GAMUDA BERHAD ("GAMUDA" OR "COMPANY")

PROPOSED DISPOSAL OF ALL THE SECURITIES IN:

(I) KESAS SDN BHD ("KESAS");

(II) SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD ("SPRINT");

(III) LINGKARAN TRANS KOTA SDN BHD ("LITRAK"); AND

(IV) SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD ("SMART")

TO AMANAT LEBUHRAYA RAKYAT BERHAD ("ALR").

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

Reference is made to the Company's announcement dated 4 April 2022 in relation to the receipt of letter of offers from ALR and announcement dated 18 April 2022 on the Proposed Disposals.

1. INTRODUCTION

On 4 April 2022, Hong Leong Investment Bank Berhad ("**HLIB**") had, on behalf of the Board of Directors ("**Board**") of Gamuda, announced that:

(a) Kesas Holdings Berhad ("**Kesas Holdings**"), a 70.0% owned subsidiary of Gamuda, had on 2 April 2022, received a conditional letter of offer ("**CLOO**") from ALR in respect of ALR's offer to acquire all the securities of Kesas, a wholly-owned subsidiary of Kesas Holdings ("**Kesas Offer**");

(b) Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("**SPRINT Holdings**"), Gamuda's 51.4% associate company, had on 2 April 2022, received a CLOO from ALR in respect of ALR's offer to acquire all the securities of SPRINT, a wholly-owned subsidiary of SPRINT Holdings ("**SPRINT Offer**");

(c) Lingkaran Trans Kota Holdings Berhad ("**LITRAK Holdings**"), Gamuda's 42.8% associate company, had on 2 April 2022, received a CLOO from ALR in respect of ALR's offer to acquire all the securities of LITRAK, a wholly-owned subsidiary of LITRAK Holdings ("**LITRAK Offer**"); and

(d) Projek Smart Holdings Sdn Bhd ("**SMART Holdings**"), Gamuda's 50.0% joint venture company, had on 2 April 2022, received a CLOO from ALR in respect of ALR's offer to acquire all the securities of SMART (which includes all ordinary shares and preference shares), a wholly-owned subsidiary of SMART Holdings ("**SMART Offer**").

(Kesas, SPRINT, LITRAK and SMART shall collectively be referred to as the "**Expressway Concession Companies**" and each a "**Expressway Concession Company**", Kesas Holdings, SPRINT Holdings, LITRAK Holdings and SMART Holdings shall collectively be referred to as the "**Concession Holding Companies**" and each a "**Concession Holding Company**", and Kesas Offer, SPRINT Offer, LITRAK Offer and SMART Offer shall collectively be referred to as the "**Offers**" and each an "**Offer**").

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

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

On behalf of the Board of Gamuda, HLIB wishes to announce that on 7 June 2022, each of the Concession Holding Company and ALR have agreed and finalised the terms and conditions of the draft share sale and purchase agreement (collectively "**Finalised SSPAs**" and each "**Finalised SSPA**"). For avoidance of doubt, the Finalised SSPAs shall only be executed upon the fulfilment of all the conditions set out in the respective CLOOs and Section 8(i) of this announcement which includes, amongst others, the approval(s) of the shareholders of the respective Concession Holding Companies for the disposal of each Expressway Concession Company having been obtained.

The Board of Gamuda is of the view that none of the shareholders of Gamuda has any interest, whether direct or indirect, in relation to the Proposed Disposals. However, the Board of Gamuda is mindful that Permodalan Nasional Berhad ("**PNB**") is the largest shareholder of Gamuda and second largest shareholder of LITRAK Holdings (after Gamuda). Further details on PNB are as set out in Section 9 of this announcement. As such, the Board of Gamuda had submitted an application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") to seek concurrence from Bursa Securities that PNB is a non-interested shareholder and hence, PNB is not required to abstain from voting at the extraordinary general meeting ("**EGM**") of Gamuda to be convened by virtue of Paragraph 10.08(7) of the Main Market Listing Requirements of Bursa Securities ("**MMLR**") ("**Concurrence Application**").

The Board of Gamuda is aware that LITRAK Holdings, through its principal adviser, had also submitted a similar application to Bursa Securities to seek concurrence from Bursa Securities that PNB is also not in a position of conflict of interest and that PNB is not required to abstain from voting pursuant to Paragraph 10.08(7)(a) of the Listing Requirements at the EGM of LITRAK Holdings in respect of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings).

However, Gamuda acknowledges that it itself is an interested party for the shareholder voting process at the EGM of LITRAK Holdings for the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings), especially given its role as the key negotiator with ALR for all the Proposed Disposals. As such, Gamuda shall abstain from voting at the EGM of LITRAK Holdings to be convened in respect of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings).

Arising from the above, the Board of Gamuda shall only table the following separate resolutions for the consideration of Gamuda's shareholders at the EGM of Gamuda to be convened:

(a) the Proposed Disposal of Kesas, in respect of Gamuda's 70% direct interest in Kesas Holdings ("**Proposed Disposal of 70% interest in Kesas**");

(b) the Proposed Disposal of SMART, in respect of Gamuda's 50% direct interest in SMART Holdings ("**Proposed Disposal of 50% interest in SMART**"); and

(c) the Proposed Disposal of SPRINT, in respect of Gamuda's 30% direct interest in SPRINT Holdings ("**Proposed Disposal of 30% interest in SPRINT**").

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

Notwithstanding the disclosure above, both Gamuda and LITRAK Holdings are awaiting Bursa Securities' decision on their respective concurrence applications. Pending the decision from Bursa Securities on the concurrence applications, PNB may or may not abstain from voting on the resolutions in respect of the Proposed Disposals at the EGM of Gamuda and/or LITRAK Holdings.

