date as extracted from the unaudited financial statements of LITRAK and SPRINT as at 31 December 2021.

(3) Residual Cash as at the Valuation Date.

(4) Government Compensation Receivable by the Expressway Concession Companies as at the Valuation Date. This adjustment has been made in arriving at the Equity Value of LITRAK and SPRINT as the Government Compensation Receivable is accrued to the Concession Holdings Companies prior to the Valuation Date.

The adjustments are reasonable to account for the capital structure of the Expressway Concession Companies. The Indebtedness and Other Net Current Liabilities adjustment can be categorised under "market value of debt" and is deducted from EV, while the Residual Cash and Government Compensation Receivable are the "cash equivalents and short-term investments" and are added to EV to arrive at the Disposal Considerations.

In arriving at the fairness evaluation of the LITRAK Consideration and SPRINT Consideration, we have compared the LITRAK Consideration and SPRINT Consideration against the Equity Value of LITRAK and SPRINT. The LITRAK Consideration and SPRINT Consideration are considered as "fair" if the LITRAK Consideration and SPRINT Consideration are equal to or higher than the Equity Value of LITRAK and SPRINT.

For the purpose of appraising the Equity Value of LITRAK and SPRINT, we are of the view that the DCF valuation method is the most appropriate method to estimate the EV of LITRAK and SPRINT which is adjusted to derive their Equity Value given the nature of both LITRAK and SPRINT which are involved in the highway concession business with a finite lifespan. The DCF valuation method is able to effectively factor in the future earnings and cash flows of the two businesses as well as the timing of such cash flows to be generated.

We have also cross checked our evaluation by analysing precedent M&A transactions which involved highway concessionaires in Malaysia.

In evaluating the fairness of the LITRAK Consideration and SPRINT Consideration, we have not relied on the comparable companies' analysis due to the following:

(i) lack of comparable companies in Malaysia which generates majority of its revenue from the toll concession segment; and

(ii) expanding the selection of comparable companies overseas will introduce other geopolitical risk premiums and considerations due to differing operating conditions.

6.2.1 Primary method - DCF valuation method

The DCF valuation method is an investment appraisal technique which takes into consideration both the time value of money and the future cash flows over a fixed period of time. Under this approach, the future net cash flows from the business or asset are discounted at a specified discount rate to arrive at the net present value ("**NPV**"). We have not considered any terminal value in our computation due to the finite concession period of both the LDP Highway and SPRINT Highway where all the future net cash flows of both the LDP Highway and SPRINT Highway have been projected and included in the future cash flows up to the end of the LDP Highway Concession Period and SPRINT Highway Concession Period. In addition, we have assumed that there is no extension of the Concession Agreements beyond the end of the concession periods. Hence, no value has been ascribed for the Concession Agreements for possible extension of time beyond the end of the concession periods. We further note under Sections 1.6 and 2.6 of Appendix III of the Circular that both the LDP Highway Concession Period and SPRINT Highway Concession Period may only be extended should any of the force majeure events under the LITRAK Concession Agreement and 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 LITRAK/SPRINT and the Government of Malaysia, or in the absence of such agreement, to be determined by the Minister responsible for roads. Thus, we note that there are limited circumstances for such extensions of the concession periods.

In applying the DCF valuation method, the current value of LITRAK and SPRINT's FCFF are discounted at the DCF WACC. The DCF WACC is computed using the capital asset pricing model ("**CAPM**") (to estimate the cost of equity) and the cost of debt. The EV of LITRAK and SPRINT are the sum of the NPV for the projection years.

The projected FCFF of LITRAK and SPRINT ("**Projected FCFF**") were prepared based on various bases and assumptions adopted by the Management. The Projected FCFF has not been independently verified by the auditors, consultant or other professional adviser. The Board is responsible for the bases and assumptions considered and approved in the preparation of the Projected FCFF.

We have considered and evaluated the key bases and assumptions adopted by the Management in the Projected FCFF which has been approved by the Board. We are satisfied that the said key bases and assumptions as set out in **Annexure I** of this IAL are reasonable given the prevailing circumstances and significant factors as at the LPD.

Please refer to **Annexure I** of this IAL for the key bases and assumptions, and our comments and opinions on the key bases and assumptions used in the Projected FCFF.

One of the key assumptions for the DCF valuation method is the discount rate. LITRAK and SPRINT's FCFF are discounted at the DCF WACC to arrive at their NPV. The DCF WACC is the required rate of return that an investor would expect in arriving at an investment decision. The DCF WACC is computed by summing up the cost of each capital component multiplied by its proportional weight. Generally, where a company is funded by debt and equity, the DCF WACC is calculated using the following formula:

Where Capital = Equity + Debt

DCF WACC = [Cost of equity x (Equity ÷ Capital)] + [Cost of debt x (1 – taxation rate) x (Debt ÷ Capital)]

Our inputs into the components of the DCF WACC as well as our comments are set out in the table below:

	Inputs into the components of the DCF WACC	**Affin Hwang IB's comments**
1.	In arriving at the required rate of return on equity (or cost of equity), we have used the CAPM with the inputs into the following formula: Required return = $r_f + \beta$ (ERP) r_f, β and ERP are defined below.	The CAPM is an investment model widely used by investors to determine return and risk associated with an investment. It computes the required rate of return of a security after taking into consideration the rate of return on a risk free investment plus the relevant risk premiums, being the expected returns that such an investor would demand over and above the rate of return on the risk free investment, as such an investor needs to be compensated for taking extra risks.
2.	Risk free rate ("$\mathbf{r_f}$") of 3.56%	The r_f represents the expected rate of return of an investment with theoretically no risk (i.e. risk free investment). We have adopted the yield of 10-year Government securities as extracted from Bloomberg as at the Valuation Date(1) of 3.56%. A 10-year tenure for Government securities is adopted as it approximates the remaining concession period for both the LDP Highway and SPRINT Highway of approximately 8 years and 8-12 years, respectively.
3.	Equity Risk Premium ("**ERP**") of 7.71%	The ERP is the premium that investors demand for investing in equities which have inherent risks and is usually the expected rate of return of a general index of listed securities. We have adopted an ERP of 7.71% which is the ERP for Malaysia as extracted from Bloomberg as at the Valuation Date(1). The ERP for Malaysia is adopted as the operations of both LITRAK and SPRINT are principally in Malaysia. Industry specific ERP has not been adopted as there is no published data. We also note that there are limited highway concessionaires in Malaysia which are listed on Bursa Securities to form a market index.

<table>
<tr><th></th><th>Inputs into the components of the DCF WACC</th><th>Affin Hwang IB's comments</th></tr>
<tr><td>4.</td><td>Beta ("β") of 0.65</td><td>The term β refers to the sensitivity of an asset's returns to market returns. It measures an asset's risk in relation to the market.

We have adopted the 3-year β of LITRAK Holdings, the listed holding company of both LITRAK and SPRINT, as extracted from Bloomberg as a proxy to the β of LITRAK and SPRINT as these 2 companies are unlisted companies and they constitute the entire core business of LITRAK Holdings. A 3-year β is adopted as it normalises the fluctuations of the Company's securities against the overall stock market over a period of time.</td></tr>
<tr><td>5.</td><td>Debt/equity ratio of 0.19</td><td>We adopted the debt/equity of LITRAK Holdings, the listed holding company of both LITRAK and SPRINT, as a proxy to the debt/equity ratio of both LITRAK and SPRINT as these companies are both unlisted and do not have a market value of equity. The debt/equity ratio of 0.19 is computed using the market capitalisation of LITRAK Holdings as at the Valuation Date and book value of its borrowings as at the Valuation Date(1).

A debt/equity ratio of 0.19 implies that the capital comprises approximately 83.79% equity and 16.21% debt.</td></tr>
<tr><td>6.</td><td>Cost of debt</td><td>We note that the cost of debt for the Group, LITRAK and SPRINT for the latest audited FYE 31 March 2022 and the Valuation Date as set out below:

<table>
<tr><th></th><th>For the FYE 31 March 2022</th><th>As at the Valuation Date(1)</th></tr>
<tr><td>Group</td><td>6.10%</td><td>6.00%</td></tr>
<tr><td>LITRAK</td><td>6.10%</td><td>6.07%</td></tr>
<tr><td>SPRINT</td><td>(2)8.14%</td><td>(2)8.27%</td></tr>
</table>
(Source: Audited financial statements of LITRAK Holdings, LITRAK and SPRINT for the FYE 31 March 2022 and/or Management)

The above costs of debt represent the weighted average interest rate of the Group and respective companies' borrowings for the financial year/period. We have considered the cost of debt at the respective level of the Group, LITRAK and SPRINT. Nonetheless, we have used the cost of debt of the Group of 6.00% as an input into the computation of DCF WACC as this reflects the Group's cost of debt as at the Valuation Date.

We wish to highlight the following:
• LITRAK's cost of debt has been reflected in the Group's cost of debt as it is a wholly-owned subsidiary of LITRAK Holdings; and
• SPRINT is an associate company of LITRAK Holdings, where the investment in SPRINT has been recognised based on the equity method of accounting and is not being consolidated within the Group.</td></tr>
</table>

	Inputs into the components of the DCF WACC	Affin Hwang IB's comments
		We are of the view that it is reasonable to adopt the cost of debt of the Group as an input into the computation of DCF WACC as the DCF WACC represents the required rate of return that the shareholders of LITRAK Holdings would expect in arriving at their investment decision.
7.	Tax rate of 24%	Prevailing statutory tax rate as extracted from the website of the Inland Revenue Board of Malaysia. Save for SPRINT which has a low effective tax rate of 2.9% due to its past unutilised taxation credits for unutilised tax losses and unabsorbed capital allowance, the tax rate used is in line with the effective tax rate of LITRAK Holdings and LITRAK of 23.4% and 24.9% for the FYE 31 March 2021. We have not considered the effective tax rate of LITRAK Holdings and LITRAK based on the latest audited financial statements for the FYE 31 March 2022 as LITRAK was subject to "Cukai Makmur", which is a one-off special tax imposed by the Government of Malaysia on companies other than Micro, Small and Medium Enterprises ("**MSMEs**") generating high income during the COVID-19 pandemic period as follows: (i) the chargeable income up to the first RM100 million is subject to 24% tax rate; and (ii) the remaining chargeable income in excess of RM100 million is taxed at 33%. A company with paid-up capital not exceeding RM2.5 million and an annual sale of not more than RM50 million is categorised as MSMEs. We have also not considered the effective tax rate of SPRINT based on the latest audited financial statements for the FYE 31 March 2022 as SPRINT recorded losses for the year, and hence did not have taxable profit available against which the utilised tax losses or unabsorbed capital allowance can be utilised.

Note:

(1) The relevant information or data is extracted as at the Valuation Date of 31 December 2021 which is the cut-off date adopted to determine the LITRAK Consideration and SPRINT Consideration.

(2) Based on our discussion with the Management, the cost of debt of SPRINT was at a fixed rate of 8.0% and 8.5% per annum for its loan facilities. However, as at the LPD, we understand that SPRINT is in the process of restructuring its borrowings to a floating rate facility and if approved, will reduce its cost of debt to an initial rate of 6.15% per annum.

Based on the inputs above, we have computed the cost of equity and DCF WACC of LITRAK and SPRINT as follows:

Cost of equity	*$r_f + \beta$ (ERP)* = 3.563% + 0.654 (7.711%) = 8.61%
DCF WACC	*[Cost of equity x (Equity ÷ Capital)] +* *[Cost of debt x (1 – tax rate) x (Debt ÷ Capital)]* = [8.61% x 83.79%] + [6.00% x (1 – 24%) x 16.21%] **= 7.95%**

We have considered the key bases and assumptions adopted by the Management and are satisfied with the key bases and assumptions adopted by the Management in arriving at the Projected FCFF save for the 2 areas set out below for which the Management has adopted the following:

(i) 6% increase in "operational expenses" and "ancillary and other income" on a straight line basis for the FYE 31 March 2025 to 2029 based on the Managements' approved budget in respect of LITRAK; and

(ii) 6% and 5% increase in "operational expenses" and "ancillary and other income", respectively on a straight line basis for the FYE 31 March 2025 to 2030 based on the Managements' approved budget in respect of SPRINT,

both of which are not within the historical trend of the Expressway Concession Companies for the past financial years under analysis of the FYE 31 March 2012 to 2019(1) ("**Analysis Period**").

Accordingly, a sensitivity analysis was performed by varying the abovementioned assumptions based on the historical trend of the Expressway Concession Companies, using the average percentage of the Expressway Concession Companies' "operational expenses" and "ancillary and other income" for the Analysis Period as set out below:

	LITRAK	SPRINT
Operational expenses (%)	3.7	4.3
Ancillary and other income (%)	0.4	2.9

Note:

(1) We have excluded the historical trend analysis arising from the financial performance for FYE 31 March 2020 and 2021 as the Management had adopted cost saving measures due to the COVID-19 pandemic. Thus, we are of the view that financial performance of the Expressway Concession Companies for FYE 31 March 2020 and 2021 do not reflect the historical trend of their financial performance.

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In determining the Equity Value of LITRAK and SPRINT, we have relied on the following FCFF and discounted it using the DCF WACC as computed above to arrive at a range of EV for LITRAK and SPRINT:

(i) Projected FCFF provided by the Management ("**Management Projection**"); and

(ii) Adjusted FCFF as a sensitivity analysis by varying the assumptions used for "operational expenses" and "ancillary and other income" from the Management Projection based on the table above ("**Adjusted Projection**"). The sensitivity analysis on the Management Projection was undertaken to assess the impact on the EV in the event these assumptions revert to their historical trend.

We have adopted the historical trend of "operational expenses" of LITRAK and SPRINT as part of the sensitivity analysis which we are of the view is reasonable despite noting that the headline inflation in Malaysia is projected to average between 2.2% - 3.2% in 2022. *(Source: Bank Negara Malaysia's Monetary Policy Statement dated 11 May 2022 on the inflation data).* We are of the view that the sensitivity analysis demonstrates that "operational expenses" are not overstated in arriving at the Equity Value of LITRAK and SPRINT.

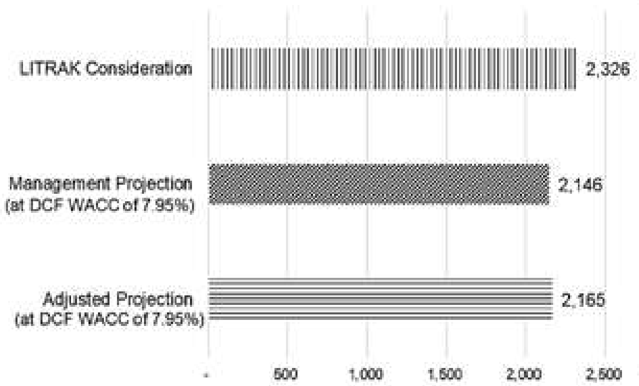
We are also of the view that the historical trend of the "ancillary and other income" is reasonable as these relates primarily to advertising income along the LDP Highway and SPRINT Highway, which are usually based on fixed contracts and have been fairly consistent under the Analysis Period.

The Management Projection and Adjusted Projection for LITRAK and SPRINT respectively are then discounted at the DCF WACC of 7.95%. Thereafter, the EV for LITRAK and SPRINT have been adjusted to arrive at the Equity Value of LITRAK and SPRINT as follows:

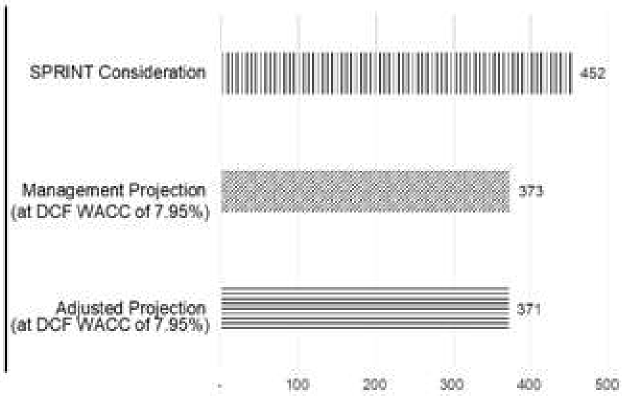
	LITRAK		**SPRINT**	
	Management Projection (at DCF WACC of 7.95%)	**Adjusted Projection (at DCF WACC of 7.95%)**	**Management Projection (at DCF WACC of 7.95%)**	**Adjusted Projection (at DCF WACC of 7.95%)**
	(RM'million)	**(RM'million)**	**(RM'million)**	**(RM'million)**
EV	1,939	1,958	1,649	1,646
Less:				
Indebtedness	(395)	(395)	(1,146)	(1,146)
Other Net Current Liabilities	(30)	(30)	(10)	(10)
Add:				
Residual Cash	464	464	205	205
Government Compensation Receivable	168	168	47	47
Equity Value	**2,146**	**2,165**	**745**	**742**
LITRAK Holdings' interest	100%	100%	50%	50%
LITRAK Holdings portion of the Equity Value	**2,146**	**2,165**	**373**	**371**

We set out below the range of Equity Value of LITRAK and SPRINT:

LITRAK



SPRINT



Based on the above, we are of the view that the Proposed Disposals are fair as:

(i) the LITRAK Consideration is above the range of the computed Equity Value of LITRAK; and

(ii) the SPRINT Consideration is above the range of the computed Equity Value of SPRINT.

6.2.2 Check method – Precedent M&A transaction multiples

As a check method, we have considered the implied PER multiple of LITRAK Consideration and SPRINT Consideration and compared it against the PER of precedent M&A transactions which involved highway concessionaires in Malaysia completed within the past 11 years.

PER is a valuation metric which compares a company's share price against its EPS. A higher PER may indicate that investors are willing to pay more for a RM's worth of earnings from the company.

The implied PER of the LITRAK Consideration and SPRINT Consideration for the past 3 financial years are computed as follows:

LITRAK

FYE 31 March	**Workings**	**2020**	**2021**	**2022**
Equity Value (RM' million)	(F)		2,326	
Revenue (RM'million)		503.8	392.8	400.9
PAT (RM'million)	(I)	244.6	184.5	167.0
Implied PER (times)	(F) / (I)	9.5	12.6	13.9

SPRINT

FYE 31 March	**Workings**	**2020**	**2021**	**2022**
Equity Value (RM'million)	(F)		(1)904	
Revenue (RM'million)		244.5	217.3	171.5
PAT/(LAT) (RM'million)	(I)	37.0	45.4	(5.2)
Implied PER (times)	(F) / (I)	24.4	19.9	(2)N/A

Note:

(1) Represents the sale consideration for 100% equity interest in SPRINT.

(2) N/A - The implied PER is not applicable as SPRINT is loss making for the FYE 31 March 2022.

The revenue of LITRAK and SPRINT for the FYE 31 March 2021 and 2022 were impacted by the various MCO imposed by the Government of Malaysia since 18 March 2020 in an effort to curb the spread of the virus during the COVID-19 pandemic. Profitability however, was sustained to a certain extent due to the operational expenses cost savings measures implemented by the Group during the COVID-19 pandemic. Accordingly, given the pre and COVID-19 pandemic impact:

- in computing the implied PER range of the LITRAK Consideration, we have considered the PAT for the 3 FYE 31 March 2020, 2021 and 2022 as the profitability of these financial years would give a better representation of LITRAK's financial performance; and

- in computing the implied PER range of the SPRINT Consideration, we have considered the PAT for the 2 FYE 31 March 2020 and 2021 (where SPRINT is loss-making for FYE 31 March 2022) as the profitability of these financial years would give a better representation of SPRINT's financial performance.