Gamuda will make the necessary announcements in relation to the Concurrence Application to Bursa Securities accordingly upon receipt of decision from Bursa Securities.

In the event Bursa Securities decides that PNB is an interested shareholder and that the Proposed Disposals is a related party transaction, Gamuda will comply with all the requirements of a related party transaction under the MMLR, including to procure an independent adviser to present to the Board of Gamuda and Audit Committee of Gamuda, the independent adviser's opinion on each Proposed Disposal and whether the independent adviser is of the view that each Proposed Disposal:

(i) is in the best interest of Gamuda;

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

(iii) is not detrimental to the interest of the non-interested shareholders of Gamuda.

Subsequent thereto, Gamuda will make a supplementary announcement to this announcement to make the necessary disclosure required under the MMLR for a related party transaction.

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 Kesas

The Proposed Disposal of Kesas involves the sale by Kesas Holdings of 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas, to ALR for a disposal consideration of RM1,285 million which is based on the enterprise value of Kesas of RM1,240 million as at 31 December 2021 ("**Valuation Date**"), subject to the terms and conditions of the Finalised SSPA of Kesas ("**Kesas Consideration**").

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

(ii) Proposed Disposal of SPRINT

The Proposed Disposal of SPRINT involves the sale by SPRINT Holdings of 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT to ALR for a disposal consideration of RM904 million which is based on the enterprise value of SPRINT of RM1,808 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SPRINT ("**SPRINT Consideration**").

SPRINT had previously issued RM585,000,000 of redeemable unsecured loan stocks ("**SPRINT RULS**") to SPRINT Holdings, representing 100% of SPRINT RULS. All the SPRINT RULS shall be redeemed on the completion date of the executed Finalised SSPA for the Proposed Disposal of SPRINT.

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

(iii) Proposed Disposal of LITRAK

The Proposed Disposal of LITRAK involves the sale by LITRAK Holdings of 50,000,000 ordinary shares in LITRAK, representing 100% of the issued share capital of LITRAK, to ALR for a disposal consideration of RM2,326 million based on the enterprise value of LITRAK of RM2,119 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of LITRAK ("**LITRAK Consideration**").

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

(iv) **Proposed Disposal of SMART**

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

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

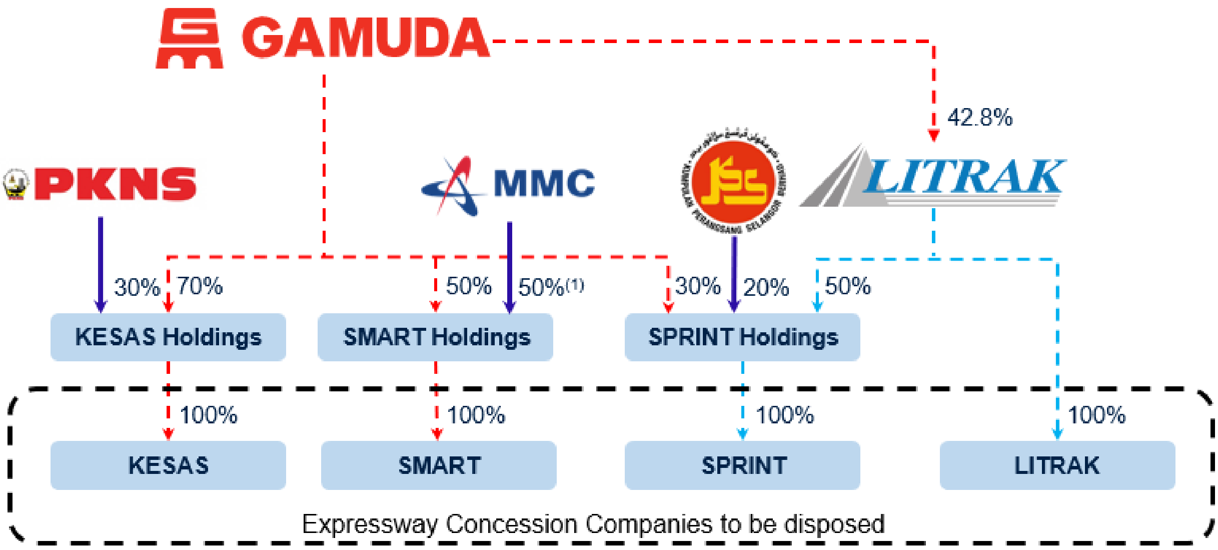
(b) 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART,

to ALR for a disposal consideration of RM1.00 based on the enterprise value of SMART of RM313 million as at the Valuation Date, subject to the terms and conditions of the Finalised SSPA of SMART ("**SMART Consideration**").

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

Kesas Consideration, SPRINT Consideration, LITRAK Consideration and SMART Consideration shall collectively be referred to as "**Disposal Considerations**".

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



Abbreviations:

PKNS — Perbadanan Kemajuan Negeri Selangor ("**PKNS**")

MMC — MMC Corporation Berhad ("**MMC**")

Kumpulan Perangsang Selangor Berhad ("**KPS**"), a company listed on the Main Market of Bursa Securities

Note:

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

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 for the securities of each Expressway Concession Company as at 31 December 2021 i.e. the Valuation Date ("**Equity Value**") to be calculated as follows:

Equity Value	=	Enterprise 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**", whereby for the Proposed Disposals (other than the Proposed Disposal of SMART), "Indebtedness" shall be the aggregate of the following as at the Valuation Date:

(a) any declared and/or accrued but unpaid dividends;

(b) the debt instruments together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies up to and inclusive of the Valuation Date but excluding any bond redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the debt instruments; and

(c) the amount of all financings and borrowings together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies to any banks and financial institutions up to and inclusive of the Valuation Date but excluding any redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay these financings and borrowings.

In respect of the Proposed Disposal of SMART, "Indebtedness" shall be the aggregate of the following as at the Valuation Date:

(a) any declared and/or accrued but unpaid dividends; and

(b) the "Sukuk Repayment Amount" but excluding any sukuk redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the Sukuk Facilities.

For this purpose, the "Sukuk Repayment Amount" refers to the total outstanding amount of the principal of the sukuk facilities of SMART Holdings ("**Sukuk Facilities**") together with any accrued profit thereon owing, due or payable under the Sukuk Facilities up to and inclusive of the date of completion of the executed Finalised SSPA of SMART ("**SMART Completion Date**") for the purpose of redemption of the Sukuk Facilities on the SMART Completion Date.

B	=	"**Residual Cash**" shall mean any cash balance, bank balance and money market/bank deposits retained by the Expressway Concession Companies as at and inclusive of the Valuation Date
C	=	"**Government Compensation Receivable**" shall mean the amount due to the Expressway Concession Companies from the Government of Malaysia ("**GoM**") as at the Valuation Date as compensation or part compensation as a result of the GoM 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.
D	=	"**Other Net Current Liabilities**" shall mean 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. In respect of the Proposed Disposal of Kesas only, the current liabilities for the purpose of computing "Other Net Current Liabilities" shall include additional provision for tax of RM3.8 million.

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

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For illustrative purposes and for the avoidance of doubt, the estimated Gamuda's portion of the Adjusted Equity Value (as defined below) and the total equity holders' proceeds are set out below:

	Ref	Proposed Disposal of Kesas	Proposed Disposal of SPRINT	Proposed Disposal of LITRAK	Proposed Disposal of SMART	Total
		100%	**100%**	**100%**	**100%**	**100%**
		RM million	**RM million**	**RM million**	**RM million**	**RM million**
EV		1,240	1,808	2,119	313	5,480
Less:						
Indebtedness[i]	**(A)**	(198)	(1,146)	(395)	(319)	(2,058)
Other Net Current Liabilities[ii]	**(D)**	(9)	(10)	(30)	(8)	(57)
Add:						
Residual Cash	**(B)**	208	205	464	8	885
Government Compensation Receivable[iii]	**(C)**	44	47	168	6	265
Equity Value		**1,285[iv]**	**904**	**2,326**	**-[v]**	**4,515**
Less:						
Pre-Completion Dividend		-	-	(80)	-	(80)
Equity Value less Pre-Completion Dividend ("Adjusted Equity Value")	**(E)**	**1,285**	**904**	**2,246**	**-**	**4,435**
Add:						
Holding Cost on Initial Sum[vi]	**(F)**	12	9	21	-	42
Total equity holders' proceeds	**(G) = (E+F)**	**1,297**	**913**	**2,267**	**-**	**4,477**
Gamuda's effective interest	(i)	70.0%	51.4%	42.8%	50.0%	
Gamuda's portion of the Adjusted Equity Value	**(H) = (E*i)**	**900**	**464**	**960**	**-**	**2,324[vii]**
Gamuda's portion of total equity holders' proceeds[viii]	**(J) = (G*i)**	**908**	**469**	**970**	**-[v]**	**2,347**

Notes:

(i) Indebtedness as at the Valuation Date.

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

(iii) Government Compensation Receivable by the Expressway Concession Companies as at the Valuation Date.

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

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

(vi) Holding Cost on Initial Sum (as defined in Section 2.2.1.1 of this announcement) is computed based on the assumption that the Completion Date (as defined in Section 2.2.1.1 of this announcement) falls on 30 June 2022. The Holding Cost on Initial Sum will be higher if the Completion Date is later than 30 June 2022.

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

(viii) For illustrative purposes only, assuming all the Proposed Disposals are completed and the Completion Date is on 30 June 2022, the breakdown and the tentative timeline of receipt of the proceeds are as follows;

	KESAS (RM' million)	**SPRINT (RM' million)**	**LITRAK (RM' million)**	**SMART (RM' million)**	**Total (RM' million)**
Within 45 days from Completion Date	828	430	883	-	**2,141**
Within 7 months from Completion Date	80	-	-	-	**80**
Within 12 months from Completion Date	-	39	87	-	**126**
Total	**908**	**469**	**970**	**-**	**2,347**

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.

2.2 Mode of settlement of the Disposal Considerations

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

2.2.1. <u>For the Proposed Disposals of Kesas, SPRINT and LITRAK</u>

Completion Amount	**=**	**Initial Sum + Holding Cost on Initial Sum – Pre-Completion Dividend – Retention Sum – (for KESAS only) Deferred Consideration**
Initial Sum	=	Equity Value – Government Compensation Receivable
Holding Cost on Initial Sum	=	Initial Sum X $\frac{\text{No. of days between Completion Date and Valuation Date}}{365}$ X 2%
Retention Sum	=	(EV – Indebtedness) X 1%

2.2.1.1. Payment of Completion Amount

On the completion date of the respective executed Finalised SSPA ("**Completion Date**"), ALR shall pay to the respective Holding Companies the amount ("**Completion Amount**") equivalent to the initial sum, being the Equity Value less the Government Compensation Receivable (see paragraph 2.2.1.2 below) ("**Initial Sum**") <u>adjusted by</u> an adjustment amount ("**Adjustment Amount**") which is calculated as follows:

an amount equivalent to the Initial Sum multiplied by two per centum (2.0%) per annum on a daily rest basis computed from the Valuation Date until and including the Completion Date ("**Holding Cost on Initial Sum**")

less

any dividend declared by the respective Expressway Concession Companies after the Valuation Date and paid to the respective Concession Holding Companies prior to or on the Completion Date, which amount shall be notified in writing by the respective Concession Holding Companies to ALR ("**Pre-Completion Dividend**")

less

one per centum (1%) of the amount derived by deducting Indebtedness from the EV, being an amount to be retained by ALR from the Initial Sum ("**Retention Sum**").