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We have considered the implied PER multiple of the LITRAK Consideration and SPRINT Consideration and compared it against the PER of the selected precedent M&A transactions. The precedent M&A transactions and its transaction multiples are set out below (where publicly available):

Completion Date	**Target**	**Concession period for the highway**	**Vendor**	**Purchaser**	**Equity interest (%)**	**Consideration RM'mil**	**Implied consideration for 100% RM'mil**	**PER (times)**
19 December 2011	PLUS Expressways Berhad	Various concessions from 18 March 1988 to 20 July 2041	UEM Group Berhad, Khazanah Nasional Berhad, Employees Provident Fund ("**EPF**") and entitled shareholders	Special purchase vehicle of UEM Group Berhad and EPF	100	23,000	23,000	18.5
31 March 2014	Kesas Holdings Berhad	19 November 1993 to 18 August 2023, with a maximum 5-year extension up to 18 August 2028	AmCorp Properties Berhad	Gamuda	20	280	1,400	8.7
30 June 2014	Kesas Holdings Berhad	19 November 1993 to 18 August 2023, with a maximum 5-year extension up to 18 August 2028	PNB	Gamuda	20	290	1,450	9.0
13 February 2017	Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd	11 August 2005 for a period of 54 years and shall be further extended for a period of 10 years, subject to terms and conditions of the concession agreement	Ekovest Berhad	EPF	40	1,130	2,825	[(2)]N/A

Completion Date	Target	Concession period for the highway	Vendor	Purchaser	Equity interest (%)	Consideration RM'mil	Implied consideration for 100% RM'mil	PER (times)
28 April 2017	Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd	1 August 2001 for a period of 36 years	Silk Holdings Berhad	PNB	100	380	380	[2]N/A
23 November 2018	Concession awarded to MRCB Lingkaran Selatan Sdn Bhd ("**MLSSB**") (termination of Eastern Dispersal Link Expressway)	26 June 2007 for a period of 34 years	Malaysian Resources Corp Bhd	Government of Malaysia	100	[1]1,326	1,326	[2]N/A
							Simple average	**12.0**
							Median	**9.0**
							Minimum	**8.7**
							Maximum	**18.5**

(Source: Announcements on Bursa Securities)

LITRAK	**9.5 - 13.9**
SPRINT	**19.9 - 24.4**

***Note**:*

(1) Determined based on negotiations between the Government of Malaysia and MLSSB and in recognition of the significant capital expenditure and operating expenditure incurred by MLSSB.

(2) The PER is not applicable for these transactions as the target companies were loss making when the consideration were agreed upon.

Based on the above, we are of the view that the LITRAK Consideration and SPRINT Consideration are fair as the implied PER of the LITRAK Consideration of 9.5 - 13.9 times and implied PER of the SPRINT Consideration of 19.9 - 24.4 times are higher than the median PER of the precedent M&A transactions of 9.0 times.

6.3 SALIENT TERMS OF THE CLOOs AND FINALISED SSPAs

6.3.1 CLOOs

Our evaluation of the salient terms of the CLOOs is as follows:

NO.	SALIENT TERMS	CLOOs	Affin Hwang IB's comments
1.	**CONDITIONS**		
1.1	**Offer Conditions to be fulfilled prior to the execution of the Finalised SSPAs**	The Offer shall be subject to the following Offer Conditions being satisfied prior to the execution of the Finalised SSPAs which shall be executed by 31 July 2022 or such other extended date as may be mutually agreed between the Parties ("**Finalised SSPAs Execution Date**"):	We note that the Offers came with Offer Conditions which are to be satisfied before the execution of the Finalised SSPAs. We note the following:
		(i) the completion of due diligence exercise on the Expressway Concession Companies, to the satisfaction of ALR;	(i) the undertaking of due diligence exercise on companies to be acquired i.e. LITRAK/SPRINT is a common commercial term for a M&A transaction. The due diligence exercise is currently pending completion and confirmation by ALR. We note from Section 9 of Part A of the Circular that the due diligence exercise is expected to be completed on or before the date of the forthcoming EGM of the Company;
		(ii) approval by the relevant regulatory authority (including the Government of Malaysia) for each Offer, to the satisfaction of ALR;	(ii) the approval from the relevant regulatory authority and in particular the Government of Malaysia is required for the implementation of the Proposed Disposals as they involve Concession Agreements which had been contracted with the Government of Malaysia. Approval from the Ministry of Works Malaysia (*KKR*) 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;
		(iii) execution by each Expressway Concession Company and the Government of Malaysia (represented by the Ministry of Works) of a supplemental concession agreement based on terms and conditions to be approved by ALR;	(iii) the execution by LITRAK/SPRINT and the Government of Malaysia of respective supplemental concession agreements is to ensure the continuity of LITRAK/SPRINT's operations following the completion of the Proposed Disposals to ALR. The supplemental concession agreements were executed by each Expressway Concession Company and the Government of Malaysia on 25 April 2022. Please refer to Appendix VIII of the Circular for the salient terms of the supplemental concession agreements;

NO.	SALIENT TERMS	CLOOs	Affin Hwang IB's comments
		(iv) approval of an income tax exemption 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; and (v) the requisite shareholders' approval(s) of the respective shareholders of the Company and SPRINT Holdings for the disposal of each Expressway Concession Company by the Company and SPRINT Holdings, respectively in accordance with the terms of the respective Finalised SSPAs.	(iv) ALR will enjoy income tax exemption and stamp duty exemption after the completion of the Proposed Disposals, which are typically borne by a purchaser in other M&A transactions. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty was obtained on 1 June 2022 (for the Proposed Disposal of LITRAK), 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); and (v) approval from LITRAK Holdings' and SPRINT Holdings' shareholders is required for the execution of the Finalised SSPAs on the Proposed Disposals. We are of the view that the Offer Conditions are reasonable as they are required for the parties to progress to the execution of the Finalised SSPAs to implement the Proposed Disposals. We note that the Conditions Precedent have largely been met except for item (i) and (v) above.
2.	**TERMINATION**		
2.1	**Termination of the CLOOs**	After the acceptance of the Offers, ALR is able to terminate any of the Offers at any point in time prior to the execution of the Finalised SSPAs.	We note that there is no recourse to the Concession Holding Companies in the event ALR decides to terminate the Offers after the acceptances of the Offers by LITRAK Holdings and SPRINT Holdings. We are of the view that this term is not reasonable as there is no recourse to the Concession Holding Companies should ALR decides to unilaterally terminate the Offers. In the event the Parties do not progress and proceed to execute the Finalised SSPAs, the Concession Holding Companies would have incurred the time and monetary resources on the Proposed Disposals from the date of the acceptance of the Offers up to the date of termination of the Offers with no recourse. Nonetheless, this is a commercial term where the Board will need to take all reasonable steps towards the completion of the Proposed Disposals.

6.3.2 Finalised SSPAs

The salient terms of the Finalised SSPAs have been set out in Appendix II of the Circular. Our evaluation of the salient terms of the Finalised SSPAs is as follows:

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
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	We note that the Disposal Considerations offered by ALR are after taking into account the EV of LITRAK and SPRINT as at the Valuation Date of 31 December 2021 and adjusted to arrive at the Equity Value of LITRAK and SPRINT. Please refer to Section 6.2 of this IAL for our evaluation of the Disposal Considerations.

<table>
<tr><th>NO.</th><th>SALIENT TERMS</th><th>Finalised SSPAs</th><th>Affin Hwang IB's comments</th></tr>
<tr><td>2.</td><td>Mode of settlement of the Disposal Considerations</td><td>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:

(a) 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 <u>adjusted by</u> 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 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.</td><td>The Disposal Considerations will be satisfied in cash and the Completion Amount will be payable on the Completion Date. The Completion Date will fall within 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.

For LITRAK
The mode of settlement for the Disposal Consideration is represented by the formula as set out below:

Completion Amount = Initial Sum + Adjustment Amount
Adjustment Amount = Holding Cost on Initial Sum
– Pre-Completion Dividend
– Retention Sum

For SPRINT
The mode of settlement for the Disposal Consideration is represented by the formula as set out below:

Completion Amount = Initial Sum + Adjustment Amount
Adjustment Amount = Holding Cost on Initial Sum
– Pre-Completion Dividend
– Retention Sum
– RULS redemption amount

Where:
<table>
<tr><td>Initial Sum</td><td>=</td><td>Equity Value – Government Compensation Receivable</td></tr>
<tr><td>Holding Cost on Initial Sum</td><td>=</td><td>Amount equivalent to the Initial Sum multiplied by 2% per annum on a daily rest basis computed from the Valuation Date until and including the Completion Date</td></tr>
<tr><td>Pre-Completion Dividend</td><td>=</td><td>Dividend declared and paid prior to or on the Completion Date</td></tr>
<tr><td>Retention Sum</td><td>=</td><td>(EV – Indebtedness) X 1%</td></tr>
</table></td></tr>
</table>

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
			(a) We note the following: (i) there is no deposit payable as the Finalised SSPAs will only be executed after meeting the Offer Conditions which include shareholders' approval, and the Completion Amount will be settled on Completion Date; (ii) Government Compensation Receivable is deducted from the Completion Amount as it will be payable by ALR to LITRAK Holdings and SPRINT Holdings, which are the Concession Holding Companies in the manner as agreed following the receipt of the said amount. Please refer to item (b) below for our comments on the Government Compensation Receivable; (iii) the Holding Cost on Initial Sum adjustment is to compensate for the period between the Valuation Date of 31 December 2021 until the Completion Date. The Holding Cost on Initial Sum of 2% approximates to the prevailing fixed deposit rates of 1.75% to 2.10% per annum which is reasonable *(Source: Malayan Banking Berhad; 1-month to 12-month fixed deposit rate as at the LPD)*. We wish to highlight that the Disposal Considerations were determined as at the Valuation Date. Accordingly, any profit recorded by the Expressway Concession Companies will not accrue to the Concession Holding Companies and should be accorded to ALR. The Holding Cost on the Initial Sum of 2% is to compensate the Concession Holding Companies for the deferment in the receipt of payment from ALR for the period from the Valuation Date until the Completion Date. As such, we are of the view that the Holding Cost on the Initial Sum of 2% is reasonable; (iv) the Pre-Completion Dividend adjustment is required to account for any dividends declared and paid by the Expressway Concession Companies to the Concession Holding Companies between the Valuation Date and Completion Date. As at the LPD, LITRAK has declared and/or paid dividends of RM80.0 million after the Valuation Date to LITRAK Holdings;

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
			(v) there are Retention Sums to be retained and only payable to LITRAK Holdings and SPRINT Holdings at the end of the Retention Period of 13 months from the Valuation Date. Please refer to item (c) below for our comments on the Retention Sum; and (vi) the RULS redemption amount relates to the 6% redeemable unsecured loan stocks issued by SPRINT which is to be redeemed on Completion Date.
		(b) 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 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 Section 2.2.4 of Part A of the Circular for any reason, then the relevant Concession Holding Company bears the full risk of this shortfall.	(b) We note that the Government Compensation Receivable due from the Government of Malaysia as at the Valuation Date will be paid by ALR on Completion Date and/or within 5 Business Days upon receipt by the relevant Expressway Concession Company after the Completion Date. We are of the view that the manner of payment is reasonable as the Government Compensation Receivable is accrued to the Concession Holding Companies prior to the Valuation Date. If the Government of Malaysia actually settles less than the amount receivable for any reason, then the relevant Concession Holding Company bears the full risk of this shortfall, which is reasonable due to the following: (i) prior to the Valuation Date, the relevant Expressway Concession Company are running the day to day operations of the highways and accordingly, it is reasonable for the Expressway Concession Company to bear the risk of receipt of payment from its business operations; and (ii) the Government Compensation Receivable is subject to certification and audit of traffic numbers by the Malaysian Highway Authority.

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		(c) 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 principal weighted average profit rate per annum of ALR's sukuk programme of RM5.5 billion to be established ("**WACC**") (currently estimated at 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 5 Business Days from the date of resolution and/or determination.	(c) We note that the Retention Sum had been arrived at based on 1% of the computed EV less Indebtedness as at the Valuation Date based on the unaudited financial statements of LITRAK and SPRINT as at 31 December 2021 which amounts to RM17 million for the Proposed Disposal of LITRAK and RM7 million for the Proposed Disposal of SPRINT. We note that the Retention Sum is for ALR to ensure that there are available funds for the Concession Holding Companies to honour the warranties provided in favour of ALR pursuant to the Finalised SSPAs to be executed. Based on our discussion with the Management and from the terms of the Finalised SSPAs, we note that the Retention Sum is equivalent to the maximum aggregate liability of the Vendor for the Vendors' warranties to be provided as negotiated between the Parties, which is more favorable to the Company as opposed to a warranties claim without a limit. We are of the view that quantum of the Retention Sum of ((EV – Indebtedness) X 1%) is reasonable. The payment of interest at the WACC is to compensate for the withholding of the Retention Sum for the period between Completion Date until the actual payment of the Retention Sum by ALR to the respective Concession Holding Companies. The estimated rate at 5% per annum, is higher than the prevailing fixed deposit rates of 1.75% to 2.10% per annum which is reasonable *(Source: Malayan Banking Berhad; 1-month to 12-month fixed deposit rate as at the LPD)*; Further, the Retention Period, which shall expire on 31 January 2023, being 13 months from the Valuation Date, is reasonable as it is is similar with the period for the Purchaser to submit any claim for breach of Vendor's Warranties under the executed Finalised SSPAs. Based on our discussion with the Management, if both the Proposed Disposals are successfully implemented, the Retention Period will not jeopardise the Company's plan and timeline for the orderly distribution of the capital repayment to the shareholders, and the subsequent application to Bursa Securities for the voluntary withdrawal of the listing status of LITRAK Holdings.

<table>
<tr><th>NO.</th><th>SALIENT TERMS</th><th>Finalised SSPAs</th><th>Affin Hwang IB's comments</th></tr>
<tr><td>3.</td><td colspan="3">SETTLEMENT OF INTER-COMPANY DEBTS</td></tr>
<tr><td>3.1</td><td>Settlement of inter-company debts</td><td>ALR shall procure that each Expressway Concession Companies settle all inter-company 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 30 days from the Completion Date.</td><td>The settlement of inter-company debt is in-line with common commercial terms of other M&A transactions where debt owing to or by the Vendor and its related companies to the Expressway Concession Companies are to be settled due to the change in shareholders and ownership. The inter-company debt is due for payment within 30 days after the Completion Date, which is reasonable, as LITRAK Holdings or SPRINT Holdings would have received the cash from the Disposal Considerations for the settlement, if any.</td></tr>
<tr><td>4.</td><td colspan="3">CONDITIONS PRECEDENT</td></tr>
<tr><td>4.1</td><td>Conditions Precedent</td><td>The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposal of LITRAK and Proposed Disposal of SPRINT. Each Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. Each Vendor and 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</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>
<tr><td>2.</td><td>Conditions Precedent to be fulfilled by the respective Vendors</td><td>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</td></tr>
</table></td><td>We note that the Condition Precedent on the successful fund-raising by ALR will ensure that ALR has the necessary funds to satisfy the payment obligations under the executed Finalised SSPAs to complete the Proposed Disposals. We wish to highlight that this is a commercial negotiation between the Parties to agree on this term taking into account the sizeable amount of funds needed to acquire the highway concessions. Nonetheless, we wish to highlight that there is an inherent non-completion risk for the Proposed Disposals if ALR fails to obtain financing.

We note that the Condition Precedent to be fulfilled by the Vendors to obtain the required consents from existing financiers/lenders to comply with the terms of the existing financing facilities granted to the Expressway Concession Companies is reasonable.

We note that both the Vendors and Purchaser are required to jointly fulfil the Condition Precedent for the refinancing of LITRAK and SPRINT and/or Vendor's Indebtedness (where relevant). Based on our discussion with the Management, we note that the Vendor has no Indebtedness and refinancing is only required in respect of LITRAK's and SPRINT's Indebtedness. This Condition Precedent is necessary and reasonable to ensure the continuity of business operations and financial management post-completion of the Proposed Disposals.</td></tr>
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NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		(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. 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.	
5.	**PRE-COMPLETION UNDERTAKINGS**		
5.1	**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 Date (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: (i) 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; (ii) making or permitting any change to the share capital structure of the Target; (iii) 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 (see definition below) shall be deemed to be material;	The pre-completion undertakings provided by LITRAK Holdings and SPRINT Holdings are operational and attainable commitments by LITRAK Holdings and SPRINT Holdings to ensure that there is no material change to the operations, capital structure and the objects and powers which governs the internal affairs and management of the Expressway Concession Companies prior to the completion of the Proposed Disposals.

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		(iv) 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; (v) other than in the ordinary course of business of the Target, entering into any agreements or arrangements with related parties; (vi) entering into any long-term contract or capital commitment in excess of the amount equivalent to 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 12 months shall be deemed to be long-term contract or capital commitment; (vii) 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; (viii) 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; (ix) make any alteration to the provisions of the constitutional document of the Target; (x) 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 (xi) 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.	

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		For purposes of this item 5.1, 'Materiality Threshold' shall for the Proposed Disposal of LITRAK means 1% of the shareholders' funds of the Target based on the audited accounts and for the Proposed Disposal of SPRINT means RM500,000.	
5.2	**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.	We are of the view that the pre-completion undertakings to be provided by the Vendors in relation to the Sale Shares is reasonable as it serves to ensure that the Parties are committed to complete the Proposed Disposals. We further note that the terms of the CLOOs includes an exclusivity period of 125 days commencing from the date of acceptance of the Offers, where the Concession Holdings Companies shall not, and shall further procure that its management and/or any of its personnel shall not directly or indirectly, approach or initiate, enter into or engage in any discussions with any other potential purchaser for disposal of the securities of the Expressway Concession Companies.
5.3	**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.	We are of the view that the pre-completion undertakings to be provided by the Vendors in relation to the conduct of business is reasonable as it is to ensure that the operations of the Expressway Concession Companies remains intact before the Completion Date.
6.	**COMPLETION**		
6.1	**Completion Date**	(a) Subject to fulfilment of the Conditions Precedent as set out in Item 4 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 1 Business Day (i.e. a day which is not a Saturday, a Sunday or a public holiday in Selangor and Kuala Lumpur, Malaysia) 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.	The Completion Date, which shall fall within 1 Business Day from the fulfilment of the last Condition Precedent, although is relatively shorter than the commercial term of other M&A transactions, is beneficial to the Company as the Proposed Disposals can be completed in an expedient manner.

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
6.2	**Completion obligations to be fulfilled by ALR**	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 Item 2(a).	This term sets out the obligations of ALR on the Completion Date to give effect to the Proposed Disposals. The delivery of the required documents by ALR is necessary to facilitate the timely registration for the transfers of the Sale Shares to effect the transfer of ownership after the payment of the Completion Amount.
6.3	**Completion obligations to be fulfilled by the respective vendor**	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	This term sets out the obligation of the respective Vendors on the Completion Date to give effect to the Proposed Disposals. The delivery of the required documents by the Vendors is necessary to facilitate the timely registration for the transfers of the Sale Shares to effect the transfer of ownership after the payment of the Completion Amount. The delivery of the signed letters of resignation from the existing directors and company secretary of the Expressway Concession Companies, together with the directors' resolutions of the Expressway Concession Companies appointing persons nominated by the Purchaser as directors and secretary of the Target with effect from the Completion Date, will facilitate the timely appointment of the nominees of ALR to the Board of Directors of the Expressway Concession Companies as soon as the transfer of ownership takes place.

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		(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 issue 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 7 Business Days prior to the Completion Date.	
7.	**TERMINATION**	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 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. 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.	The remedies to each party is parallel. This term where either party is allowed to claim damages and/or specific performance for breaches post-completion but without any right to terminate the executed Finalised SSPAs, is a reasonable term.

NO.	SALIENT TERMS	Finalised SSPAs	Affin Hwang IB's comments
		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 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. 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.	

Based on the salient terms of the CLOOs and Finalised SSPAs, and our comments as set out above, we are of the view that save for the termination term under the CLOOs where there is no recourse to the Concession Holding Companies should ALR decides to unilaterally terminate the Offers before the execution of the Finalised SSPAs, the remaining salient terms of the CLOOs and Finalised SSPAs are reasonable.