In respect of the Proposed Disposal of KESAS only, the Adjustment Amount shall also include an amount of up to RM60 million, which is approximately five per centum (5%) of the Initial Sum retained by ALR at its election on the Completion Date ("**Kesas Completion Date**") ("**Deferred Consideration**") which is to be deducted from the Completion Amount and to be paid to Kesas Holdings with interest (based on WACC as defined in Section 2.2.1.3 below) pursuant to the executed Finalised SSPA for the Proposed Disposal of Kesas.

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

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

2.2.1.2. Payment of Government Compensation Receivable

Where there is Government Compensation Receivable received by the Expressway Concession Companies from the GoM (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 GoM.

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

2.2.1.3. Payment of Retention Sum

The Retention Sum is subject to a payment of interest by ALR to the respective Concession Holding Companies at a rate equivalent to the principal weighted average profit rate per annum of ALR's sukuk programme of RM5.5 billion to be established ("**ALR Sukuk Programme**") ("**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, which shall be a period of thirteen (13) months from the Valuation Date and for avoidance of doubt, shall expire on 31 January 2023 ("**Retention Period**"), ALR shall pay to the respective Concession Holding Companies 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,

("**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 as referred to in Section 2.2.1.3(b) above, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the executed Finalised SSPAs, as the case may be, ALR shall if applicable, pay to the respective Concession Holding Companies such amount as is payable to the respective Concession Holding Companies after the resolution or determination together with interest thereon at the WACC calculated on daily rest basis from the Completion Date to the date of payment thereof within five (5) business days from the date of resolution and/or determination.

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

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

2.2.1.5. Illustration of Disposal Considerations

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

	Proposed Disposal of Kesas **100%** **RM million**	**Proposed Disposal of SPRINT** **100%** **RM million**	**Proposed Disposal of LITRAK** **100%** **RM million**	**Total** **100%** **RM million**
Equity Value	1,285	904	2,326	4,515
Less:				
Government Compensation Receivable[(i)]	(44)	(47)	(168)[(ii)]	(259)
Initial Sum	**1,241**	**857**	**2,158**	**4,256**
Add:				
Holding Cost on Initial Sum[(iii)]	12	9	21	42
Less:				
Pre-Completion Dividend	-	-	(80)	(80)
Retention Sum	(10)	(7)	(17)	(34)
Deferred Consideration	(60)	-	-	(60)
Completion Amount	**1,183**	**859**	**2,082**	**4,124**
Gamuda's effective interest	70.0%	51.4%	42.8%	
Gamuda's portion of the Completion Amount	**828**	**441**	**891**	**2,160**
Gamuda's portion of Government Compensation Receivable, Retention Sum and Deferred Consideration	**80**	**28**	**79**	**187**
Gamuda's portion of total equity holders' proceeds	**908**	**469**	**970**	**2,347**

Notes:

(i) Government Compensation Receivable of the Expressway Concession Companies as at the Valuation Date.

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

(iii) Holding Cost on the Initial Sum computed based on the assumption that the Completion Date falls on 30 June 2022. The Holding Cost on Initial Sum will be higher if the Completion Date is later than 30 June 2022.

(iv) Based on Gamuda's effective equity interest in each Concession Holding Company.

2.2.2. For the Proposed Disposal of SMART

2.2.2.1. Payment of Equity Value and Redemption of Sukuk Facilities

On the SMART Completion Date, ALR shall pay the amount of the Equity Value equivalent to RM1.00, to SMART Holdings. On the same day, ALR shall also pay in full, the Sukuk Repayment Amount and any sukuk redemption premium, breakage fees and other fees, penalty fees or payments as may be necessary to retire and redeem the Sukuk Facilities on SMART Completion Date, if applicable ("**Redemption Amount**"), to the bank account provided by the facility/security agent under the terms of the Sukuk Facilities by 12.00 p.m.

2.3 Salient terms of the Finalised SSPAs

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

2.4 Original cost and date of investment

As at the last practicable date of this announcement, being 31 May 2022 ("**LPD**"), the dates and original cost of investment by Gamuda in the Expressway Concession Companies via the respective Concession Holding Companies are set out below:

(i) Investment in Kesas through Kesas Holdings

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

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

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

(ii) Investment in SPRINT through SPRINT Holdings

Gamuda's investment in SPRINT is through SPRINT Holdings, with an effective interest of 51.4% in the form of:

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

(b) LITRAK Holdings' 50.0% direct interest in the ordinary shares of SPRINT Holdings, NCRPS A and NCRPS B. LITRAK Holdings is a 42.8% associate company of Gamuda.

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:

<u>Ordinary shares</u>

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

<u>SPRINT RULS</u>

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

(iii) Investment in LITRAK through LITRAK Holdings

Gamuda's investment in LITRAK is through LITRAK Holdings, with an effective interest of 42.8% in the form of ordinary shares of LITRAK Holdings.

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

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

(iv) Investment in SMART through SMART Holdings

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

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

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

2.5 Information on Kesas, SPRINT, LITRAK and SMART

Please refer to **Appendix II** of this announcement.

2.6 Information on ALR

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

2.7 Liabilities which will remain with Gamuda

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 Gamuda.

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

3. BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATIONS

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

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

(b) the cash considerations stipulated in the CLOOs;

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

(d) the basis of valuation of the Offers as set out in section 3.1 below; and

(e) the rationale as set out in Section 4 of this announcement.

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 discounted cash flow (DCF) of future free cash flows (FFCFs) 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 Intrinsic Enterprise Value ("**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 weighted average cost-of-capital ("**DCF WACC**") of each target Expressway Concession Company which is then used as the applicable discount rate, to be applied in the DCF valuation calculations.

The FFCF for each Expressway Concession Company was derived by using the existing, relevant Concession Agreement ("**CA**") 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 CA 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.

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

The IEV obtained for each Expressway Concession Company is as follows:

	KESAS	**SPRINT**	**LITRAK**	**SMART**	**Total**
IEV (RM' mil)	**1,240**	**1,808**	**2,119**	**296**	**5,463**
Premium (RM' mil)	n/a	n/a	n/a	**17**	**17**
EV (RM' mil)	**1,240**	**1,808**	**2,119**	**313**	**5,480**

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

4. RATIONALE FOR THE PROPOSED DISPOSALS

As explained in the Introduction section, the shareholder of Gamuda shall only be asked to deliberate on the following:

(i) Proposed Disposal of 70% interest in Kesas;
(ii) Proposed Disposal of 30% interest in SPRINT; and
(iii) Proposed Disposal of 50% interest in SMART.

This section starts with the rationale for (iii), followed by the rationale for (i) and (ii) above and ends with the rationale for all the above Proposed Disposals.

4.1 Rationale for the Proposed Disposal of SMART

Why SMART's Offer is higher than its IEV

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

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

Why the RM1 equity offer for SMART is fair

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

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

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

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

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

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

4.2 Rationale for the Proposed Disposal of Kesas and SPRINT

The Proposed Disposal of 70% interest in KESAS and the Proposed Disposal of 30% interest in SPRINT are timely and provide an opportunity for Gamuda to unlock and realise its value of investment in each Expressway Concession Company. Gamuda will also realise an estimated gain on disposal of approximately RM319.72 million and RM190.94 million, respectively, details of which are set out in Section 7.2 of this announcement.

4.3 Rationale for the Proposed Disposals

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

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

This compensation amount payable does tend to increase over time given that the underlying CA rates would increase over time (ie as in the case of the SMART CA) and/or the volume of traffic increases. For 2021 as a whole, the Works Minister mentioned in his statement on 30 April 2021 that the compensation payment the Government has to bear for the entire toll industry for that one year alone is RM2.25 billion.

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

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

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

Furthermore and most crucially, in the process of our accepting the Proposed Disposals, and ALR completing them, the GoM 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 the shareholder of Gamuda

Assuming that the non-interested shareholders of LITRAK Holdings vote in favour of the Proposed Disposal of LITRAK and the Proposed Disposal of SPRINT (in respect of LITRAK Holdings' 50% direct interest in SPRINT Holdings), then Gamuda will realise a combined gain of RM1,034.14 million from all the Proposed Disposals.

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

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

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

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

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

(iv) the Proposed Disposals will enable Gamuda to redeploy its capital and focus on Gamuda Green Plan 2025 which includes 4 main pillars i.e. sustainable planning and design for construction; its community and its business; environmental and biodiversity conservation; and enhancing sustainability via digitalisation; and

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

5. PROPOSED UTILISATION OF PROCEEDS

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

Assuming that all the Proposed Disposals are successfully implemented and that the proceeds from each Proposed Disposal are distributed to the shareholders of each respective Concession Holding Company in its entirety, Gamuda's share of the total Disposal Considerations and Holding Cost on Initial Sum amounts to approximately RM2.35 billion. Gamuda intends to utilise these proceeds as follows:

	Gross proceeds		Estimated utilisation
Purpose	**RM 'million**	**%**	**timeframe from the date of completion**
Capital management activities	1,000.0	42.6	Within 12 months
Repayment of borrowings	900.0	38.3	Within 12 months
General corporate and working capital	438.6	18.7	Within 24 months
Estimated expenses for the Proposed Disposals	8.4	0.4	Within 3 months
Total	**2,347.0**	**100.0**	

5.1 Capital management activities

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

5.2 Repayment of borrowings

The total borrowings of the Group as at the LPD amounts to RM5,422 million. The proposed repayment of part of the Group's borrowings amounting to RM900.0 million is expected to generate funding cost savings of approximately RM43.3 million per annum, as set out below:

Facility	Outstanding amount as at the LPD (RM'000)	Proposed repayment (RM'000)	Interest rate (%)	Expected funding cost savings per annum (RM'000)
Islamic medium-term notes (issue no.9)	500,000	500,000	4.825	24,125
Islamic medium-term notes (issue no.10)	400,000	400,000	4.785	19,140
Total	**900,000**	**900,000**		**43,265**

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

5.3 General corporate and working capital

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

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

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

5.4 Estimated expenses for the Proposed Disposals

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

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for general corporate and working capital as set out in Section 5.3 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 the Board of Gamuda may deem appropriate in the interest of Gamuda.

6. RISKS OF THE PROPOSED DISPOSALS

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

6.1 Termination of CLOOs

Notwithstanding the approval by the Board of Directors and shareholders of the respective Concession Holding Companies and the shareholders of Gamuda 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.