We wish to highlight that the Finalised SSPAs, which are the final form of the SSPAs for the Proposed Disposals, as agreed between ALR and LITRAK Holdings and SPRINT Holdings have yet to be executed by the Parties. The execution of the Finalised SSPAs are subject to the fulfilment of the Offer Conditions and for ALR agreeing to proceed with the execution of the Finalised SSPAs.

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6.4 UTILISATION OF DISPOSAL PROCEEDS

We note from Section 5 of Part A of the Circular that LITRAK Holdings intends to utilise the disposal proceeds in the manner as illustrated in the following scenarios:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

	Scenario 1		Scenario 2		Scenario 3		
Purpose	**RM'million**	**%**	**RM'million**	**%**	**RM'million**	**%**	**Estimated utilisation timeframe from the date of completion**
Distribution to shareholders of LITRAK Holdings (i)							
- Special cash dividend	2,475.05	90.64	(1)2,263.82	99.58	323.12	70.68	Within 45 days
- Capital repayment	245.98	9.01	-	-	124.47	27.22	Within 12 months
Sub-total	2,721.03	99.65	2,263.82	99.58	447.59	97.90	
General corporate expenses (ii)	8.00	0.29	8.00	0.35	8.00	1.75	Within 12 months
Estimated expenses for the Proposed Disposals (iii)	1.62	0.06	1.62	0.07	1.62	0.35	Within 1 month
Total	**2,730.65**	**100.00**	**2,273.44**	**100.0**	**457.21**	**100.0**	

Note:

(1) Includes approximately RM57.83 million of Government Compensation Receivable and RM17.24 million of Retention Sum of LITRAK which has yet to be received as at the LPD. The said Government Compensation Receivable and Retention Sum are expected to be received and distributed to the shareholders of LITRAK Holdings via special cash dividend within 12 months from the Completion Date.

(i) Distribution to shareholders of LITRAK Holdings

Subject to the completion of the Proposed Disposals and the approval by the Board, it is the intention of the Company to distribute 99.65%, 99.58% and 97.90% of the disposal proceeds to the entitled shareholders of LITRAK Holdings in the form of special cash dividend and/or capital repayment under Scenario 1, 2 and 3, respectively.

Tentatively, the amount to be distributed as special cash dividend and/or capital repayment to the entitled shareholders of LITRAK Holdings under Scenario 1, 2 and 3 will be approximately RM2,721.03 million, RM2,263.82 million and RM447.59 million, respectively. This amount excludes the net cash position of the Company of RM30 million as at the LPD and estimated cash proceeds from the exercise of existing ESOS Options, if any. The actual amount to be distributed will be determined and announced at a later stage. Shareholders of LITRAK Holdings should note that the amount of distribution mentioned is a preliminary estimate and shall not be deemed as the final distributable amount.

For illustrative purposes only, taking into consideration of Scenario 1 where both LITRAK and SPRINT are successfully disposed, the estimated amount to be distributed to the shareholders of LITRAK Holdings by way of special cash dividend and/or capital repayment following the completion of the Proposed Disposals (including net cash position of the Company of RM30 million as at the LPD and estimated cash proceeds from the exercise of existing ESOS Options) are as follows:

	Scenario 1(A) (RM'million)		**Scenario 1(B) (RM'million)**	
	Cash distribution amount per share (RM)	**Total (RM'million)**	**Cash distribution amount per share (RM)**	**Total (RM'million)**
Special cash dividend	4.54	2,475	4.57	2,475
Capital repayment	0.55	304	0.52	285
Total	**5.09**	**(1)2,779**	**5.09**	**(2)2,760**

Note:

(1) Scenario 1(A): Includes estimated cash proceeds from the exercise of in-the-money ESOS Options of approximately RM28 million.

(2) Scenario 1(B): Includes estimated cash proceeds from the exercise of in-the-money ESOS Options but excludes the least in-the-money ESOS Options of approximately RM9 million.

We note that the special cash dividend is expected to be paid to the shareholders of LITRAK Holdings within 45 days from the receipt of Completion Amount subject to the availability of cash balances and retained profits of the Company. Subsequently, the Company will distribute the remaining cash in the Company via a capital repayment exercise. We note that the exact breakdown between the special cash dividend and capital repayment cannot be determined at this juncture by the Company and that an announcement on the matter will be made at the appropriate time. Nonetheless, based on the proforma effects of the Proposed Disposals as set out in Section 8 of Part A of the Circular, the Company is expected to have sufficient retained earnings of RM2,475 million arising substantially from the proforma gain on disposal from the Proposed Disposals.

As set out in Section 2.1 of Part A of the Circular, we note that based on the assumption that both the Proposed Disposals are completed on the Completion Date of 15 August 2022, more than 90.0% of the Company's portion of the total proceeds are to be received within 45 days from the Completion Date. The Company's portion of the remaining proceeds to be received within 12 months from Completion Date is less than 10.0% of the Company's portion of the total proceeds, which comprises the Company's portion of the Government Compensation Receivable and Retention Sum. We wish to highlight that the Retention Sum which will be retained by ALR shall be paid to the respective Concession Holding Companies by 31 January 2023, being 13 months from the Valuation Date. Further, the Government Compensation Receivable which is to be received after the Completion Date shall be paid to the relevant Concession Holding Companies within 5 Business Days upon receipt by the relevant Expressway Concession Company of any Government Compensation Receivable from the Government of Malaysia. Notwithstanding, if the Government of Malaysia actually settles less than the amount receivable shown in Section 2.2.4 of Part A of the Circular for any reason, then the relevant Concession Holding Company bears the full risk of this shortfall. We are of the view that it is reasonable for the relevant Concession Holding Company to bear the full risk of this shortfall on account of the following:

(i) the Government Compensation Receivable are effectively owed to the relevant Concession Holding Companies by the Government of Malaysia for the period up to the Valuation Date. Accordingly, it is reasonable for the Concession Holding Companies to bear the risk of receipt of such payments; and

(ii) the final amount under the Government Compensation Receivable is subject to certification and audit of traffic numbers by the Malaysian Highway Authority before such final amount can be paid to the Concession Holding Companies.

In addition, we note that both the LITRAK Offer and SPRINT Offer are not inter-conditional and are mutually exclusive from each other. Please refer to Section 6.5.3 of this IAL for our evaluation of the completion risk. In the event that the Proposed Disposals do not proceed collectively, the proceeds to be distributed to the shareholders of the Company will reduce accordingly. Nonetheless, based on our discussion with the Management, we note that the probability of only either the LITRAK Offer or SPRINT Offer will proceed is remote due to the following:

- the LITRAK Offer and SPRINT Offer represent attractive offers by ALR (please refer to the evaluation of the Disposal Considerations as set out in Section 6.2 of this IAL);

- for the Company and/or shareholders of the Company to realise the full benefits of the Proposed Disposals, the shareholders of the Company will need to approve both the special resolutions for the Proposed Disposals; and

- in the event that the shareholders of the Company only approve either the LITRAK Offer or the SPRINT Offer, the Proposed Disposals will become less attractive to either of the Vendors and the Purchaser and the Parties to the LITRAK Offer and SPRINT Offer may not proceed to the stage of execution of the Finalised SSPAs.

Accordingly, the Proposed Disposals are likely to proceed and be completed on a collectively basis or not at all.

The quantum of special cash dividend to be declared is dependent on the availability of sufficient distributable profits and LITRAK Holdings being in a position to comply with the provisions of Sections 131 and 132 of the Act as at the date of declaration of the special cash dividend. Sections 131 and 132 of the Act stipulate that a company can distribute dividends out of the profits and the company must be solvent within 12 months immediately after the distribution is made.

(ii) General corporate expenses

LITRAK Holdings will utilise RM8.00 million of the proceeds for its business operations. The breakdown of the general corporate expenses is set out below:

Details of utilisation	**RM'million**
Staff costs/ Directors remuneration	4.70
General overheads and maintenance expenses (including rental, utilities and general administrative costs)	1.70
Professional fees (including audit, legal, tax and secretarial fees etc)	1.60
Total	**8.00**

The amount of proceeds allocated for the general corporate expenses above is based on LITRAK Holdings' estimation and thus any shortfall or surplus of any category of general corporate expenses will be adjusted to the other categories as LITRAK Holdings deems appropriate.

As the Proposed Disposals, if successfully implemented, involve the disposal of substantially all of LITRAK Holdings assets, the Group will require a portion of the disposal proceeds for its general corporate expenses pending the eventual winding up of the Company.

(iii) Estimated expenses in relation to the Proposed Disposals

Additionally, LITRAK Holdings intends to utilise RM1.62 million of the disposal proceeds to defray estimated expenses relating to the Proposed Disposals. The breakdown of the estimated expenses in relation to the Proposed Disposals is set out below:

Details of utilisation	**RM'million**
Professional fees	1.55
Fees to authority	0.02
Printing, postage, advertising, and EGM related expenses	0.05
Total	**1.62**

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 the Board may deem appropriate in the interest of LITRAK Holdings.

We note that the utilisation of the proceeds from the Proposed Disposals are primarily for the distribution to shareholders of LITRAK Holdings via the special cash dividend and capital repayment. We are of the view that the utilisation of proceeds is reasonable.

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6.5 RISK FACTORS

We have taken note of the risk factors associated with the Proposed Disposals as set out in Section 7 of Part A of the Circular.

6.5.1 Termination of CLOOs

Based on the agreed term under the CLOOs and notwithstanding the approval by the Board and approvals from the shareholders of LITRAK Holdings and shareholders of SPRINT Holdings, respectively of the Proposed Disposals and the Finalised SSPAs, ALR may unilaterally terminate any of the CLOOs without any reason at any point prior to execution of the Finalised SSPAs. As such, until the Finalised SSPAs are executed, there is no agreement between ALR and each 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 the Company.

We note that there are two remaining conditions of the CLOOs to be fulfilled as set out in Section 9 of Part A of the Circular, i.e.:

(i) completion of due diligence exercise on each Expressway Concession Companies, to the satisfaction of ALR; and

(ii) the requisite shareholders' approval(s) of the respective shareholders of LITRAK Holdings and SPRINT Holdings for the disposal of each Expressway Concession Company by the respective Concession Holding Companies in accordance with the terms of the respective Finalised SSPAs.

Prior to the fulfillment of the Offer Conditions stated above, there is no agreement between ALR and each Concession Holding Companies, and ALR may unilaterally terminate any of the CLOOs without any reason at any point prior to execution of the Finalised SSPAs. We are of the view that the termination term under the CLOOs is not reasonable as there is no recourse to the Concession Holding Companies in the event ALR decides to unilaterally terminate the CLOOs after the acceptances of the Offers by LITRAK Holdings.

6.5.2 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 LITRAK, SPRINT, Kesas and SMART are not approved for disposal, particularly if the cash-flows of LITRAK, SPRINT, Kesas and/or SMART are deemed necessary by the funding investors of ALR. On the other hand, if the cash flows of LITRAK, SPRINT, Kesas and/or SMART are not deemed material for ALR, then ALR's fund-raising can proceed and thus ALR's acquisition of LITRAK, SPRINT, Kesas and/or SMART which are approved for disposal, can also proceed.

We note that the one of the Conditions Precedent to be fulfilled by ALR pursuant to the Finalised SSPAs is having successfully raised funds to make the required payments to each Vendor. In the event that interest rate increases to a level which is not feasible for ALR to raise its sukuk funding for the settlement of the Disposal Considerations resulting in this Condition Precedent not being fulfilled before the Long Stop Date(1), and ALR has no alternative source of funding, the Proposed Disposals cannot proceed. We wish to highlight that Bank Negara Malaysia ("BNM") had on 11 May 2022 and on 6 July 2022 increased the Overnight Policy Rate ("OPR") by 25 basis points respectively. We are of the view that any further increase in OPR by BNM may increase the completion risk for the Proposed Disposals. Interest rate increases may move to a level which is not feasible for ALR to proceed with the Proposed Disposals if the aggregated required cash flows of LITRAK and SPRINT are unable to support the interest rate on such sukuk funding.

In addition, we note that there is a possibility that ALR's entire fund-raising exercise may fail in the event that any of LITRAK, SPRINT, Kesas and SMART are not approved for disposal, and if the cash-flows of LITRAK, SPRINT, Kesas and/or SMART are deemed necessary by ALR's funding investors. Kesas and SMART are other corporate disposal proposals being undertaken by Gamuda with ALR. Gamuda is a major shareholder of LITRAK Holdings. Please refer to Section 11.2 of Part A of the Circular for further information on the interest of Gamuda in the Proposed Disposals. Therefore, we are of the view that the Proposed Disposals are likely to proceed and be completed on a collectively basis or not at all.

***Note**:*
(1) Long Stop Date being a date falling 2 months from the date of the executed Finalised SSPAs or such other date as may be mutually agreed upon in writing by the Parties

6.5.3 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 the 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.

We note that the Board endeavours to take all reasonable steps towards the completion of the Proposed Disposals in a timely manner. Nevertheless, there are Conditions Precedent which are to be fulfilled singly by the Vendors and/or jointly with the Purchaser. There is no assurance that the Proposed Disposals can be completed within the timeframe stipulated under the Finalised SSPAs or proceed as planned. In the event that the Conditions Precedent are not fulfilled or waived, the Proposed Disposals cannot proceed.

Further, we note that each of the LITRAK Offer and SPRINT Offer has been given by ALR on a standalone basis. Both are not inter-conditional and are mutually exclusive from each other. Thus, there is a risk that the Proposed Disposals may or may not proceed collectively depending on the outcome of the shareholders of LITRAK Holdings' and SPRINT Holdings' vote or the fund-raising capability of ALR to complete the Proposed Disposals. In the event that the Proposed Disposals cannot proceed, the Company will continue with its business operations in managing its toll operations for LITRAK or SPRINT.

We note that in the event where only the Proposed Disposal of LITRAK is approved by the non-interested shareholders of the Company and PNB, LITRAK Holdings may not have sufficient business operations or resources to maintain its listing status based solely on its remaining 50%-held investment in SPRINT as an associate company. For the FYE 31 March 2022, we note that LITRAK contributed approximately 100% of LITRAK Holdings' total revenue and PAT while SPRINT is loss-making. Conversely, in the event where only the Proposed Disposal of 50% interest in SPRINT is approved by the non-interested shareholders of the Company and PNB (including by the shareholders of SPRINT Holdings), there is a risk that ALR may terminate the Offers as SPRINT may be deemed as less attractive to ALR due to the current loss-making position and/or lower future profitability of SPRINT vis-à-vis LITRAK. As such, we are of the view that there is a risk that the Proposed Disposals cannot proceed if either one of the Proposed Disposals is not approved by the non-interested shareholders of LITRAK Holdings and PNB.

6.5.4 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 of 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 would be sufficient or effective in the circumstances.

The completion of the Proposed Disposals is conditional upon a successful fund-raise by ALR which is dependent on the interest rate imposed by the financier. The movement in interest rates is largely driven by economic and government policies. Based on the Monetary Policy Statement by BNM dated 11 May 2022, it is noted that over the course of the COVID-19 crisis, the OPR was reduced by a cumulative 125 basis points to a historic low of 1.75% to provide support to the economy. As the latest indicators show that growth for Malaysia economy is on a firmer footing, the Monetary Policy Committee ("MPC") of BNM has indicated that it will begin reducing the degree of monetary accommodation in a gradual manner. We are of the view that the Proposed Disposals may not be implemented in the event of any adverse developments in general political, economic and regulatory conditions in Malaysia which may affect the interest rate movement rendering the Proposed Disposals to be no longer viable to ALR.

6.5.5 Contractual risk

LITRAK Holdings and SPRINT Holdings, being 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.

We note that if, at any time prior to completion, either party is in material breach of any terms of the executed Finalised SSPAs, including non-fulfilment of the pre-completion and completion obligations of the Concession Holding Companies under the executed Finalised SSPAs, or any of the Vendor's warranties or the Purchaser's warranties become untrue in any material respect, and where a breach that is capable of remedy has not been remedied, the non-defaulting party is entitled to terminate the executed Finalised SSPAs.

Based on our discussion with the Management and from the terms of the Finalised SSPAs, we note that the aggregate liability of the Vendors for the Vendors' warranties to be provided has been limited to the amount which is equivalent to the Retention Sums that constitute only 1% of the computed EV less Indebtedness of both LITRAK and SPRINT. We are of the view that quantum of the Retention Sum is reasonable.

6.5.6 Loss of future income after the Proposed Disposals

Upon completion of the Proposed Disposal of LITRAK, which is a major contributor to LITRAK Holdings' revenue and profit, LITRAK will cease to be LITRAK Holdings' wholly-owned subsidiary and upon completion of the Proposed Disposal of SPRINT, SPRINT shall cease to be a subsidiary of SPRINT Holdings and an indirect associate company of LITRAK Holdings. Therefore, LITRAK Holdings will cease to consolidate LITRAK's financial results nor receive any dividend income from SPRINT. For the FYE 31 March 2022, LITRAK contributed approximately 100% of LITRAK Holdings' total revenue and PAT while SPRINT is loss-making.

Further, in the event where only the Proposed Disposal of LITRAK is completed, LITRAK Holdings will not have sufficient business or operations to maintain its listing status.

Upon completion of the Proposed Disposals, LITRAK Holdings will have no significant operations.

We note that LITRAK Holdings may be classified as a Cash Company or an Affected Listed Issuer under the Listing Requirements upon completion of the Proposed Disposals. Pursuant to Paragraphs 8.03(5) and 8.03A(3)(b) of the Listing Requirements, LITRAK Holdings is required to regularise its condition within 12 months from the day it becomes a Cash Company or an Affected Listed Issuer. In the event LITRAK Holdings fails to regularise its condition within the stipulated timeframe, listed securities of LITRAK Holdings may be suspended and LITRAK Holdings may be delisted from the Official List of Bursa Securities.

We note that it is not the intention of the Company to maintain its listing status. If both the Proposed Disposals are successfully implemented, the Board intends to distribute (subject to the outcome of the forthcoming EGM in relation to the Proposed Disposals) 99.65% of the disposal proceeds to the shareholders of the Company by way of special cash dividend and/or capital repayment. If the proposed distribution by way of capital repayment is approved and carried out, the Board will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution. The Company will make the appropriate announcements on any material developments on the proposed distribution pursuant to the Listing Requirements and obtain shareholders' approval at an EGM, where applicable.

6.5.7 Impact of COVID-19 pandemic

Pursuant to the COVID-19 pandemic, the Government of Malaysia had imposed various MCO throughout Malaysia since 18 March 2020 in its effort to curb the spread of the virus. Tollable traffic volume for LDP Highway and SPRINT Highway dropped by approximately 55% and 73% respectively compared to pre-MCO levels (prior to March 2020) before both the highways registered positive recoveries of tollable traffic volumes with the relaxation of MCO 2.0 in February 2021. Whilst the highway remains operational throughout all periods of MCO, tollable traffic volume had reduced significantly which is reflected in the financials of LITRAK Holdings which saw a decrease of approximately 22.0% in revenue and 21.4% in PAT for the FYE 31 March 2021.

However, the Government of Malaysia had announced that Malaysia began its transition to the endemic phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed. Interstate travel is allowed for all regardless of their vaccination status. The transition to the endemic phase is an exit strategy that would allow Malaysians to return to near normal life after nearly two years of battling the pandemic. With the removal of movement restrictions and resumption of economic activities, both LDP Highway and SPRINT Highway have registered positive recovery of tollable traffic volumes, albeit still slightly below pre-MCO levels.

Notwithstanding the above, any such future pandemic outbreaks may result in similar impact to LITRAK Holdings' operations and may subsequently have a material adverse impact on LITRAK Holdings' financial performance.

We note that the various MCO imposed throughout Malaysia since 18 March 2020 in response to the COVID-19 pandemic had resulted in significant drops in tollable traffic volume for LDP Highway and SPRINT Highway. Any future pandemic outbreaks may have similar impact to LITRAK Holdings. Nonetheless, taking into account that the Management has the experience in responding to a pandemic, we are of the view that LITRAK Holdings would be in a better position to implement the necessary cost measures to minimise the impact.