6.2 Funding and interest rate risk

The completion of the Proposed Disposals is conditional upon a successful fund-raise by ALR is also highly dependent on 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 be proceeded with.

6.3 Completion risk

The completion of the Proposed Disposals is conditional upon the fulfilment of the conditions precedent in the Finalised SSPAs 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 of Gamuda endeavours to take all reasonable steps towards the completion of the Proposed Disposals in a timely manner, there is no assurance that the Proposed Disposals can be completed within the timeframe stipulated under the Finalised SSPAs or be proceeded with.

6.4 Political, economic and regulatory risk

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

6.5 Contractual risk

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

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

7. EFFECTS OF THE PROPOSED DISPOSALS

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

7.1 Share capital and substantial shareholders' shareholdings

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

7.2 Earnings and earnings per share ("EPS")

Gamuda is expected to recognise a gain of approximately RM1,034.1 million arising from the Proposed Disposals in its consolidated income statement for the financial year ended ("**FYE**") 31 July 2021. This estimated gain translates to a gain per Gamuda share of approximately RM0.405 based on the existing issued shares of 2,553,930,909 as at the LPD.

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

	RM'000
Estimated Disposal Considerations for Kesas	1,284,573
Add:	
Holding Cost on Initial Sum	12,436
Less:	
- Net assets ("**NA**") of Kesas as at 31 July 2021	(844,936)
Add:	
- Share of gain on disposal of net assets of LITRAK as at 31 July 2021 (43.2% equity interest)	553,266
- Share of gain on disposal of net assets of SPRINT as at 31 July 2021 (30% direct equity interest)	190,935
- Share of loss on disposal of net liabilities of SMART as at 31 July 2021 (50% equity interest)	(21,384)
- Estimated expenses for the Proposed Disposals	(8,400)
Estimated gain on the Proposed Disposals	**1,166,490**
Estimated gain on the Proposed Disposals to non-controlling interests	132,346
Estimated gain on the Proposed Disposals to owners of the Company	1,034,144*
	1,166,490

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

Based on the quarter 2 result announced on 23 March 2022, we have recognised the profits from the four Expressway Concession Companies up to 31 January 2022 (Note that ALR's CLOO on the four Expressway Concession Companies were dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 31 January 2022 i.e. RM980 million (subject to audit), as compared to the illustration above.

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

Kesas, SPRINT, LITRAK and SMART contributed 19%, 3%, 15% and 0% respectively to Gamuda's net profit for the FYE 31 July 2021.

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

	Audited for FYE 31 July 2021	**After the Proposed Disposals**
	RM'000	**RM'000**
Profit after tax ("**PAT**") attributable to owners of the Company	588,316	588,316
- Pro forma gain on the Proposed Disposals	-	1,034,144*
PAT attributable to owners of the Company	**588,316**	**1,622,460**
Weighted average number of ordinary shares in issue (**'000**)	2,513,528	2,513,528
Basic EPS (sen)	**23.41**	**64.55***
No. of ordinary shares in issue as at the LPD (**'000**)	2,553,931	2,553,931
Basic EPS as at the LPD (sen)	**23.04**	**63.53**

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

Based on the quarter 2 result announced on 23 March 2022, we have recognised the profits from the four Expressway Concession Companies up to 31 January 2022 (Note that ALR's CLOO on the four Expressway Concession Companies were dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 31 January 2022 i.e. RM980 million (subject to audit), as compared to the illustration above. Consequently, the basic EPS after the Proposed Disposals computed as at 31 January 2022 is 62.40 sen per share.

7.3 NA, NA per Share and gearing

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

	Audited as at 31 July 2021	**After the Proposed Disposals**
	RM'000	**RM'000**
Share capital	3,620,949	3,620,949
Reserves	5,542,608	6,576,752(i)
NA attributable to owners of the Company	**9,163,557**	**10,197,701**
Non-controlling interests	352,145	484,491
Shareholders' fund/NA	**9,515,702**	**10,682,192**
No. of ordinary shares in issue (**'000**)	2,513,528	2,513,528
NA per share attributable to owners of the Company (**RM**)	3.65	4.06(i)
No. of ordinary shares in issue as at the LPD (**'000**)	2,553,931	2,553,931
NA per share attributable to owners of the Company as at the LPD (**RM**)	3.59	3.99
Net borrowings (**RM**)	1,689,799	Net cash
Net gearing ratio (**times**)	0.18	-

Note:

(i) After taking into consideration the estimated gain on the Proposed Disposals to Gamuda (after deducting estimated expenses in relation to the Proposed Disposals amounting to approximately RM8.4 million) of RM1,034.1 million.

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

Based on the quarter 2 result announced on 23 March 2022, we have recognised the profits from the four Expressway Concession Companies up to 31 January 2022 (Note that ALR's CLOO on the four Expressway Concession Companies were dated 2 April 2022 and announced on 4 April 2022). Therefore, the estimated gain from the Proposed Disposals is commensurately lower if measured as at 31 January 2022 i.e. RM980 million (subject to audit), as compared to the illustration above. Consequently, the reserves and the NA per share attributable to owners of the Company after the Proposed Disposals computed as at 31 January 2022 is approximately RM6,523 million and RM4.04 per share, respectively.