6.5.8 Potential shortfall of Government Compensation Receivable

The Government Compensation Receivable shown in Part A of the Circular is still pending certification and audit of traffic numbers by the Malaysian Highway Authority. Historically for the past 3 years, the difference between the estimated and certified government compensation receivable is less than 5% for all the Expressway Concession Companies. Hence, the risk of material difference in the Government Compensation Receivable amount is low.

We note there is a potential shortfall of the Government Compensation Receivable as the Government Compensation Receivable is still pending certification and audit of traffic numbers by the Malaysian Highway Authority. 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 final certified amount to the Concession Holding Companies on Completion Date. Based on the historical trend as stated in Section 7.8 of Part A of the Circular, the Government of Malaysia has not defaulted in any of the government compensation payment and the difference between the estimated and certified government compensation receivable for the past 3 years is less than 5%. Accordingly, we are of the view that the risk of potential shortfall of the Government Compensation Receivable remains but the amount of such shortfall is not expected to be material.

We wish to highlight that although measures will be taken by LITRAK Holdings to limit the risks associated with the Proposed Disposals, no assurance can be given that one or a combination of these risk factors, will not occur and adversely affect the Proposed Disposals or the Company.

In evaluating the Proposed Disposals, the non-interested shareholders of LITRAK Holdings and PNB are advised to carefully consider the above said risk factors and to note that these risk factors are not meant to be exhaustive.

Based on the confirmation of the Board, we understand that should the Proposed Disposals be aborted and cannot proceed for whatsoever reason, the Company will be continuing with its business operations in managing its toll operations under the respective Concession Agreements.

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6.6 EFFECTS OF THE PROPOSED DISPOSALS

In evaluating the Proposed Disposals, we have taken note of the effects of the Proposed Disposals as set out in Section 8 of Part A of the Circular.

Share capital and substantial shareholders' shareholdings

The Proposed Disposal(s) will not have any effect on the issued share capital and substantial shareholders' shareholdings of LITRAK Holdings as the transactions are disposal transaction where LITRAK Holdings will be receiving the LITRAK Consideration and SPRINT Consideration fully in cash.

NA, NA per LITRAK Holdings share and gearing

NA and NA per LITRAK Holdings share are expected to increase from approximately RM1,213.25 million (RM2.25 per share) to:

(i) After the Proposed Disposal of LITRAK - approximately RM2,494.40 million (RM4.62 per share) due to the expected proforma gain on disposal (after deducting the proportionate estimated expenses in relation to the Proposed Disposals) of approximately RM1,281.16 million;

(ii) After the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT - approximately RM2,738.29 million (RM5.08 per share) due to the expected proforma gain on disposal (after deducting the proportionate estimated expenses in relation to the Proposed Disposals) of approximately RM243.89 million after the Proposed Disposals.

Gearing is expected to decrease from 0.32 times to:

(i) Nil after the Proposed Disposal of LITRAK taking into consideration the RM388.35 million borrowings under LITRAK which is being disposed of as part of the Proposed Disposals;

(ii) Nil after the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT.

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Earnings and EPS

The pro forma effects of the Proposed Disposals to the Group's earnings and EPS which has been illustrated based on the following scenarios:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

Scenario 1	Scenario 2	Scenario 3
LITRAK Holdings is expected to recognise a one-off proforma gain on disposal of approximately RM1,525.05 million (after deducting estimated expenses in relation to the Proposed Disposals amounting to approximately RM1.62 million) pursuant to the Proposed Disposals, representing a gain per LITRAK Holdings share of approximately RM2.86.	LITRAK Holdings is expected to recognise a one-off proforma gain on disposal of approximately RM1,280.69 million (after deducting estimated expenses in relation to the Proposed Disposal of LITRAK amounting to approximately RM1.62 million) pursuant to the Proposed Disposal of LITRAK, representing a gain per LITRAK Holdings share of approximately RM2.40.	LITRAK Holdings is expected to recognise a one-off proforma gain on disposal of approximately RM242.74 million (after deducting estimated expenses in relation to the Proposed Disposal of 50% interest in SPRINT amounting to approximately RM1.62 million) pursuant to the Proposed Disposal of 50% interest in SPRINT, representing a gain per LITRAK Holdings share of approximately RM0.46.

Based on the above, we are of the view that the effects of the Proposed Disposal(s) are not to the detriment of the non-interested shareholders of the Company and PNB.

Upon completion of the Proposed Disposals under Scenario 1, LITRAK Holdings will not have further earnings contribution from the LITRAK and/or SPRINT as LITRAK will cease to be LITRAK Holdings' wholly-owned subsidiary and SPRINT will cease to be an indirect associate company of LITRAK Holdings.

Upon completion of the Proposed Disposal of LITRAK under Scenario 2, LITRAK Holdings will not have further earnings contribution from LITRAK as LITRAK will cease to be LITRAK Holdings' wholly-owned subsidiary.

Upon completion of the Proposed Disposal of 50% interest in SPRINT under Scenario 3, LITRAK Holdings will not have further earnings contribution from SPRINT as SPRINT will cease to be an indirect associate company of LITRAK Holdings.

6.7 HISTORICAL SHARE PRICE ANALYSIS

In this analysis, we have used the Adjusted Equity Value which is the Equity Value less the Pre-Completion Dividend of the Expressway Concession Companies. Using the summation of the Adjusted Equity Values for the Expressway Concession Companies, we have computed the implied Equity Value of LITRAK Holdings as set out below:

	RM'mil	RM per share
Adjusted Equity Value of LITRAK	(1) 2,254	(3) 4.23
Adjusted Equity Value of SPRINT	(2) 452	(3) 0.85
Total	**2,706**	**5.08**

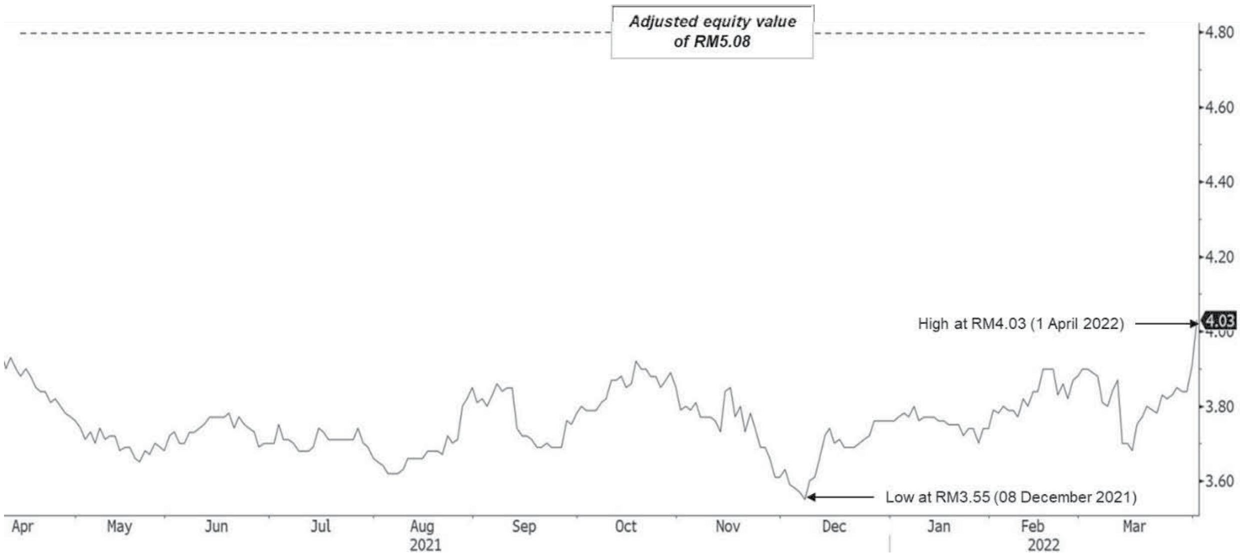
Note:

(1) After adjusting for the net current assets of LITRAK Holdings as at the Valuation Date.

(2) Represents 50% of the Adjusted Equity Value of SPRINT as computed in Section 6.2 of this IAL, which represent LITRAK Holding's effective equity interest in SPRINT.

(3) Based on 533,083,618 ordinary shares in issue of LITRAK Holdings as at 4 April 2022, being the announcement date of the receipt of the Offers.

The highest traded price of LITRAK Holdings shares for the past 1 year up to the LTD was RM4.03 on 1 April 2022, whilst the lowest traded price was RM3.55 on 8 December 2021 as set out below:



(Source: Bloomberg)

It is noted that the implied Equity Value of LITRAK Holdings computed based on LITRAK Consideration and SPRINT Consideration of approximately RM5.08 per LITRAK Holdings share is above the historical range of traded price of LITRAK Holdings shares for the past 1 year up to the LTD of between RM3.55 and RM4.03.

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In addition to the above, we have also analysed a comparison of the implied Equity Value of RM5.08 per LITRAK Holdings share against the relevant VWAMP of LITRAK Holdings shares up to the LTD as per the table below:

Up to the LTD	VWAMP of LITRAK Holdings	Premium over VWAMP	
	RM	**RM**	**%**
Last traded market price as at the LTD	4.0346	1.05	25.91
5-day VWAMP	3.9868	1.09	27.42
1-month VWAMP	3.8442	1.24	32.15
2-month VWAMP	3.8456	1.23	32.10
3-month VWAMP	3.8296	1.25	32.65
6-month VWAMP	3.7899	1.29	34.04

(Source: Bloomberg)

Based on the table above, we noted that the implied Equity Value of RM5.08 per LITRAK Holdings share represents the following:

(i) a premium of RM1.05 or 25.91% per LITRAK Holdings share over the last traded market price as at the LTD;

(ii) a premium of RM1.09 or 27.42% per LITRAK Holdings share over the 5-day VWAMP up to the LTD; and

(iii) a premium ranging from RM1.23 or 32.10% to RM1.29 or 34.04% per LITRAK Holdings share over the 1-month VWAP to 6 month VWAMP up to the LTD.

We also took note that the premium range of 25.91% to 34.04% from the relevant VWAMP as set out above is higher than the premium range of the previous toll road privatisation of PLUS highway in year 2010 of between 3.1% to 23.3%. The toll road privatisation of PLUS highway was used as a benchmark for premium comparison as it was a successful privatisation transaction in Malaysia which involved a group of companies that was principally engaged in highway concessions and related services.

Based on the above, we wish to highlight that the implied Equity Value of LITRAK Holdings based on the LITRAK Offer and SPRINT Offer and the terms of the Finalised SSPAs is above highest traded price of LITRAK Holdings for the past 1 year up to the LTD.

It should be noted that the market prices of the LITRAK Holdings share have been trending upwards and trading closer to the implied Equity Value of RM5.08 per LITRAK Holdings share up to the LPD since the announcement on the receipt of the Offer on 4 April 2022. However, this may not be an indication of future market price performance of LITRAK Holdings share and there can be no assurance that the market price of the LITRAK Holdings share will continue to trade at the current price levels in the event the Proposed Disposals are not implemented.

The above evaluation is based on the historical market prices of LITRAK Holdings share as at the specific dates/periods and should not be relied upon as an indication of the future trading performance of LITRAK Holdings share. The future share price performance of LITRAK Holdings share will depend upon, amongst others, on prevailing stock market conditions, liquidity, performance, prospects and fundamentals of the LITRAK Holdings share, future dividend payments (if any), and the outlook and prospects of the industry and markets in which LITRAK Holdings operates.

6.8 ALTERNATIVE BIDS

As at the LPD, the Board has not received any alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT. Further, we note that the terms of the CLOOs includes an exclusivity period of 125 days commencing from the date of acceptance of the Offers, where the Concession Holdings Companies shall not, and shall further procure that its management and/or any of its personnel shall not directly or indirectly, approach or initiate, enter into or engage in any discussions with any other potential purchaser for disposal of the securities of the Expressway Concession Companies.

The Board does not intend to seek other alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT.

Further, we note that PNB is a major shareholder in the companies involved in the Proposed Disposals as well as being the single largest shareholder of Gamuda, holding 17.5% direct interest in Gamuda, and second largest shareholder of the Company (after Gamuda, which holds 42.7% direct interest in our Company as at the LPD), holding 20.7% direct interest in the Company as at the LPD. We also note that Gamuda is an interested party for the shareholder voting process at the forthcoming EGM of the Company for the Proposed Disposals, given its role as the key negotiator with ALR for the Proposed Disposals.

Thus, we note that any alternative bids for the disposal of the Expressway Concession Companies may not be successful without the support of the major shareholders of the Company.

In the absence of an alternative bid, the Proposed Disposals represent the only opportunity for LITRAK Holdings to realise its value of investment in each Expressway Concession Company.

6.9 LISTING STATUS AND FUTURE PLANS OF LITRAK HOLDINGS

As the Proposed Disposals are not inter-conditional upon each other, there are 3 possible scenarios which may affect the listing status of LITRAK Holdings as follows:

Scenario	Event
1	Both LITRAK and SPRINT are successfully disposed
2	Only LITRAK is successfully disposed
3	Only SPRINT is successfully disposed

The Proposed Disposals are deemed a major disposal pursuant to Paragraph 10.02(eA) of the Listing Requirements as it involves the disposal of all or substantially all of LITRAK Holdings' assets which may result in LITRAK Holdings being no longer suitable for continued listing on the Official List of Bursa Securities. The Proposed Disposal(s) under Scenario 1 and 2 signify the disposal of the Company's core business i.e. substantial toll operation business and the Company will have no or immaterial future revenue and profit from toll operation business upon completion of the Proposed Disposals save for the share result from its investment in SPRINT.

In Scenario 1 and 2, the Company may be classified as a "**Cash Company**" pursuant to Paragraph 8.03(1) of the Listing Requirements as 70% or more of the Company's assets, on a consolidated basis, would consist of cash or short-term investments, or a combination of both.

Pursuant to Paragraph 8.03(4) of the Listing Requirements, as a "Cash Company", at least 90% of the Company's cash and short-dated securities including existing cash and the net proceeds from the Proposed Disposals (after deducting the estimated expenses relating to the Proposed Disposals and distribution to the shareholders of LITRAK Holdings by way of special cash dividend) must be placed in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian ("**Custodian Account**"). The amount placed in this account (including any interest generated) can only be utilised for the implementation of the proposed acquisition of a new core business approved by the Securities Commission Malaysia or pro rata for distributions to shareholders if the Company does not successfully regularise its condition within the stipulated timeframe.

Additionally, the Company may be classified as an "**Affected Listed Issuer**" pursuant to Paragraph 8.03A(2) of the Listing Requirements in Scenario 1 and 2 as the Company would have ceased its entire business operations.

Premised on the above, the Company is required to regularise its condition by submitting a proposal to acquire a new core business to the Securities Commission Malaysia for its approval within 12 months from the date of being classified as a "Cash Company" and/or "Affected Listed Issuer".

If the Company fails to regularise its condition within the stipulated timeframe, trading in the Company's listed securities may be suspended and the Company may be delisted from the Official List of Bursa Securities.

It is not the intention of the Company to maintain its listing status and the Company has no intentions to regularise LITRAK Holdings' financial condition in the event the Company had triggered Paragraphs 8.03 and/or 8.03A of the Listing Requirements. The Board intends to distribute 99.65% and 99.58% of the disposal proceeds to the shareholders of the Company by way of special cash dividend and/or capital repayment under Scenario 1 and 2. If the proposed distribution by way of capital repayment is not approved or carried out, the Board will consider other available options to return the disposal proceeds to the shareholders of the Company through a proposal to voluntarily wind up LITRAK Holdings. If the proposed distribution by way of capital repayment is approved and carried out, the Board will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution. The Company will make the appropriate announcements on any material developments on the proposed distribution pursuant to the Listing Requirements and obtain shareholders' approval at an EGM, where applicable.

In Scenario 3 however, LITRAK Holdings will not be classified as a Cash Company and/or an Affected Listed Issuer in view that LITRAK Holdings will still maintain a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities from the operation of LITRAK based on its latest audited financial results for the FYE 31 March 2022 which had contributed 100% to LITRAK Holdings' revenue. As such, LITRAK Holdings will be continuing with its business operations in managing its toll operations in LITRAK under the Concession Agreement.

6.10 INDUSTRY OVERVIEW AND PROSPECTS

6.10.1 OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY

The Malaysian economy grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

During the quarter, domestic demand expanded by 4.4% (4Q 2021: 1.9%). Growth was supported by higher consumption and improvement in investment activities amid the normalisation of economic activity. On the external front, demand for Malaysia's exports, particularly for electrical and electronics products, remained strong. Private consumption grew at a faster pace of 5.5% (4Q 2021: 3.7%), supported by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The continued strength in consumer expenditure was primarily driven by the recovery in the labour market with higher wage and employment growth. Policy measures, such as Bantuan Keluarga Malaysia, also provided additional support to consumer spending. Public consumption grew by 6.7% (4Q 2021: 1.6%). The expansion was driven mainly by higher growth in supplies and services amid continued support from COVID-19 related expenditure, including vaccine procurement and logistics spending.

Private investment turned around to register a positive growth of 0.4% (4Q 2021: -2.8%), supported by capital spending in the services and manufacturing sectors. Investments in information and communications technology-related equipment and machinery for manufacturing remained robust, as firms continued to embrace automation and digitalisation. Structures investment registered a smaller contraction, mainly supported by the non-residential segment. This reflects the gradual ramp-up of investment projects amid the reopening of the economy. Public investment declined at a smaller pace (-0.9%; 4Q 2021: -3.4%), underpinned by the improvement in general Government's fixed assets spending.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, moderated to 2.2% during the quarter (4Q 2021: 3.2%). Lower headline inflation during the quarter mainly reflected the smaller contribution from the dissipating base effect from lower domestic retail fuel prices last year (RON 95 for 1Q 2022: RM2.05/litre; 1Q 2021: RM1.96/litre) as well as the absence of the base effect from electricity tariff rebates implemented in 2020. The moderating effect from these factors was partly offset by higher core inflation and price volatile inflation.

After keeping the OPR at 1.75% in its January and March 2022 MPC meetings, the MPC decided to begin reducing the degree of monetary accommodation by increasing the OPR by 25 basis points to 2.00% at the May 2022 MPC meeting. At the latest May MPC meeting, the MPC assessed that the sustained reopening of the global economy and the improvement in labour market conditions continue to support the recovery of economic activity. These have partly cushioned the impact of the military conflict in Ukraine and the reimposition of strict containment measures in China. Inflationary pressures have increased sharply due to a rise in commodity prices, strained supply chains and strong demand conditions, particularly in the United States. Consequently, several central banks are expected to adjust their monetary policy settings at a faster pace to reduce inflationary pressures. The global growth outlook will continue to be affected by the developments surrounding the conflict in Ukraine, COVID-19, global supply chain conditions, commodity price shocks, and financial market volatility.

(Source: Bank Negara Malaysia Quarterly Bulletin, first quarter of 2022)

Comments from Affin Hwang IB on the outlook of the Malaysian economy

Based on the above, the Malaysian economy has shown positive signs of recovery from the impact of the COVID-19 pandemic in the first quarter of 2022, as economic activity continued to normalise with the easing of containment measures. The Malaysian economy expanded 5.0% in the first quarter of 2022, supported mainly by higher domestic demand amid continued strength in consumer expenditure driven by the recovery in the labour market with higher wage and employment growth.

6.10.2 OVERVIEW AND OUTLOOK OF THE TRANSPORTATION SECTOR IN MALAYSIA

The transportation and storage subsector grew by 3.4% in the first half of 2021, mainly attributed to a significant increase in all segments, especially other supporting services following the surge in online shopping. The growth was also supported by strong external demand, with total trade increasing by 26% to RM1,056.1 billion in the first half of 2021 compared to RM838.2 billion in the same period of 2020. The subsector is expected to further expand by 1.4% in the second half, following the expansion in trade volume in line with the growing containerised cargo movement worldwide. In 2021, the subsector is forecast to improve by 2.3% as more states graduate to the subsequent phases of National Recovery Plan, where more economic sectors are allowed to reopen.

The transportation and storage subsector is anticipated to further expand by 9.5%, supported by all segments due to the normalisation of economic activities and improved external demand. The land transport segment is projected to expand, following the increase in cargo delivery and daily ridership of the rail transport as well as higher volume of highway traffics. Likewise, the water transport segment is expected to increase due to higher cargo and container throughput volumes. Similarly, the air transport segment is forecast to turn around in line with the increase in the domestic passenger traffic, following the resumption of domestic tourism.

(Source: Economic Outlook 2022, Ministry of Finance)

A sum of RM40.2 billion will be provided for the economic sector to increase economic capacity and enhance the nation's competitiveness. The focus continues to be on projects related to transport, trade and industry as well as energy and public utilities subsectors. The transport subsector will be allocated RM15.5 billion to construct, refurbish, and maintain key infrastructures, such as highways, roads, railways, bridges, ports, and airports. These include existing projects, namely Electrified Double Track Gemas Johor Bahru, Rapid Transit System Link, Pan Borneo Highway, as well as the expansion of Kuantan Port, Pahang and Sandakan Airport, Sabah. Among the new projects that will be undertaken are upgrading Jalan Marabahai Spur at Tuaran, Sabah, replacing bridges at Sik and Baling, Kedah, and a study on an alternative route for Jalan Seremban-Kuala Pilah, Negeri Sembilan.

Government guarantees continue to increase, albeit at a much slower pace, as existing development and infrastructure projects are being carried out sparingly. The continuation of strategic infrastructure projects is to catalyse recovery momentum while spurring economic activities amid the pandemic. However, the extended movement restrictions imposed to curb the spread of the pandemic have increased the Government of Malaysia's risk exposure in terms of support provided to entities operating in the services sector, such as the public transport operators and highway concessionaires. The situation demands the Government of Malaysia to heighten the monitoring and evaluation of financial conditions of these companies to quantify the risks and formulate mitigating measures to reduce its fiscal exposure.

(Source: Fiscal Outlook and Federal Government Revenue Estimates 2022, Ministry of Finance)

Comments from Affin Hwang IB on the outlook of transportation sector in Malaysia

Overall, the transportation sector is anticipated to grow due to the normalisation of economic activities and improved external demand. In particular, land transport segment is projected to expand, following the increase in cargo delivery and daily ridership of the rail transport as well as higher volume of highway traffics. Further, the Government of Malaysia has allocated RM15.5 billion to the transport subsector to construct, refurbish, and maintain key infrastructures, such as highways, roads, railways, bridges, ports, and airports.

Nonetheless, we note that the Government of Malaysia intends to formulate measures to reduce its fiscal exposure in light of the Government of Malaysia's increased risk exposure as a result of support provided to entities operating in the services sector, including highway concessionaires. In this respect, the Proposed Disposals are in line with the Government of Malaysia's plan and may also result in future restructuring of other highway concessionaires.

6.10.3 PROSPECTS OF THE GROUP PRIOR TO THE COMPLETION OF THE PROPOSED DISPOSALS

On 2 March 2022, the Government of Malaysia had announced that it will continue to freeze user toll rates hikes for all highways which were eligible for increase in calendar year 2022. Accordingly, for the Group, user toll rates on the LDP Highway and SPRINT Highway will remain unchanged and compensation payable by the Government of Malaysia will be determined in accordance with the provisions of the respective Concession Agreements.

For the LDP Highway, as there is no further scheduled contractual toll increases until the end of the concession, revenue growth can only be achieved by tollable traffic growth. Similarly, for SPRINT Highway, there is no further scheduled contractual toll increase for Penchala Link from 2019 until the end of the concession; and Damansara Link and Kerinchi Link from 1 January 2022 until the end of the concession. Hence, revenue growth can only be achieved from tollable traffic growth.

(Source: LITRAK Holdings' fourth quarter report on consolidated results for the financial period ended 31 March 2022)

6.10.4 PROSPECTS OF THE GROUP UPON THE COMPLETION OF THE PROPOSED DISPOSALS

Assuming both the Proposed Disposals are successfully implemented, LITRAK Holdings may be classified as a Cash Company and an Affected Listed Issuer.

Pursuant to Paragraphs 8.03(5) and 8.03A(3) of the Listing Requirements, LITRAK Holdings is required to regularise its condition within 12 months from the day it becomes a Cash Company or an Affected Listed Issuer. In the event LITRAK Holdings fails to regularise its condition within the stipulated timeframe, the listed securities of LITRAK Holdings may be suspended and LITRAK Holdings may be delisted from the Official List of Bursa Securities. The shareholders of LITRAK Holdings may end up holding LITRAK Holdings shares which may be suspended from trading on Bursa Securities and may be delisted from the Official List of Bursa Securities.

It is not the intention of the Company to maintain its listing status. The Board intends to distribute the disposal proceeds to the shareholders of the Company. If the proposed distribution by way of capital repayment is approved and carried out, the Board will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution.

The Group intends to distribute 99.65% of the proceeds from the Proposed Disposals to its shareholders by way of special cash dividend and/or capital repayment after taking into account significant factors, if any, such as:

(i) timing of compensation and disbursement from the Government of Malaysia; and

(ii) funds required for general corporate expenses.

7. POTENTIAL OUTCOME OF THE PROPOSED DISPOSALS

The Proposed Disposals are conditional upon the special resolutions to be tabled at the forthcoming EGM of the Company to be approved by at least 75% in value of the shareholders present and voting either in person or by proxy pursuant to Paragraph 10.11A(1)(d) of the Listing Requirements. The Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT are not inter-conditional upon each other.

We provide below a summary of the possible outcomes:

No.	Scenario	Possible outcomes
1.	<u>All the special resolutions</u> to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposals are approved by <u>at least 75%</u> in value of the shareholders present and voting either in person or by proxy	Upon completion of the Proposed Disposals, LITRAK Holdings may be classified as a Cash Company or an Affected Listed Issuer under the Listing Requirements. Based on Paragraphs 8.03(5) and 8.03A(3)(b) of the Listing Requirements, LITRAK Holdings is required to regularise its condition within 12 months from the day it becomes a Cash Company or an Affected Listed Issuer. In the event LITRAK Holdings fails to regularise its condition within the stipulated timeframe, the listed securities of LITRAK Holdings may be suspended and LITRAK Holdings may be delisted from the Official List of Bursa Securities. The shareholders of LITRAK Holdings may end up holding LITRAK Holdings shares which may be suspended from trading on Bursa Securities and may be delisted from the Official List of Bursa Securities.

No.	Scenario	Possible outcomes
		Please refer to Section 6.9 of this IAL for the analysis of the listing status and future plans of LITRAK Holdings if all the special resolutions to be tabled at the forthcoming EGM of the Company are approved by at least 75% in value of the shareholders present and voting either in person or by proxy.
2.	The special resolutions to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposals are approved by less than 75% in value of the shareholders present and voting either in person or by proxy	LITRAK Holdings will remain as status quo and continue with its business operations in managing its toll operations under the respective Concession Agreements.
3.	Either one of the special resolution to be tabled at the forthcoming EGM of the Company in relation to the Proposed Disposal of LITRAK is approved by at least 75% in value of the shareholders present and voting either in person or by proxy, but not the other	We note that in the event where only the Proposed Disposal of LITRAK is approved by the non-interested shareholders of the Company and PNB, LITRAK Holdings may not have sufficient business operations or resources to maintain its listing status based solely on its remaining 50%-held investment in SPRINT as an associated company. Conversely, in the event where only the Proposed Disposal of 50% interest in SPRINT is approved by the non-interested shareholders of the Company and PNB (including by the shareholders of SPRINT Holdings), there is a risk that ALR may terminate the Offers as SPRINT may be deemed as less attractive to ALR due to the lower profitable of SPRINT vis-à-vis LITRAK. As such, there is a risk that the Proposed Disposals cannot proceed if either one of the Proposed Disposals is not approved by the non-interested shareholders of LITRAK Holdings and PNB. Please refer to Section 6.9 of this IAL the analysis on the listing status and future plans of LITRAK Holdings.

8. RECOMMENDATION FROM THE BOARD

We note from Section 14 of Part A of the Circular that the Board, save for the Interested Director as disclosed in Section 11.1 of Part A of the Circular who had abstained from all deliberations and voting in respect of each Proposed Disposal, has recommended the non-interested shareholders of LITRAK Holdings and PNB to vote in favour for the special resolutions pertaining to each of the Proposed Disposal of LITRAK and Proposed Disposal of 50% interest in SPRINT at the forthcoming EGM of the Company.

9. ADEQUACY OF FINANCIAL RESOURCES OF ALR

The completion of the Proposed Disposals is conditional upon the fulfilment of the Conditions Precedent which includes, amongst others, a successful fund-raising by ALR to have the necessary funds to make all payments required to complete the Proposed Disposals in accordance with the terms of the Finalised SSPAs.

We note that under Section 2.8 of Part A of the Circular, ALR is still in the process of securing sufficient financial resources to undertake the Proposed Disposals.

If ALR fails to raise sufficient financial resources to complete of the Proposed Disposals, the conditions precedent in respect of the source of funding will not be met and the Proposed Disposals will not proceed.

10. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposals and have set out our evaluation in Section 6 of this IAL, as summarised in the table below. You should consider the merits and demerits of the Proposed Disposals carefully based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAL, Part A of the Circular together with the appendices and other publicly available information prior to making a decision to vote on the resolutions pertaining to the Proposed Disposals.

No.	Items of evaluation	Comments
1.	Rationale for the Proposed Disposals	The Proposed Disposals are expected to serve as a long-term solution to the Government of Malaysia to alleviate its compensation burden. We note that the government compensation amount receivable may increase over time due to the underlying increasing contractual toll rates of the respective Concession Agreements and/or the volume of traffic increases. While the Government of Malaysia honoured the compensation payments in the past, we note that a sustainable long-term solution is needed to restructure the highway concession arrangements with industry players LITRAK Holdings will realise an indicative one-off proforma gain on disposal of approximately RM1,525.05 million from the Proposed Disposals, which represent an opportunity for LITRAK Holdings to realise its investment in each Expressway Concession Company at an attractive gain. Premised on the above, we are of the view that the rationale for the Proposed Disposals is reasonable.
2.	Evaluation of the Disposal Considerations	In the evaluation of the LITRAK Consideration and SPRINT Consideration, we have compared the LITRAK Consideration and SPRINT Consideration against the Equity Values of LITRAK and SPRINT. For the purpose of appraising the Equity Values of LITRAK and SPRINT, we are of the view that the DCF valuation method is the most appropriate method to estimate the EV of LITRAK and SPRINT which is adjusted to derive their Equity Values. In applying the DCF valuation method, the current value of LITRAK and SPRINT's FCFF are discounted at the DCF WACC. The Projected FCFF were prepared based on various bases and assumptions adopted by the Management. The Board is responsible for the bases and assumptions considered and approved in the preparation of the Projected FCFF. We have considered and evaluated the key bases and assumptions adopted by the Management in the Projected FCFF which has been approved by the Board. We are satisfied that the said key bases and assumptions are reasonable given the prevailing circumstances and significant factors as at the LPD. We are of the view that the Disposal Considerations are fair as the LITRAK Consideration and SPRINT Consideration are above the range of the computed Equity Value of LITRAK and Equity Value of SPRINT respectively.

No.	Items of evaluation	Comments
		We have also cross checked our evaluation by analysing precedent M&A transactions which involved highway concessionaires in Malaysia. The implied PER of the LITRAK Consideration of 9.5 - 13.9 times and implied PER of the SPRINT Consideration of 19.9 - 24.4 times are higher than the median PER of the precedent M&A transactions of 9.0 times.
3.	Salient terms of the CLOOs and Finalised SSPAs	After evaluation of the salient terms of the CLOOs and Finalised SSPAs, we are of the view that save for the termination term under the CLOOs where there is no recourse to the Concession Holding Companies should ALR decides to unilaterally terminate the Offers before the execution of the Finalised SSPAs, the remaining salient terms of the CLOOs and Finalised SSPAs are reasonable. We wish to highlight that the Finalised SSPAs, which are the final form of the share sale and purchase agreements for the Proposed Disposals, as agreed between ALR and LITRAK Holdings and SPRINT Holdings have yet to be executed by the Parties. The execution of the Finalised SSPAs are subject to the fulfilment of the Offer Conditions and for ALR agreeing to proceed with the execution of the Finalised SSPAs.
4.	Utilisation of disposal proceeds	LITRAK Holdings intend to utilise the disposal proceeds for the following purpose: (i) distribution to shareholders of LITRAK Holdings; (ii) general corporate expenses including the staff costs/Directors remuneration, general overheads, maintenance expenses and professional fees; and (iii) estimated expenses in relation to the Proposed Disposals. We are of the view that the utilisation of proceeds is reasonable.
5.	Risk factors	Although measures will be taken by LITRAK Holdings to limit the risks associated with the Proposed Disposals, no assurance can be given that one or a combination of the risk factors, will not occur and adversely affect the Proposed Disposals or the Company.
6.	Effects of the Proposed Disposals	**<u>Share capital and substantial shareholders' shareholdings</u>** No effect, as the transactions are disposal transaction where LITRAK Holdings will be receiving the LITRAK Consideration and SPRINT Consideration fully in cash.

<table>
<tr><th>No.</th><th>Items of evaluation</th><th>Comments</th></tr>
<tr><td></td><td></td><td>
<u>NA, NA per share and gearing</u>

NA and NA per LITRAK Holdings share are expected to increase from approximately RM1,213.25 million (RM2.25 per share) to:

(i) After the Proposed Disposal of LITRAK - approximately RM2,494.40 million (RM4.62 per share) due to the expected proforma gain on disposal (after deducting the proportionate estimated expenses in relation to the Proposed Disposals) of approximately RM1,281.16 million;

(ii) After the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT - approximately RM2,738.29 million (RM5.08 per share) due to the expected proforma gain on disposal (after deducting the proportionate estimated expenses in relation to the Proposed Disposals) of approximately RM243.89 million after the Proposed Disposals.

Gearing is expected to decrease from 0.32 times to:

(i) Nil after the Proposed Disposal of LITRAK taking into consideration the RM388.35 million borrowings under LITRAK which is being disposed of as part of the Proposed Disposals;

(ii) Nil after the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT.

<u>Earnings and EPS</u>

We have considered the pro forma effects of the Proposed Disposals to the Group’s earnings EPS, which has been illustrated based on the following scenarios:

<table>
<tr><th>Scenario</th><th>Event</th></tr>
<tr><td>1</td><td>Both LITRAK and SPRINT are successfully disposed</td></tr>
<tr><td>2</td><td>Only LITRAK is successfully disposed</td></tr>
<tr><td>3</td><td>Only SPRINT is successfully disposed</td></tr>
</table>
LITRAK Holdings is expected to recognise a one-off proforma gain on disposal of approximately RM1,525.05 million, RM1,280.69 million and RM242.74 million under Scenario 1, 2 and 3, respectively which translate into a gain per LITRAK Holdings share of approximately RM2.86, RM2.40 and RM0.46 under Scenario 1, 2 and 3, respectively.

We are of the view that the effects of the Proposed Disposals are not to the detriment of the non-interested shareholders of the Company and PNB.
</td></tr>
<tr><td>7.</td><td>Historical share price analysis</td><td>The implied Equity Value of LITRAK Holdings computed based on LITRAK Consideration and SPRINT Consideration of approximately RM5.08 per LITRAK Holdings share is above the historical range of traded price of LITRAK Holdings shares for the past 1 year up to the LTD of between RM3.55 and RM4.03.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Items of evaluation</th><th>Comments</th></tr>
<tr><td></td><td></td><td>The implied Equity Value of RM5.08 per LITRAK Holdings share represents a premium ranging from RM1.05 or 25.91% per LITRAK Holdings share to RM1.29 or 34.04% per LITRAK Holdings share over the last traded market price, 5-day VWAMP, 1-month VWAMP, 2-month VWAMP, 3-month VWAMP and 6 month VWAMP up to the LTD.</td></tr>
<tr><td>8.</td><td>Alternative bids</td><td>As at the LPD, the Board has not received any alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT. Based on the terms of the CLOOs, there is an exclusivity period of 125 days commencing from the date of acceptance of the Offers, where the Concession Holdings Companies shall not, and shall further procure that its management and/or any of its personnel shall not directly or indirectly, approach or initiate, enter into or engage in any discussions with any other potential purchaser for disposal of the securities of the Expressway Concession Companies.

The Board does not intend to seek other alternative bids for the disposal of the entire equity interest in LITRAK and SPRINT.

In the absence of an alternative bid, the Proposed Disposals represent the only opportunity for LITRAK Holdings to realise its value of investment in each Expressway Concession Company.</td></tr>
<tr><td>9.</td><td>Listing status and future plans of LITRAK Holdings</td><td>As the Proposed Disposals are not inter-conditional upon each other, there are 3 possible scenarios which may affect our listing status as follows:

<table>
<tr><th>Scenario</th><th>Event</th></tr>
<tr><td>1</td><td>Both LITRAK and SPRINT are successfully disposed</td></tr>
<tr><td>2</td><td>Only LITRAK is successfully disposed</td></tr>
<tr><td>3</td><td>Only SPRINT is successfully disposed</td></tr>
</table>

Under Scenario 1 and 2, the Company may be classified as a “Cash Company” pursuant to Paragraph 8.03(1) of the Listing Requirements or an “Affected Listed Issuer” pursuant to Paragraph 8.03A(2) of the Listing Requirements.

The Company is required to regularise its condition by submitting a proposal to acquire a new core business to the Securities Commission Malaysia for its approval within 12 months from the date of being classified as a “Cash Company” and/or “Affected Listed Issuer”.

If the Company fails to regularise its condition within the stipulated timeframe, trading in the Company’s listed securities may be suspended and the Company may be delisted from the Official List of Bursa Securities.

It is not the intention of the Company to maintain its listing status and the Company has no intentions to regularise LITRAK Holdings’ financial condition in the event the Company had triggered Paragraphs 8.03 and/or 8.03A of the Listing Requirements. The Board intends to distribute 99.65% of the disposal proceeds to the shareholders of the Company by way of special cash dividend and/or capital repayment.</td></tr>
</table>

No.	Items of evaluation	Comments
		The Company will make the appropriate announcements on any material developments on the proposed distribution pursuant to the Listing Requirements and obtain shareholders' approval at an EGM, where applicable. In Scenario 3 however, the Company will not be classified as a Cash Company and/or an Affected Listed Issuer in view that the Company will still maintain a level of operations that is adequate to warrant continued trading or listing on the Official List of Bursa Securities from the operation of LITRAK.
10.	Industry overview and prospects	**<u>Overview and outlook of the Malaysian Economy</u>** The Malaysian economy expanded 5.0% in the first quarter of 2022, supported mainly by higher domestic demand amid continued strength in consumer expenditure driven by the recovery in the labour market with higher wage and employment growth. **<u>Overview and outlook of the transportation sector in Malaysia</u>** Overall, the transportation sector is anticipated to grow due to the normalisation of economic activities and improved external demand. Nonetheless, we note that the Government of Malaysia intends to formulate measures to reduce its fiscal exposure in light of the Government of Malaysia's increased risk exposure as a result of support provided to entities operating in the services sector, including highway concessionaires. In this respect, the Proposed Disposals are in line with the Government of Malaysia's plan and may also result in future restructuring of other highway concessionaires. **<u>Prospects of the Group prior to the completion of the Proposed Disposals</u>** For the LDP Highway, there is no further scheduled contractual toll increases until the end of the concession. Similarly, for SPRINT Highway, there is no further scheduled contractual toll increase for Penchala Link from 2019 until the end of the concession; and Damansara Link and Kerinchi Link from 1 January 2022 until the end of the concession. Hence, revenue growth for these highways can only be achieved from tollable traffic growth. **<u>Prospects of the Group upon the completion of the Proposed Disposals</u>** Assuming both the Proposed Disposals are successfully implemented, LITRAK Holdings may be classified as a Cash Company and an Affected Listed Issuer. It is not the intention of the Company to maintain its listing status. The Board intends to distribute the disposal proceeds to the shareholders of the Company. If the proposed distribution by way of capital repayment is approved and carried out, the Board will apply to Bursa Securities for the voluntary withdrawal of LITRAK Holdings from the Main Market of Bursa Securities after the completion of the proposed distribution.