8. APPROVALS REQUIRED AND CONDITIONALITY

Each of the Proposed Disposal is conditional upon the following:

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

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

(b) approval by the relevant regulatory authority (including the GoM) for each Offer to the satisfaction of ALR. 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;

(c) execution by each Expressway Concession Company and the GoM of a supplemental concession agreement ("**SCA**") based on terms and conditions to be approved by ALR. The SCA was executed by each Expressway Concession Company and the GoM on 25 April 2022;

(d) approval of an income tax exemption and stamp duty exemption from GoM (or such relevant government authority) for ALR and each Expressway Concession Company upon completion of each Offer, to the satisfaction of ALR. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 (for the Proposed Disposals of Kesas, LITRAK and SMART), 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

(e) the requisite shareholders' approval(s) of the respective shareholders of the Concession Holding Companies for the disposal of each Expressway Concession Company by the respective Concession Holding Companies in accordance with the terms of the respective Finalised SSPAs;

(ii) approval from the shareholders of the Company being obtained at an EGM of Gamuda to be convened for the following:

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

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

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

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

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

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

The Proposed Disposals are not inter-conditional upon each other and any other corporate proposals undertaken or to be undertaken by the Company.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

9.1 Interested Directors

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

(i) Proposed Disposal of 70% interest in Kesas;
(ii) Proposed Disposal of 30% interest in SPRINT; or
(iii) Proposed Disposal of 50% interest in SMART.

9.2 Interested Major Shareholder

PNB is a common major shareholder in both the companies involved in the Proposed Disposals (namely Gamuda and LITRAK Holdings) as well as being the single largest shareholder of Gamuda, holding 17.5% equity interest in Gamuda, and the second largest shareholder of LITRAK Holdings (after Gamuda), holding 20.7% equity interest in LITRAK Holdings.

The Board of Gamuda had submitted the Concurrence Application to Bursa Securities and is currently pending the decision from Bursa Securities.

In the event Bursa Securities rejects the said Concurrence Application:

(i) PNB will abstain from voting in respect of its direct and/or indirect shareholdings in Gamuda on the resolutions pertaining to the Proposed Disposals to be tabled at the EGM of Gamuda to be convened; and

(ii) PNB shall ensure that persons connected with it (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in Gamuda on the resolutions pertaining to the Proposed Disposals to be tabled at the EGM of Gamuda to be convened.

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

10. DIRECTORS STATEMENT

The Board of Gamuda, after taking into consideration all aspects of each Proposed Disposal including but not limited to:

(i) each Offer and the estimated Disposal Consideration for each Offer;

(ii) the terms of the Finalised SSPAs;

(iii) the basis of valuation, rationale and benefits of each Proposed Disposal; and

(iv) the cost of investment and the effects of each Proposed Disposal,

is of the opinion that each Proposed Disposal is in the best interest of Gamuda, is fair, reasonable and on normal commercial terms, and is not detrimental to the interest of the shareholders of Gamuda.

In respect of the Proposed Disposals, the Board of Gamuda 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 GoM will reduce to zero from the same date onwards, provided that the Proposed Disposals are completed.

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

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

(iv) The Board of Gamuda shall only table the following separate resolutions for the consideration of Gamuda's shareholders at the EGM of Gamuda to be convened:

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

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

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

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

11. ESTIMATED TIME FRAME FOR COMPLETION

Based on the internal schedule and timeline of the Board of Gamuda for completion of the Proposed Disposals, the Board of Gamuda intends for the completion of the Proposed Disposals to be on or before 30 June 2022, taking into account the expected aggressive timetable of interest rates to be increased by Central Bank regulators globally. The Board of Gamuda is highly cognisant that if interest rates reach a certain level which is uneconomical for ALR to raise its sukuk funding, the entire Proposed Disposals cannot be proceeded with.

Nevertheless, the Board of Gamuda shall always abide by the laws and regulations under the Companies Act 2016 and the Listing Requirements, as well as the minimum notice period required for issuance of notice of meeting and circular to the shareholders of Gamuda. The notice for the EGM of Gamuda to be convened and the circular to the shareholders of Gamuda shall be issued in due course and as soon as appropriate approval has been duly obtained for issuance of the circular.

12. ADVISERS

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

In the event Bursa Securities rejects the Concurrence Application, Gamuda will appoint an independent adviser to undertake the following:

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

(ii) advise the Company's non-interested shareholders 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.

13. PERCENTAGE RATIOS

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

The CLOOs and the Finalised SSPAs will be made available for inspection by the Company's shareholders at the Company's registered office at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan, Malaysia during the normal business hours from Mondays to Fridays (except public holidays) from the time this announcement to shareholders of Gamuda in respect of the Proposed Disposals is issued until the date of the EGM of Gamuda to be convened.

This announcement is dated 8 June 2022.

The salient terms and conditions of each 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 for the securities of each Expressway Concession Company as at 31 December 2021 i.e. the Valuation Date ("**Equity Value**") to be calculated as follows:

Equity Value	=	Enterprise 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**", whereby for the Proposed Disposals (other than the Proposed Disposal of SMART), "Indebtedness" shall be the aggregate of the following as at the Valuation Date:

(a) any declared and/or accrued but unpaid dividends;

(b) the debt instruments together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies up to and inclusive of the Valuation Date but excluding any bond redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the debt instruments; and

(c) the amount of all financings and borrowings together with any accrued profit/interest thereon owing, due or payable by the Expressway Concession Companies to any banks and financial institutions up to and inclusive of the Valuation Date but excluding any redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay these financings and borrowings.

In respect of the Proposed Disposal of SMART, "Indebtedness" shall be the aggregate of the following as at the Valuation Date:

(a) any declared and/or accrued but unpaid dividends; and

(b) the Sukuk Repayment Amount" but excluding any sukuk redemption premium, breakage fees and other fees, penalty fees or payments necessary to retire, redeem or repay the Sukuk Facilities.