No.	Items of evaluation	Comments
		The Group intends to distribute 99.65% of the proceeds from the Proposed Disposals to its shareholders by way of special cash dividend and/or capital repayment after taking into account significant factors, if any, such as: (i) timing of compensation and disbursement from the Government of Malaysia; and (ii) funds required for general corporate expenses.

After taking into consideration our overall assessment and evaluation of the Proposed Disposals based on the information available to us up to the LPD, we are of the opinion that the Proposed Disposals are **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of LITRAK Holdings and PNB.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed Disposals to be tabled at the forthcoming EGM of the Company.

Yours faithfully
for and on behalf of
AFFIN HWANG INVESTMENT BANK BERHAD

JOHAN HASHIM
Head
Corporate Finance

STELLA CHOY
Director
Corporate Finance

The key bases and assumptions that were used by the Management to arrive at the Projected FCFF are set out below:

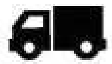
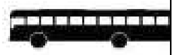
(i) LITRAK

<table>
<tr><th>Item</th><th>Details</th><th>Affin Hwang IB's comments</th></tr>
<tr><td>Projection / concession period</td><td>From 1 January 2022 up to 14 August 2030
(remaining concession period: approximately 8 years)</td><td>On 23 April 1996, the Government of Malaysia awarded LITRAK a concession to design, construct, operate and maintain the LDP Highway for a period of 33 years ending 14 August 2029. Pursuant to the provisions of a supplemental concession agreement executed between LITRAK and the Government of Malaysia on 4 September 2007 and via the Government Gazette No. P.U. (A) 443 dated 26 December 2006, the Government of Malaysia had revised the toll rates structure for LITRAK effective from 1 January 2007 to 31 December 2010. In consideration of LITRAK agreeing to the said revised toll rate structure, the Government of Malaysia 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 to 14 August 2030.

The Valuation Date in determining the LITRAK Consideration pursuant to the Offer from ALR is 31 December 2021. Accordingly, the Management has prepared the financial projection beginning 1 January 2022. Thus, the financial projection has been prepared for a 3-month financial period ended 31 March 2022, followed by the full FYE 31 March 2023 to 2030 and approximately 5-month financial period ended 14 August 2030.</td></tr>
<tr><td>Revenue growth</td><td>The Management has projected the revenue growth for LITRAK as follows:

<table><tr><th></th><th colspan="4">FYE 31 March</th></tr><tr><th></th><th>2023</th><th>2024</th><th>2025</th><th>2026 to 2030</th></tr><tr><td>Revenue growth (%)</td><td>(1)18.7</td><td>2.3</td><td>2.0</td><td>1.1 to 1.5</td></tr></table>
Note:
(1) The percentage revenue growth for FYE 31 March 2023 was computed based on LITRAK's forecasted contractual toll revenue for FYE 31 March 2023 compared against LITRAK's actual toll revenue recorded in FYE 31 March 2022 (the actual toll revenue includes toll collection from the highway users and compensation claim from the Government of Malaysia).</td><td>The projected revenue of LITRAK is computed using the contractual toll rates for the respective vehicle classes multiplied by the projected annual traffic volume of the respective vehicle classes on the LDP Highway. Notwithstanding that the Government of Malaysia has deferred the third and final scheduled contractual toll rate increase for the LDP Highway as provided for in the LITRAK Concession Agreement, the user toll rates have been assumed to increase in FYE 31 March 2022 until the end of the LDP Highway Concession Period in accordance with the contractual toll rates under the LITRAK Concession Agreement.</td></tr>
</table>

Item	Details	Affin Hwang IB's comments
		The contractual toll rates of the respective vehicle classes for LDP are set out below:

Vehicle	Class 1(1) 	Class 2(2) 	Class 3(3) 	Class 4(4) 	Class 5(5) 
From FYE 2022 up to the end of LDP Highway Concession Period (RM)	3.10	6.20	9.30	1.60	3.10

Note:
(1) Vehicles with two axles and three/four wheels but excluding taxis.
(2) Vehicles with two axles and six wheels but excluding buses.
(3) Vehicles with three or more axles.
(4) Taxis.
(5) Buses.

We note that the COVID-19 pandemic had materially impacted the traffic volume on the LDP Highway for the years 2020 and 2021 relating directly to the travel restrictions imposed by the Government of Malaysia. Based on the traffic forecast used in the projected FCFF, the revenue growth for the FYE 31 March 2023 has been projected to grow at a higher rate of 18.7% and for FYE 31 March 2024 at a more normalised rate of 2.3%. Traffic volumes for the FYE 31 March 2023 are anticipated to recover to levels observed in year 2019 following Malaysia's transition to the endemic phase from 1 April 2022. In addition, the subsequent assumed opening of Damansara-Shah Alam Expressway ("**DASH**"), is anticipated to feed additional traffic volume into the LDP Highway from the second half of 2022 through to 2024. We are of the review that these assumptions are reasonable after taking into consideration that the Malaysian economy grew by 5.0% in the first quarter of 2022, which was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. *(Source: Bank Negara Malaysia Quarterly Bulletin, first quarter of 2022)* Further, it is reasonable to project additional traffic volume from DASH to account for impacts of future transport infrastructures along the LDP Highway.

<table>
<tr><th>Item</th><th>Details</th><th>Affin Hwang IB's comments</th></tr>
<tr><td></td><td></td><td>For the FYE 31 March 2026 and beyond, the annual traffic growth has been projected to be between 1.1% and 1.5% which are reasonable taking into consideration that the LDP Highway is a matured highway. We are of the view that this assumption is reasonable after taking into consideration the historical population growth rate of Malaysia of between 1.3% p.a. and 1.6% p.a. from 2011 to 2021. (Source: World Bank website) Further, the LDP Highway already is experiencing congestion at several locations along its route and at certain times of the day. As such, traffic growth on the LDP Highway may be constrained by its capacity.</td></tr>
<tr><td>Operational expenses</td><td>The Management has projected the operational expenses growth for LITRAK as follows:

<table>
<tr><th></th><th colspan="4">FYE 31 March</th></tr>
<tr><th></th><th>2023</th><th>2024</th><th>2025 to 2029</th><th>2030</th></tr>
<tr><td>Operational expenses (%)</td><td>(1)20.6</td><td>7.3</td><td>6.0</td><td>5.6</td></tr>
</table>

Note:
(1) The percentage operational expenses growth for FYE 31 March 2023 was computed based on LITRAK's forecasted operational expenses for FYE 31 March 2023 compared against LITRAK's actual toll operational expenses recorded in FYE 31 March 2022.</td><td>The operational expenses for LITRAK include toll operation expense, traffic safety expense, engineering expenses, highway maintenance, highway security, highway utilities, head office expenses, management fee and other ancillary expenses.

The operational expenses for the FYE 31 March 2022 differed from the previous financial year due to the cost savings measures implemented during the COVID-19 pandemic. Consequently, the Management has projected a higher rate of increase in the operational expenses for the FYE 31 March 2023 and 2024. The increase is mainly due to the operational expenses which were deferred from the years 2020 and 2021 and higher operational expenses requirements for the highway in anticipation of growth in traffic volumes arising from the expected economic growth following Malaysia's transition to the endemic phase from 1 April 2022.

We are of the view that this assumption is reasonable after taking into consideration normalisation of economic activities in Malaysia in the first quarter of 2022 and is in line with the revenue growth as elaborated above.

For FYE 31 March 2025 to 2029, the Management has projected that operational expenses will increase by 6% per annum throughout the LDP Highway Concession Period, with the operational expenses progressively being reduced towards the end of the LDP Highway Concession Period. Based on our discussion with the Management, a straightline growth of 6% per annum for the FYE 31 March 2025 to 2029 has been adopted based on the Company's approved budget.

Based on our analysis of LITRAK's historical financial performance from the Analysis Period (i.e. FYE 31 March 2012 to 2019) the adoption of a 6% for FYE 31 March 2025 to 2029 is not within the historical trend of the Company for the same period.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Details</th><th>Affin Hwang IB's comments</th></tr>
<tr><td></td><td></td><td>We have undertaken a sensitivity analysis by varying operational expenses with growth of 3.7% on a straightline basis based on the historical trend of LITRAK to arrive at a range of value for LITRAK. We are of the view that the straightline growth assumption of 6% per annum for the FYE 31 March 2025 to 2029 is reasonable after taking into consideration that the Adjusted Projection does not differ significantly from the Management Projection for LITRAK (i.e. less than 1%).</td></tr>
<tr><td>Resurfacing obligation and capital expenditure ("Capex")</td><td>The Management has projected the resurfacing obligation and Capex for LITRAK as follows:
<table>
<tr><th></th><th colspan="4">FYE 31 March</th></tr>
<tr><th></th><th>2023</th><th>2024</th><th>2025</th><th>2026 to 2030</th></tr>
<tr><td>Resurfacing obligation and Capex (RM'mil)</td><td>21.89</td><td>20.60</td><td>18.50</td><td>18.36 to 38.17</td></tr>
</table></td><td><u>Resurfacing obligation</u>

Resurfacing obligations for LITRAK comprise provision for pavement rehabilitation and associated works on the LDP Highway.

Generally, the Management has projected annual resurfacing obligations to be between RM10.01 million and RM12.18 million. For FYE 31 March 2027 to 2029, the Management projected a major resurfacing obligation of between RM16.25 million to RM30.74 million, which is typically undertaken based on a scheduled 7-year cycle. We are of the view that the projected resurfacing obligation is reasonable given that the Management has projected the resurfacing obligations based on the maintenance schedule of the respective road which has been surveyed by the Company's engineering team.

<u>Capex</u>

Based on our discussion with the Management, the yearly planned maintenance Capex as projected by the Management is not mandatory under the LITRAK Concession Agreement. However, the Capex is required as part of LITRAK's continuing operations for the upkeep of the highway. The projected Capex for LITRAK comprise Highway Development Expenditure ("HDE"), fixed assets and system development expenditure ("SDE").

The HDE of LITRAK comprise construction and development expenditure for works along the LDP Highway. Based on our discussion with the Management, the construction and development works along the LDP Highway is important to:

(i) ensure the road condition of the highways are in good condition; and

(ii) provide and maintain the accessibility of the LDP Highway and to provide safe road access to the highway users.</td></tr>
</table>

Item	Details	Affin Hwang IB's comments
		Expenditure on fixed assets includes operation vehicles (in particular road sweeper vehicles), renovations, furniture and fittings, computer equipment, office equipment and operation tolls and equipment. SDE for LITRAK comprise computer software and licences. The Management projected the Capex as part of LITRAK's 5-year business plan for FYE 31 March 2023 to 2027. For the subsequent years, the Management projected the Capex to grow by 6.0% per annum. We are of the view that the projected Capex is reasonable as it is in line with the intention to upkeep the highway taking into consideration the Management's business plan.
Taxation	Management adopted a tax rate of 24% for the LDP Highway Concession Period, save for FYE 31 March 2022 where the chargeable income up to the first RM100 million is subject to 24% tax rate and the remaining chargeable income is taxed at 33%.	The adopted tax rate for FYE 31 March 2022 is in line with "Cukai Makmur", which is a one-off special tax imposed by the Government of Malaysia on companies other than MSMEs generating high income during the COVID-19 pandemic period as follows: (i) the chargeable income up to the first RM100 million is subject to 24% tax rate; and (ii) the remaining chargeable income is taxed at 33%. A company with paid-up capital not exceeding RM2.5 million and an annual sale of not more than RM50 million is categorised as MSMEs. The adopted tax rate for the remaining LDP Highway Concession Period of 24% is in line with the actual effective taxation rates of LITRAK of 24.8% and 24.9% for FYE 31 March 2020 and 2021, respectively. The effective tax rate adopted is slightly higher than the statutory tax rate for corporates in Malaysia of 24% as certain expenses are not tax deductible. We are of the view that these assumptions are reasonable as it is in line with the statutory tax rate in Malaysia.

SPRINT

<table>
<tr><th>Item</th><th>SPRINT</th><th>Affin Hwang IB's comments</th></tr>
<tr><td colspan="3">Projection/concession period</td></tr>
<tr><td colspan="3">
On 23 October 1997, the Government of Malaysia awarded the concession for the SPRINT Highway (which comprises 3 packages: Penchala Link, Damansara Link and Kerinchi Link and) to SPRINT for a period of 33 years.
On 27 December 2001, the Government of Malaysia revised and approved the extension of the concession period to 36 years from 15 December 1998 to 14 December 2034 in respect of the Damansara Link and Kerinchi Link. The concession period for the Penchala Link remained at 33 years from 15 December 1998 to 14 December 2031.
The Valuation Date in determining the SPRINT Consideration pursuant to the Offer from ALR is 31 December 2021. Accordingly, the Management has prepared the financial projection beginning 1 January 2022. Thus, the financial projection has been prepared as follows:
(i) Penchala Link - for a 3-month financial period ended 31 March 2022, followed by the full FYE 31 March 2023 to 2030 and approximately 9-month financial period ended December 2031; and
(ii) Damansara Link and Kerinchi Link - for a 3-month financial period ended 31 March 2022, followed by the full FYE 31 March 2023 to 2033 and approximately 9-month financial period ended December 2034.
</td></tr>
<tr><td>Revenue growth</td><td>
<table>
<tr><th></th><th colspan="4">FYE 31 March</th></tr>
<tr><th></th><th>2023</th><th>2024</th><th>2025</th><th>[2]2026 up to the end of SPRINT Highway Concession Period</th></tr>
<tr><td>Revenue growth (%)</td><td>[1]54.2</td><td>7.4</td><td>6.0</td><td>4.6 to (33.4)</td></tr>
</table>
Note:
(1) The percentage revenue growth for FYE 31 March 2023 was computed based on SPRINT's forecasted contractual toll revenue for FYE 31 March 2023 compared against SPRINT's actual toll revenue recorded in FYE 31 March 2022 (the actual toll revenue includes toll collection from the highway users and compensation claim from the Government of Malaysia).
(2) Up to the end of the SPRINT Concession Agreement.
</td><td>The projected revenue of SPRINT is computed using the contractual toll rates for the respective vehicle classes multiplied by the annual traffic volume of the respective vehicle classes on the SPRINT Highway. Since 1 January 2016, the Government of Malaysia has deferred the scheduled toll rate increase for Penchala Link as provided for in the SPRINT Concession Agreement. The last scheduled contractual toll rate increase for the Damansara Link and Kerinchi Link was in 2022. User toll rates for the SPRINT Highway has been assumed to increase in FYE 31 March 2022 until the end of the SPRINT Highway Concession Period in accordance with the contractual toll rates under the SPRINT Concession Agreement. Revenue growth for SPRINT is projected based on traffic growth of the 3 toll plazas of the SPRINT Highway. The contractual toll rates of the respective vehicle classes of the 3 toll plazas of the SPRINT Highway are set out below:</td></tr>
</table>

Item	SPRINT	Affin Hwang IB's comments

(i) Toll rates of the respective vehicle classes for Penchala Link:

Vehicle	Class 1[(1)]	Class 2[(2)]	Class 3[(3)]	Class 4[(4)]	Class 5[(5)]
From FYE 2022 up to the end of SPRINT Highway Concession Period (RM)	5.00	10.00	15.00	2.50	5.00

(ii) Toll rates of the respective vehicle classes for Damansara Link:

Vehicle	Class 1[(1)]	Class 2[(2)]	Class 3[(3)]	Class 4[(4)]	Class 5[(5)]
From FYE 2022 up to the end of SPRINT Highway Concession Period (RM)	2.50	5.00	7.50	1.30	2.50

(iii) Toll rates of the respective classes for Kerinchi Link:

Vehicle	Class 1[(1)]	Class 2[(2)]	Class 3[(3)]	Class 4[(4)]	Class 5[(5)]
From FYE 2022 up to the end of SPRINT Highway Concession Period (RM)	4.50	9.00	13.50	2.30	4.50

Item	SPRINT	Affin Hwang IB's comments
		Note: *(1) Vehicles with two axles and three/four wheels but excluding taxis.* *(2) Vehicles with two axles and six wheels but excluding buses.* *(3) Vehicles with three or more axles.* *(4) Taxis.* *(5) Buses.* We note that the COVID-19 pandemic had materially impacted the traffic volume on the SPRINT Highway for the years 2020 and 2021, relating directly to the travel restrictions imposed by the Government of Malaysia. Accordingly, based on the traffic forecast used in the projected FCFF, the revenue growth for the FYE 31 March 2023 has been projected to grow at a higher rate of 54.2% and for FYE 31 March 2024 at a more normalised rate of 7.4%. Traffic volumes for the FYE 31 March 2023 are anticipated to recover to levels observed in year 2019 following Malaysia's transition to the endemic phase from 1 April 2022. An additional traffic volume is anticipated to spread over a 4-year ramp-up period beginning in 2022 due to integration with the following expressways: (i) between DASH (which is assumed to be operational in 2022) and Penchala Link, which is assumed to increase traffic on Penchala link by 26%; and (ii) between Setiawangsa-Pantai Expressway ("**SPE**") and the Kerinchi Link, which is assumed to be completed by 2022, which is anticipated to increase traffic on the Kerinchi link by 10%. The Penchala Link is also anticipated to experience traffic growth in the coming years with the Empire City development with direct ramps onto the expressway, though the weak property sector may cause a temporary slow in the rate that has been observed in the past. The growth in traffic volume for the Damansara Link for the same period is expected to be minimal. We are of the review that these assumptions are reasonable after taking into consideration that the Malaysian economy grew by 5.0% in the first quarter of 2022, which was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. *(Source: Bank Negara Malaysia Quarterly Bulletin, first quarter of 2022)* Further, it is reasonable to project additional traffic volume from DASH and SPE to account for impacts of future transport infrastructures along the SPRINT Highway.

<table>
<tr><th>Item</th><th>SPRINT</th><th>Affin Hwang IB's comments</th></tr>
<tr><td></td><td></td><td>The traffic volume is projected to taper down for the FYE 31 March 2027 to 2031, with annual traffic growth between 1.0% and 2.1% per annum. We are of the view that this assumption is reasonable after taking into consideration the historical population growth rate of Malaysia of between 1.3% p.a. and 1.6% p.a. from 2010 to 2021. (Source: World Bank website) Further, the SPRINT Highway is already experiencing congestion along its route and at certain times of the day, in particular on the Damansara section and on Pantai (at the approaches to Federal Highway 2). At these locations traffic growth is already constrained by capacity.

As the concession period for the Penchala Link ends in December 2031, the Management has assumed a decline in annual traffic growth in FYE 31 March 2032 and 2033 of 8.6% and 27.3%, respectively. The Management has also assumed a decline in annual traffic growth of 0.5% and 27.2% in FYE 31 March 2034 and 2035 respectively in view that the concession period of the Damansara Link and Kerinchi Link ends in December 2034.</td></tr>
<tr><td>Operational expense</td><td>The Management has projected the operational expenses growth for SPRINT as follows:

<table>
<tr><th></th><th colspan="4">FYE 31 March</th></tr>
<tr><th></th><th>(1)2023</th><th>2024</th><th>2025</th><th>(2)2026 up to the end of SPRINT Highway Concession Period</th></tr>
<tr><td>Operational expense (%)</td><td>11.6</td><td>7.2</td><td>6.0</td><td>6.0 to (26.1)</td></tr>
</table>

Note:
(1) The percentage operational expenses growth for FYE 31 March 2023 was computed based on SPRINT's forecasted operational expenses for FYE 31 March 2023 compared against SPRINT's actual toll operational expenses recorded in FYE 31 March 2022.
(2) Up to the end of the SPRINT Concession Agreement.</td><td>The operational expenses for SPRINT includes toll operation expense, traffic safety expense, engineering expenses, highway maintenance, facility maintenance, highway utilities, head office expenses and other ancillary expenses.

The operational expenses for the FYE 31 March 2022 differed from the previous financial year due to the cost savings measures implemented during the COVID-19 pandemic. Consequently, the Management has projected a higher rate of increase in the operational expenses for the FYE 31 March 2023 and 2024. The increase is mainly due to the operational expenses which were deferred from years 2020 and 2021 and higher operational expenses requirements for the highway in anticipation of growth in traffic volumes arising from the expected economic growth following Malaysia's transition to the endemic phase from 1 April 2022. We are of the view that this assumption is reasonable after taking into consideration normalisation of economic activities in Malaysia in the first quarter of 2022 and is in line with the revenue growth as elaborated above.

For the FYE 31 March 2025 to 2030, the Management has projected that operational expenses will increase by 6.0% per annum. Based on our discussion with the Management, the straightline growth of 6.0% per annum has been adopted based on the Company's approved budget.</td></tr>
</table>

<table>
<tr><th>Item</th><th>SPRINT</th><th>Affin Hwang IB's comments</th></tr>
<tr><td></td><td></td><td>In view that the concession period for the Penchala Link ends in December 2031, the Management has assumed a decline in operational expenses in FYE 31 March 2032 and 2033 of 2.9% and 7.5%, respectively. The Management has assumed a growth in operational expenses of 6.2% in FYE 31 March 2034, followed by a decline in operational expenses of 26.1% in FYE 31 March 2035 in view that the concession period of the Damansara Link and Kerinchi Link both ends in December 2034.

Based on our analysis of SPRINT's historical financial performance from the Analysis Period (i.e. FYE 31 March 2012 to 2019) the adoption of a 6.0% increase in operational expenses for FYE 31 March 2025 to 2030 is not within the historical trend of the Company for the same period.

We have undertaken a sensitivity analysis by varying operational expenses growth of 4.3% on a straightline basis based on the historical trend of SPRINT to arrive at a range of value for SPRINT. We are of the view that a straightline growth of 6.0% per annum for the FYE 31 March 2025 to 2030 is reasonable after taking into consideration that the Adjusted Projection does not differ significantly from the Management Projection for SPRINT (i.e. less than 1%).</td></tr>
<tr><td>Resurfacing obligation and Capex</td><td>The Management has projected the resurfacing obligation and Capex for SPRINT as follows:

<table>
<tr><th></th><th colspan="4">FYE 31 March</th></tr>
<tr><th></th><th>2023</th><th>2024</th><th>2025</th><th>(1)2026 up to the end of SPRINT Highway Concession Period</th></tr>
<tr><td>Resurfacing obligation and Capex (RM'mil)</td><td>11.00</td><td>11.46</td><td>14.44</td><td>Between 0.13 and 26.84</td></tr>
</table>
Note:
(1) Up to the end of the SPRINT Concession Agreement.</td><td><u>Resurfacing obligation</u>

Resurfacing obligation for SPRINT comprise provision for pavement rehabilitation and associated works on the SPRINT Highway.

Generally, the Management has projected annual resurfacing obligation to be between RM6.0 million and RM10.27 million. For FYE 31 March 2033, the Management projected resurfacing obligation to decrease to RM2.82 million, and subsequently no resurfacing obligation was budgeted up to the end of the SPRINT Concession Agreement. We are of the view that the projected resurfacing obligation is reasonable given that the Management has projected the resurfacing obligations based on the maintenance schedule of the respective road which has been surveyed by the Company's engineering team.</td></tr>
</table>

Item	SPRINT	Affin Hwang IB's comments
		Capex Based on our discussion with the Management, the yearly planned maintenance Capex as projected by the Management is not mandatory under the SPRINT Concession Agreement. However, the Capex is required as part of SPRINT's continuing operations for the upkeep of the highway. The projected Capex for SPRINT comprise SDE and fixed assets. The projected SDE of SPRINT comprise computer software and licences. Expenditure on fixed assets includes operation vehicles (in particular road sweeper vehicles), renovations and building improvements, furniture and fittings, computer equipment, communication equipment, office equipment and maintenance equipment. The Management has projected the Capex as part of SPRINT's 5-year business plan for FYE 31 March 2023 to 2027. For the subsequent years, the Management projected that the Capex will be approximately RM6 million per annum. We are of the view that the projected Capex is reasonable as it is in line with the intention to upkeep the highway taking into consideration the Management's business plan.
Taxation	Taxation to be nominal from FYE 31 March 2022 to 2025 due to unutilised tax credits, and 24% on taxable income for FYE 31 March 2026 up to the end of SPRINT Highway Concession Period.	Management has projected that income tax expense for FYE 31 March 2022 to 2025 will be nominal due to its unutilised tax credits for unutilised tax losses and unabsorbed capital allowance. It is projected that SPRINT's tax credits will be fully utilised in FYE 31 March 2025. Therefore, Management has projected that a statutory tax rate of 24% is payable from FYE 31 March 2026 up to the end of respective concession periods. We are of the view that these assumptions are reasonable as it is in line with the statutory tax rate in Malaysia.

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors and 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 but not contracted for	RM'000
Highway development expenditure	7,509
Total	**7,509**

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 843,500 Shares or approximately 0.16% of our Company's issued share capital (excluding treasury shares), as investment for fund management purposes.

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. AFFIN HWANG IB

Affin Hwang IB, being the Independent Adviser to our non-interested Directors and non-interested shareholders, and PNB for the Proposed Disposals, has given and has not subsequently withdrawn its written consent for the inclusion of its letter, name and all reference thereto in the form and context in which it appears in this Circular.

Affin Hwang IB is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Disposals.

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.

3.4. ERNST & YOUNG PLT

Ernst & Young PLT, being the reporting accountants for the Proposed Disposals, have given and have not subsequently withdrawn its written consent for the inclusion of its name and the reporting accountant's letter on the compilation of pro forma consolidated statements of financial position of LITRAK Holdings as at 31 March 2022 as set out in Appendix VII of this Circular and all references thereto in the form and context in which it appears in this Circular.

Ernst & Young PLT is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the reporting accountants for the Proposed Disposals.

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 2nd Floor, Kompleks Operasi LITRAK, KM19 Lebuhraya Damansara-Puchong, Bandar Sunway, PJS 9, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia during the normal business hours from Mondays to 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 March 2022;

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

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

(vi) the letters of consent referred to in **Section 3** of this **Appendix I**;

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

(viii) DCF valuation on each Expressway Concession Company;

(ix) the reporting accountant's letter on the compilation of pro forma consolidated statements of financial position of LITRAK Holdings as at 31 March 2022 as set out in **Appendix VII** of this Circular;

(x) the CLOOs from ALR; and

(xi) the Finalised SSPAs for the Proposed Disposals.

Shareholders should note that the Concession Agreements referred to in **Appendix III** of 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 25 April 2022 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.

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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

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:

2.1. Payment of Completion Amount

On the Completion Date, ALR shall pay to the respective 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 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. 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.

2.3. 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.

3. SETTLEMENT OF INTER-CO DEBTS

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.

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4. CONDITIONS PRECEDENT

The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposal of LITRAK and Proposed Disposal of SPRINT. Each Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. Each Vendor and 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 Disposals
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.

5. PRE-COMPLETION UNDERTAKINGS

5.1. 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 Date (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:

5.1.1. 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;

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

5.1.3. 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;

5.1.4. 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;

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

5.1.6. entering into any long-term contract or capital commitment in excess of the amount equivalent to 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;

5.1.7. 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;

5.1.8. 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;

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

5.1.10. 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

5.1.11. 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 Section 5.1 of this Appendix II, 'Materiality Threshold' shall for the Proposed Disposal of LITRAK means one per centum (1%) of the shareholders' funds of the Target based on the audited accounts and for the Proposed Disposal of SPRINT means RM500,000.

5.2. 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.

5.3. 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.

6. COMPLETION

6.1. Date and Place

(a) Subject to fulfilment of the Conditions Precedent as set out in Section 4 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.

6.2. Completion Events

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

6.2.1. The Vendor's Obligations

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.

6.2.2. The Purchaser's Obligations

6.2.2.1. 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 2.1 of this Appendix II.

7. TERMINATION

7.1. 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.

7.2. 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.

7.3. 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.

7.4. 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 LITRAK

1.1. 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 Lebuhraya Damansara-Puchong and to manage its toll operations under the LITRAK Concession Agreement.

The Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong commenced tolling operations on 25 January 1999.

Lebuhraya Damansara-Puchong 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.

Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong 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.

1.2. Issued share capital

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

1.3. 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 Act.

1.4. 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

1.5. Subsidiary and associated company

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

1.6. 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-Transfer basis. The nature of relationship between the Government of Malaysia and LITRAK is solely on contractual basis.

Concession period

The LDP Highway Concession Period 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 amongst 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong, 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong. 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

Upon the SCA of LITRAK becoming effective, a new agreed toll rate as agreed under the SCA of LITRAK shall come into effect and shall apply until the expiry of the extended LDP Highway Concession Period as agreed under the SCA of LITRAK. Please refer to Appendix VIII of this Circular for further details of the SCA.

Reduction in toll rate by the Government of Malaysia

In the event the Government of Malaysia imposes a toll rate lower than the agreed toll rate as stipulated in the LITRAK Concession Agreement, 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 agreed toll rate as stipulated in the LITRAK Concession Agreement which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes for the relevant concession year or the projected traffic volume for the relevant concession year as specified in the LITRAK Concession Agreement, whichever is the lower;

TA = the aggregate toll collected by LITRAK for the relevant concession year.

1.7. 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
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 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

LITRAK's 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 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; and

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

(iii) lower income tax expenses of RM19.5 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 compensation from the Government of Malaysia. As at the LPD, the compensation from the Government of Malaysia of RM125.3 million has been 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 National Recovery Plan ("**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, 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 compensation from the Government of Malaysia. As at the LPD, the compensation from the Government of Malaysia of RM33.1 million has been received. However, if the Proposed Disposal of LITRAK is successfully implemented, the 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.

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 LITRAK which, upon becoming enforceable, may have a material impact on the financial results or position of LITRAK, save as disclosed below:

Approved but not 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.

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 50.0% associated company of LITRAK Holdings. 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 Packages 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong 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 Lebuhraya Damansara-Puchong.

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.

100.0% 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 rate	:	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

Notes:

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

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

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 amongst 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 reimbursement 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), reimbursement 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	0.50	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

Upon the SCA of SPRINT becoming effective, a new agreed toll rate as agreed under the SCA of SPRINT shall come into effect until the expiry of extended SPRINT Highway Concession Period as agreed under the SCA of SPRINT. Please refer to Appendix VIII of this Circular for further details of the SCA.

Reduction in toll rate by the Government of Malaysia

In the event the Government of Malaysia imposes a toll rate lower than the agreed toll rate as stipulated in the SPRINT Concession Agreement, 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:

$$CA = \sum [AT \times (2 \times TV)] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

∑ = summation for all classes of vehicles;

AT = the agreed toll rate as stipulated in the SPRINT Concession Agreement which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes in the preceding six (6) months;

TA = the aggregate toll collected by SPRINT for the relevant concession year.

2.7. Financial information

Summary of historical financial results of SPRINT:

	Audited		
	FYE 31 March 2020	**FYE 31 March 2021**	**FYE 31 March 2022**
	RM'million	**RM'million**	**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)
Net liabilities(i)	(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 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 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 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 Highway Development Expenditure 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 compensation from the Government of Malaysia. As at the LPD, the compensation from the Government of Malaysia of RM112.0 million has been received.

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

SPRINT's 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 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 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 compensation from the Government of Malaysia. As at the LPD, the compensation from the Government of Malaysia of RM19.2 million has been 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.

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1. HISTORY AND BUSINESS OF ALR

ALR was incorporated in Malaysia on 13 December 2021 under the Act 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 securing sufficient financial resources to undertake the Proposed Disposals.

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.

LINGKARAN TRANS KOTA SDN. BHD.
199501023849 (353053-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2022

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

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Lingkaran Trans Kota 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 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.

199501023849 (353053-W)

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.

199501023849 (353053-W)

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

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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	Tan Shium Jye
202006000003 (LLP0022760-LCA) & AF 0039	No. 02991/05/2024 J
Chartered Accountants	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.
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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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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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(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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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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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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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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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.

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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.

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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.

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

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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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Lingkaran Trans Kota Sdn. Bhd.
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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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Lingkaran Trans Kota Sdn. Bhd.
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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)

SISTEM PENYURAIAN TRAFIK KL BARAT SDN. BHD.

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Directors' Report and Audited Financial Statements
31 March 2022

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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Sistem Penyuraian Trafik KL Barat 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 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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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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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.
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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

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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,
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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.)
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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.)
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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.)
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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.
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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

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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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.
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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)

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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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Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
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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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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN A CIRCULAR

(Prepared for inclusion in the Circular to be dated 14 July 2022)

13 July 2022

The Board of Directors
Lingkaran Trans Kota Holdings Berhad
Kompleks Operasi LITRAK
KM19 Lebuhraya Damansara-Puchong
Bandar Sunway, PJS 9
47500 Subang Jaya
Selangor Darul Ehsan

Dear Sirs,

Lingkaran Trans Kota Holdings Berhad (the "Company" or "LITRAK Holdings")
Report on the Pro Forma Consolidated Statement of Financial Position as at 31 March 2022 in relation to the proposed disposal of all the securities in Lingkaran Trans Kota Sdn Bhd ("LITRAK") and Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT") to Amanat Lebuhraya Rakyat Berhad ("ALR") (collectively referred to as the "Proposed Disposals")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position as at 31 March 2022 of LITRAK Holdings and its subsidiaries (collectively referred to as the "Group") and the related notes as set out in Appendix 1, prepared by the Directors of LITRAK Holdings. The applicable criteria on the basis of which the Directors of LITRAK Holdings have compiled the pro forma consolidated statement of financial position are specified in the accompanying notes set out in Appendix 1 ("Applicable Criteria").

The pro forma consolidated statement of financial position has been compiled by the Directors of LITRAK Holdings to illustrate the effects of the Proposed Disposals on the Group's financial position as at 31 March 2022 as if the Proposed Disposals had taken place on 31 March 2022. As part of this process, information about the Company's financial position has been extracted by the Directors of LITRAK Holdings from LITRAK Holdings' financial statements for the year ended 31 March 2022, on which an audit report has been published.

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The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (On Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Malaysian Approved Standard on Quality Controls, ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, issued by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express an opinion as required by Bursa Malaysia Securities Berhad ("Bursa Securities") about whether the pro forma consolidated statement of financial position has been compiled, in all material respects, by the Directors of LITRAK Holdings on the basis of the applicable criteria.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated financial position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.

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Our responsibilities (cont'd.)

The purpose of pro forma consolidated statement of financial position included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial position of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of LITRAK Holdings in the compilation of the pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted statement of financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the applicable criteria as set out in Appendix 1 and that basis is consistent with the accounting policies of the Company.

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Other matters

This letter is issued for the sole purpose of complying with the Main Market Listing Requirements issued by Bursa Securities in connection with the Proposed Disposals. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the pro forma consolidated statement of financial position described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Disposals.

Ernst & Young PLT
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Chartered Accountants

Kuala Lumpur, Malaysia

Lingkaran Trans Kota Holdings Berhad

Appendix 1

Pro Forma Consolidated Statement of Financial Position as at 31 March 2022

The pro forma consolidated statement of financial position of Lingkaran Trans Kota Holdings Berhad as set out below have been prepared for illustrative purposes only and to show the effects of the events and transactions referred to in the notes to the pro forma consolidated statement of financial position had they been effected on 31 March 2022.

	Audited At 31 March 2022 RM'000	Proposed disposal of LITRAK Adjustment RM'000	Pro forma I RM'000	Proposed disposal of SPRINT Adjustment RM'000	Pro forma II RM'000
Assets					
Non-current assets					
Highway development expenditure	994,222	(994,222)	-	-	-
Plant and equipment	1,278	(1,269)	9	-	9
Other intangible assets	695	(695)	-	-	-
Investment in an associate	213,928	-	213,928	244,351	458,279
	1,210,123	(996,186)	213,937	244,351	458,288
Current assets					
Sundry receivables	97,417	(22,042)	75,375	-	75,375
Amount due from an associate	1,170	(1,021)	149	-	149
Tax recoverable	8	-	8	-	8
Investment securities	2,078	-	2,078	-	2,078
Cash and bank balances	538,437	1,665,808	2,204,245	(463)	2,203,782
	639,110	1,642,745	2,281,855	(463)	2,281,392
Total assets	1,849,233	646,559	2,495,792	243,888	2,739,680
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	253,661	-	253,661	-	253,661
Other reserve	9,576	-	9,576	-	9,576
Retained earnings	950,009	1,281,157	2,231,166	243,888	2,475,054
Total equity	1,213,246	1,281,157	2,494,403	243,888	2,738,291
Liabilities					
Non-current liabilities					
Deferred revenue	10,022	(10,022)	-	-	-
Deferred tax liabilities	169,479	(169,479)	-	-	-
Sukuk Musyarakah Medium Term Notes	188,349	(188,349)	-	-	-
Retirement benefit obligations	6,361	(5,867)	494	-	494
Provision for heavy repairs	22,476	(22,476)	-	-	-
	396,687	(396,193)	494	-	494
Current liabilities					
Deferred revenue	1,562	(1,562)	-	-	-
Provision for heavy repairs	1,923	(1,923)	-	-	-
Sukuk Musyarakah Medium Term Notes	200,000	(200,000)	-	-	-
Sundry payables	21,431	(20,536)	895	-	895
Tax payable	14,384	(14,384)	-	-	-
	239,300	(238,405)	895	-	895
Total liabilities	635,987	(634,598)	1,389	-	1,389
Total equity and liabilities	1,849,233	646,559	2,495,792	243,888	2,739,680

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Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

1. Basis of preparation

The pro forma consolidated statement of financial position as at 31 March 2022 of Lingkaran Trans Kota Holdings Berhad ("LITRAK Holdings" or the "Company") have been prepared by the directors of LITRAK Holdings, for illustrative purpose, in relation to the proposed disposals of all the securities of:

(i) Lingkaran Trans Kota Sdn Bhd ("LITRAK") by the Company; and

(ii) Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT") by Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings), a 50% associate company of the Company

to Amanat Lebuhraya Rakyat Berhad ("ALR").

(Collectively referred to as the "Proposed Disposals" and each as the "Proposed Disposal").

The Proposed Disposal of LITRAK involves the sale by the Company 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 (equivalent to the Equity Value) which is based on the Enterprise Value ("EV") of LITRAK of RM2,119 million as at the Valuation Date (31 December 2021), subject to the terms and conditions of the Finalised Share Sale and Purchase Agreement ("SSPA") of LITRAK.

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 (equivalent to the Equity Value) which is based on the EV of SPRINT of RM1,808 million as at the Valuation Date (31 December 2021), subject to the terms and conditions of the Finalised SSPA of SPRINT.

In addition to the above, SPRINT had previously issued RM585,000,000 SPRINT Redeemable unsecured loan stocks ("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 Equity Holders' Proceeds for each Proposed Disposal shall be calculated in the following manner:

Equity Holders' Proceeds	=	Equity Value + Holding Cost on Initial Sum - Pre-Completion Dividend
Equity Value	=	Amount stated in Finalised SSPA
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
Initial Sum	=	Equity Value - Government Compensation Receivable
Government Compensation Receivable	=	Amount stated in Finalised SSPA
Pre-Completion Dividend	=	Any dividend declared by LITRAK/SPRINT after the Valuation Date and paid to LITRAK Holdings/SPRINT Holdings prior to or on the Completion Date

Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

1. Basis of preparation (cont'd.)

The Pro Forma Consolidated Statement of Financial Position as at 31 March 2022 of LITRAK Holdings has been prepared based on the audited consolidated statement of financial position as at 31 March 2022 of LITRAK Holdings and on a basis consistent with both the format of the audited financial statements and the accounting policies adopted by LITRAK Holdings in preparation of the audited consolidated financial statements of LITRAK Holdings for the financial year ended 31 March 2022, which is in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, to illustrate the impact had the Proposed Disposals been completed on that date. The directors of LITRAK Holdings are responsible for the preparation of the pro forma consolidated statement of financial position.

The Pro forma Consolidated Statement of Financial Position does not purport to predict the future financial position of LITRAK Holdings.

The Pro forma Consolidated Statement of Financial Position is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000").

2. Pro forma adjustments

The pro forma incorporates the effects arising from the Proposed Disposals of all the securities in LITRAK and SPRINT to ALR.

(i) Pro forma I

Pro forma I incorporates the effects arising from the Proposed Disposal of all the securities in LITRAK by LITRAK Holdings to ALR.

LITRAK Holdings' investment in LITRAK has been considered as investment in a subsidiary with an effective interest of 100%.

For the purpose of accounting for the Proposed Disposal, upon the fulfillment of the conditions precedent of Finalised SSPA and the completion of the Proposed Disposal, LITRAK will cease to be a subsidiary of LITRAK Holdings. Subsequent to this, the assets and liabilities of LITRAK will not be included in the Consolidated Statement of Financial Position of the Company and the Company will record a gain on disposal arising from the Proposed Disposal.

In accordance with the computation disclosed in Note 1, Pre-Completion Dividend and Holding Cost on Initial Sum would give rise to price adjustments on the Equity Holders' Proceed. Accordingly, when preparing the Pro Forma Consolidated Statement of Financial Position, we have considered that it is necessary to have these price adjustments to illustrate the financial impact of the Proposed Disposal, in accordance with the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

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Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

2. Pro forma adjustments (cont'd.)

(i) Pro forma I (cont'd.)

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

	Proposed Disposal of LITRAK RM'000
Equity value	**2,326,319**
Less: Pre-Completion Dividend ^	(80,000)
Adjusted equity value	**2,246,319**
Add: Holding Cost on Initial Sum *	27,125
Total Equity Holders' Proceed	**2,273,444**
LITRAK Holdings' interest	100%
LITRAK Holdings' portion of the total Equity Holders' Proceed	**2,273,444**
To be satisfied in cash on Completion Date	2,198,378
To be retained by ALR as retention sum and to be paid by ALR for Government Compensation Receivable received after the Completion Date ~	75,066
Total Equity Holders' Proceed	2,273,444

^ Inclusive of Pre-Completion Dividend which has been paid on 18 March 2022.

* Holding Cost on Initial Sum are computed based on the assumption that the Completion Date falls on 15 August 2022.

The Holding Cost on Initial Sum will be recorded by reference to the Completion Date in the subsequent financial statements. However, as the Completion Date is not known until a later date, for the purpose of the Pro Forma Consolidated Statement of Financial Position, in relation to the computation of the Holding Cost on Initial Sum, the anticipated Completion Date is 15 August 2022 as disclosed in the Circular to shareholders.

The requirement to compute the final Holding Cost on Initial Sum as of the Completion Date could result in a final Equity Holders' Proceed that is materially different from that assumed in the Pro Forma Consolidated Statement of Financial Position, and the Disposal Proceed included in this Pro Forma Consolidated Statement of Financial Position should not be taken to represent what the actual consideration transferred will be when the Proposed Disposal is completed.

~ Pursuant to the terms agreed in the Finalised SSPA, these amounts are related to the retention sum retained by ALR which will be payable on the last day of the Retention Period (thirteen months from the Valuation Date) and Government Compensation Receivable from Government of Malaysia which will be payable by ALR after the Completion Date.

Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

2. Pro forma adjustments (cont'd.)

(i) Pro forma I (cont'd.)

The effects of the disposal transaction are summarised below:

	RM'000
Equity Holders' proceeds	2,273,444
Less: Deconsolidation of net assets of LITRAK	
- Highway development expenditure	994,222
- Plant and equipment	1,269
- Other intangible assets	695
- Sundry receivables	97,108
- Amount due from an associate	1,021
- Cash and bank balances	531,418
- Deferred revenue	(11,584)
- Deferred tax liabilities	(169,479)
- Sukuk Musyarakah Medium Term Notes	(388,349)
- Retirement benefit obligations	(5,867)
- Provision for heavy repairs	(24,399)
- Sundry payables	(20,536)
- Tax payable	(14,384)
	991,135
- Transaction costs ~	1,152
Pro forma gain on the Proposed Disposal of LITRAK	1,281,157

~ The transaction costs have been allocated between the Proposed Disposals of LITRAK and SPRINT based on the proportion of each Equity Holders' Proceed.

(ii) Pro forma II

Pro forma II incorporates the effects arising from the Proposed Disposal of all the securities in SPRINT by SPRINT Holdings to ALR.

LITRAK Holdings' investment in SPRINT is through SPRINT Holdings, with an effective interest of 50% in the form of 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. This investment has been accounted for as investment in an associate and equity accounted for from the date on which SPRINT Holdings became an associate of LITRAK Holdings.

For the purpose of accounting for the Proposed Disposal, upon the fulfillment of the conditions precedent of the Finalised SSPA and the completion of the Proposed Disposal, the gain on disposal of SPRINT will be equity accounted for by the Company.

Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

2. Pro forma adjustments (cont'd.)

(ii) Pro forma II (cont'd.)

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

	Proposed Disposal of SPRINT RM'000
Equity value	**903,644**
Add: Holding Cost on Initial Sum *	10,768
Total Equity Holders' Disposal Proceed	**914,412**
LITRAK Holdings' interest	50%
LITRAK Holdings' portion of the total Equity Holders' Proceed	**457,206**

* Holding Cost on Initial Sum are computed based on the assumption that the Completion Date falls on 15 August 2022.

The Holding Cost on Initial Sum will be recorded by reference to the Completion Date in the subsequent financial statements. However, as the Completion Date is not known until a later date, for the purpose of the Pro Forma Consolidated Statement of Financial Position, in relation to the computation of the Holding Cost on Initial Sum, the anticipated Completion Date is 15 August 2022 as disclosed in the Circular to shareholders.

The requirement to compute the final Holding Cost on Initial Sum as of the Completion Date could result in a final Equity Holders' Proceed that is materially different from that assumed in the Pro Forma Consolidated Statement of Financial Position, and the Disposal Proceed included in this Pro Forma Consolidated Statement of Financial Position should not be taken to represent what the actual consideration transferred will be when the Proposed Disposal is completed.

The effects of the disposal transaction are summarised below:

	RM'000
Equity Holders' proceeds	914,412
Less: Redemption of RULS @	(585,000)
Net Equity Holders' proceeds	329,412
Net Equity Holders' proceeds - LITRAK Holdings share of 50%	164,706
Add: De-recognition of net liabilities of SPRINT	79,645
Less: Transaction costs ~	(463)
LITRAK Holdings share of pro forma gain on the Proposed Disposal of SPRINT	243,888

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

Lingkaran Trans Kota Holdings Berhad
Notes to Pro Forma Consolidated Statement of Financial Position

2. Pro forma adjustments (cont'd.)

(ii) Pro forma II (cont'd.)

@ SPRINT had previously issued RM585,000,000 RULS to SPRINT Holdings, representing 100% of SPRINT RULS. RULS has been considered as amount due from SPRINT at SPRINT Holdings' level.

The amount of RM585,000,000 will be advanced by ALR to SPRINT for the purpose of redeeming the RULS on the Completion Date from the Equity Holders' Proceeds.

~ The transaction costs have been allocated between the Proposed Disposals of LITRAK and SPRINT based on the proportion of each Equity Holders' Proceed.

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202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants, Kuala Lumpur.
For identification purpose only.

APPENDIX VIII – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY

The SCAs are entered into, to facilitate the 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. 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 Act [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 90^{th} 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

Please refer to Section 2.6 of Appendix III for the current agreed toll rates as stipulated in the SPRINT Concession Agreement.

(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.

B. <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 Act [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 your approval at our forthcoming EGM 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

Please refer to Section 1.6 of Appendix III for the current agreed toll rates as stipulated in the LITRAK Concession Agreement.

(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.

LINGKARAN TRANS KOTA HOLDINGS BERHAD
(Registration No. 199501006186 (335382-V))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting ("**EGM**") of Lingkaran Trans Kota Holdings Berhad ("**LITRAK Holdings**" or the "**Company**") will be conducted fully virtual through online meeting platform via TIIHOnline 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 in Malaysia on Friday, 5 August 2022 at 3.30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

SPECIAL RESOLUTION 1

PROPOSED DISPOSAL BY LITRAK HOLDINGS OF ALL THE SECURITIES IN LINGKARAN TRANS KOTA SDN BHD ("LITRAK") TO AMANAT LEBUHRAYA RAKYAT BERHAD ("ALR"), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN LITRAK HOLDINGS AND ALR ("PROPOSED DISPOSAL OF LITRAK")

"**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 enter into and execute the final form of the conditional share sale and purchase agreement between the Company and ALR ("**LITRAK Finalised SSPA**") with full powers to assent to any modifications, conditions, variations and/or amendments to the LITRAK Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the LITRAK Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above ("**LITRAK Executed SSPA**") and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for LITRAK Holdings to dispose 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 which is based on the enterprise value of LITRAK of RM2,119 million as at 31 December 2021, upon such terms and conditions contained in the LITRAK 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 LITRAK 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 to implement and give full effect to the Proposed Disposal of LITRAK."

SPECIAL 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 LITRAK HOLDINGS' 50% 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."

BY ORDER OF THE BOARD

LIM SOO LYE (LS 006461)
CHIEW TENG JUAN (MAICSA 7029864)
Company Secretaries

Subang Jaya
14 July 2022

Notes:

1. ***Virtual EGM***
   In support of the Government of Malaysia's ongoing efforts to contain the spread of Covid-19 and as part of our Group's safety measures,our EGM will be conducted fully virtual through online meeting platform via TIIH Online website. The members are advised to followthe procedures as set out in the Administrative Guide sent out together with this notice on the registration and voting process for the EGM.
2. ***General Meeting Record of Depositors***
   For the purpose of determining a member's eligibility to attend and vote at our EGM, our Company shall obtain a General MeetingRecord of Depositors as at 28 July 2022 from Bursa Malaysia Depository Sdn Bhd in accordance with Clause 73 of our Company's Constitution and Paragraph 7.16(2) of Bursa Malaysia's Main Market Listing Requirements. Only depositors whose names appear therein shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at our EGM.
3. ***Appointment of Proxy***
   a. *A proxy may but need not be a member of our Company. There shall be no restriction as to the qualification of a proxy.*
   b. *A member shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead.*
   c. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
   d. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.*
   e. *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in our Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed, the appointment shall be invalid unless the exempt authorised nominee specifies the number of shares to be represented by each proxy.*
   f. *In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or the hand of its attorney.*
   g. *The instrument appointing a proxy must be deposited/submitted via the following ways not less than 48 hours before the time set for holding our EGM or any adjournment thereof:*
      (i) *By hardcopy form*
      The Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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.
      (ii) *By electronic form*
      The Proxy Form can be electronically submitted/lodged via Tricor's TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.

h. *Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out in the Notice of EGM will be put to vote by poll.*

Administrative Guide

Extraordinary General Meeting (EGM)

Day & Date	:	Friday, 5 August 2022
Time	:	3.30 p.m.
Venue	:	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 in Malaysia

MODE OF MEETING

In support of the Government of Malaysia's ongoing efforts to contain the spread of Covid-19 and as part of our Group's safety measures, the EGM of the Company will be conducted entirely through online meeting platform via TIIH Online website.

REMOTE PARTICIPATION AND VOTING FACILITIES (RPV)

Shareholders are to attend, speak (in the form of real time submission of typed texts to the Board of Directors of the Company (Board)) and vote (collectively, "participate") remotely at the EGM of the Company using RPV provided by Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its **TIIH Online** website at https://tiih.online.

Shareholders who appoint proxies to participate via RPV in the EGM of the Company must ensure that the duly executed Proxy Forms are deposited either by hardcopy or electronic means no later than **Wednesday, 3 August 2022 at 3.30 p.m.** in the following manner:

a. at **Tricor Investor & Issuing House Services Sdn Bhd**, 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

b. lodge electronically via Tricor's **TIIH Online** website at https://tiih.online. Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative at **Tricor Investor & Issuing House Services Sdn Bhd**, 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, no later than **Wednesday, 3 August 2022 at 3.30 p.m.** in order to participate via RPV in the EGM of the Company.

Attorneys appointed by power of attorney must deposit their power of attorney at **Tricor Investor & Issuing House Services Sdn Bhd**, 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, no later than **Wednesday, 3 August 2022 at 3.30 p.m.** in order to participate via RPV in the EGM of the Company.

A shareholder who has appointed a proxy or attorney or corporate representative to attend, participate, speak and vote at the EGM of the Company via RPV must request his/her proxy to register himself/herself for RPV at Tricor's TIIH Online website at https://tiih.online**.**

As the EGM of the Company is a fully virtual EGM, members who are unable to participate in this EGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the EGM of the Company using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action **BEFORE THE DAY OF EGM**
(a)	Register as a user with TIIH Online	▪ Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. ▪ Registration as a user will be approved within one working day and you will be notified via e-mail. ▪ If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request	▪ **Registration is open from Thursday, 14 July 2022 until the day of the EGM Friday, 5 August 2022.** Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate in the EGM using RPV. ▪ Log in with your user ID and password and select the corporate event: "**(REGISTRATION) LITRAK EGM 2022**". ▪ Read and agree to the Terms & Conditions and confirm the Declaration. ▪ Select "Register for Remote Participation and Voting". ▪ Review your registration and proceed to register. ▪ System will send an e-mail to notify that your registration for remote participation has been received and will be verified. ▪ After verification of your registration against the General Meeting Record of Depositors dated 28 July 2022, the system will send you an e-mail after 3 August 2022 to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via e-mail. *(Note: Please allow sufficient time for approval as a new user of TIIH Online as well as the registration for RPV in order for you to log into TIIH Online and participate in the EGM remotely).*
	Procedure	**Action** **ON THE DAY OF EGM (Friday, 5 August 2022)**
(c)	Log into TIIH Online	Log in with your user ID and password for remote participation at the EGM at any time from 2.30 p.m.**.** i.e. 1 hour before the commencement of the EGM at 3.30 p.m. **on Friday, 5 August 2022**.
(d)	Participate through Live Streaming	▪ Select the corporate event: **"(LIVE STREAMING MEETING) LITRAK EGM 2022"** to engage in the proceedings of the EGM remotely. ▪ If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will try to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	▪ Voting session commences from 3.30 p.m. on Friday, 5 August 2022 until a time when the Chairman announces the end of the session. Select the corporate event: **"(REMOTE VOTING) LITRAK EGM 2022"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. ▪ Read and agree to the Terms & Conditions and confirm the Declaration. ▪ Select the CDS account that represents your shareholdings. ▪ Indicate your votes for the resolutions that are tabled for voting. ▪ Confirm and submit your votes.
(f)	End of remote participation	▪ Upon the announcement by the Chairman on the closure of the EGM, the Live Streaming will end.

Note to users of the RPV:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your Proxy Form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	**Action**
i.	**Steps for Individual Members**	
(a)	Register as a User with Tricor's TIIH Online website	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**LITRAK EGM 2022 – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print Form of Proxy for your record.

ii.	**Steps for Corporation or Institutional Members**	
(a)	Register as an User with Tricor's TIIH Online website	• Access TIIH online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Tricor [refer to Enquiry section below] if you need clarifications on the user registration.)*
(b)	Proceed with submission of Form of Proxy	• Login to Tricor's TIIH Online website at https://tiih.online • Select the corporate event: "**LITRAK EGM 2022 - Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

VOTING PROCEDURE

The voting at the EGM of the Company will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia's Main Market Listing Requirements.

To facilitate the voting process, the Company has appointed Tricor as the Poll Administrator to conduct the poll by way of online remote voting and Coopers Professional Scrutineers Sdn Bhd as the Scrutineers to verify the poll results. (Please refer to "Online Remote Voting" under item (e) in the table above on the procedure for online remote voting).

Upon completion of the voting session for the EGM of the Company, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the EGM of the Company, only the Company's members whose names appear in the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on 28 July 2022 shall be entitled to attend the said meeting or appoint proxies to attend on their behalf.

The hardcopy Proxy Form duly completed and signed must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, 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 no later than **Wednesday, 3 August 2022 at 3.30 p.m.** or not less than 48 hours before the time for holding the meeting or any adjournment thereof.

You may also submit the Proxy Form electronically via Tricor's TIIH Online at https://tiih.online no later than **Wednesday, 3 August 2022 at 3.30 p.m.** or not less than 48 hours before the time for holding the meeting or any adjournment thereof. Please refer to the Electronic Lodgement of Proxy Form above for further information on submission via TIIH Online.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF THE COMPANY

Shareholders may submit questions for the Board of the Company in advance of the EGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to log in, pose questions and submit electronically no later than **Wednesday, 3 August 2022 at 3.30 p.m.** The Board will endeavour to answer the questions received at the EGM of the Company.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the EGM of the Company since the meeting is being conducted on a fully virtual basis.

The Board of Lingkaran Trans Kota Holdings Berhad would like to thank all its shareholders for their kind co-operation and understanding on this matter.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the EGM of the Company.

ENQUIRY

If you have any enquiry on the above, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m., Monday to Friday (except public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
E-mail	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Mr. Ashvinder Singh +603-2783 7962 (ashvinder.singh@my.tricorglobal.com) Mr Jake Too +603-2783 9285 (chee.onn.too@my.tricorglobal.com) Mr Aiman Nuri +603-2783 9268 (muhamad.aiman@my.tricorglobal.com)

LINGKARAN TRANS KOTA HOLDINGS BERHAD
(Registration No. 199501006186 (335382-V))
(Incorporated in Malaysia)

Proxy Form

CDS Account No.	No. of Shares Held

*I/We, ____
*NRIC/Passport/Company No. ______________________ Mobile Phone No. __________
Address ____________________________________ ________________
being *a member/members of Lingkaran Trans Kota Holdings Berhad, hereby appoint:

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

*and/failing whom,

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the EGM of the Company, to be held as a fully virtual meeting 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, Malaysia, on Friday, 5 August 2022 at 3.30 p.m. and at any adjournment thereof and to vote as indicated below:

Resolution	**For**	**Against**
Special Resolution 1 : Proposed Disposal of LITRAK		
Special Resolution 2 : Proposed Disposal of SPRINT		

(Please indicate with ‘X’ in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit)
Dated this_______________day of_______________2022.

____
Signature/Common Seal of Shareholder

Notes:

1. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *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 securities account (“Omnibus Account”), there is no limit to the number of proxies the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed, the appointment shall be invalid unless the exempt*

authorised nominee specifies the number of shares to be represented by each proxy.

6. *In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or the hand of its attorney.*
7. *The instrument appointing a proxy must be deposited/submitted via the following ways not less than 48 hours before the time set for holding the EGM or any adjournment thereof:*
   - ***i. By hardcopy form***
     The Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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.
   - ***ii. By electronic form***
     The Proxy Form can be electronically submitted/lodged via Tricor's TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.

8. *For the purpose of determining a member's eligibility to attend and vote at the EGM, the Company shall obtain a General Meeting Record of Depositors as at 28 July 2022 from Bursa Malaysia Depository Sdn Bhd in accordance with Clause 73 of the Company's Constitution and Paragraph 7.16(2) of Bursa Malaysia's Main Market Listing Requirements. Only depositors whose names appear therein shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*

** Delete where not applicable*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd (Tricor)
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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