For this purpose, the "Sukuk Repayment Amount" refers to the total outstanding amount of the principal of the sukuk facilities of SMART Holdings ("**Sukuk Facilities**") together with any accrued profit thereon owing, due or payable under the Sukuk Facilities up to and inclusive of the date of completion of the executed Finalised SSPA of SMART ("**SMART Completion Date**") for the purpose of redemption of the Sukuk Facilities on the SMART Completion Date

B = “**Residual Cash**” shall mean any cash balance, bank balance and money market/bank deposits retained by the Expressway Concession Companies as at and inclusive of the Valuation Date

C = “**Government Compensation Receivable**” shall mean the amount due to the Expressway Concession Companies from the Government of Malaysia (“**GoM**”) as at the Valuation Date as compensation or part compensation as a result of the GoM 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.

D = “**Other Net Current Liabilities**” shall mean 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. In respect of the Proposed Disposal of Kesas only, the current liabilities for the purpose of computing “Other Net Current Liabilities” shall include additional provision for tax of RM3.8 million.

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

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

1.1 For the Proposed Disposals of Kesas, SPRINT and LITRAK

1.1.1. Payment of Completion Amount

On the completion date of the respective executed Finalised SSPA (“**Completion Date**”), ALR shall pay to the respective Holding Companies the amount (“**Completion Amount**") equivalent to the initial sum, being the Equity Value less the Government Compensation Receivable (see paragraph 1.1.2 below) (“**Initial Sum**”) adjusted by an adjustment amount (“**Adjustment Amount**”) which is calculated as follows:

an amount equivalent to the Initial Sum multiplied by two per centum (2.0%) per annum on a daily rest basis computed from the Valuation Date until and including the Completion Date (“**Holding Cost on Initial Sum**”)

less

any dividend declared by the respective Expressway Concession Companies after the Valuation Date and paid to the respective Concession Holding Companies prior to or on the Completion Date, which amount shall be notified in writing by the respective Concession Holding Companies to ALR

less

one per centum (1%) of the amount derived by deducting Indebtedness from the EV being an amount to be retained by the Purchaser from the Initial Sum (“**Retention Sum**”).

In respect of the Proposed Disposal of KESAS only, the Adjustment Amount shall also include an amount of up to RM60 million, which is approximately five per centum (5%) of the Initial Sum retained by ALR at its election on the Completion Date (“**Kesas Completion Date**”) (“**Deferred Consideration**”) which is to be deducted from the Completion Amount and to be paid to Kesas Holdings with interest (based on WACC as defined in Section 1.1.3 below) pursuant to the executed Finalised SSPA for the Proposed Disposal of Kesas.

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

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

1.1.2. Payment of Government Compensation Receivable

Where there is Government Compensation Receivable received by the Expressway Concession Companies from the GoM (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 GoM.

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

1.1.3. Payment of Retention Sum

The Retention Sum is subject to a payment of interest by ALR to the respective Concession Holding Companies at a rate equivalent to the principal weighted average profit rate per annum of ALR's sukuk programme of RM5.5 billion to be established ("**ALR Sukuk Programme**") ("**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, which shall be a period of thirteen (13) months from the Valuation Date and for avoidance of doubt, shall expire on 31 January 2023, ("**Retention Period**") ALR shall pay to the respective Concession Holding Companies 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.

("**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 as referred to in Section

1.1.3(b) above, upon resolution of the warranty claims disputed or upon determination of the same in accordance with the terms of the Finalised SSPAs, as the case may be, ALR shall if applicable, pay to the respective Concession Holding Companies such amount as is payable to the respective Concession Holding Companies after the resolution or determination together with interest thereon at the WACC calculated on daily rest basis from the Completion Date to the date of payment thereof within five (5) business days from the date of resolution and/or determination.

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

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

1.2 <u>For the Proposed Disposal of SMART</u>

Payment of Equity Value and Redemption of Sukuk Facilities

On the SMART Completion Date, ALR shall pay the amount of the Equity Value equivalent to RM 1.00, to SMART Holdings. On the same day, ALR shall also pay in full, the Sukuk Repayment Amount and any sukuk redemption premium, breakage fees and other fees, penalty fees or payments as may be necessary to retire and redeem the Sukuk Facilities on SMART Completion Date, if applicable ("**Redemption Amount**"), to the bank account provided by the facility/security agent under the terms of the Sukuk Facilities by 12.00 p.m.

2. SETLEMENT OF INTER-CO DEBTS

2.1 <u>For the Proposed Disposals of Kesas, SPRINT and LITRAK</u>

ALR shall procure that each Expressway Concession Companies settle all Inter-co Debts within thirty (30) days from the Completion Date.

2.2 <u>For the Proposed Disposals of SMART</u>

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

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

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

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

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

3. CONDITIONS PRECEDENT

The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposals of KESAS, SPRINT and LITRAK:

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 i.e. each Concession Holding Company under each Finalised SSPA.
2.	Condition Precedent to be fulfilled by the respective Vendors (respective Concession Holding Companies)	Consents from existing financiers/lenders (as set out in the Finalised SSPA) of the respective Targets, being the respective Expressway Concession Companies, 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.
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.

The following are the Conditions Precedent to be fulfilled pursuant to the Finalised SSPA for the Proposed Disposal of SMART:

1.	Condition Precedent to be fulfilled by the Purchaser (ALR)	The Purchaser having successfully raised funds to make all payments required to be made to the Vendor i.e. SMART Holdings under the Finalised SSPA for the Proposed Disposal of SMART.
2.	Condition Precedent to be fulfilled by the Vendor (SMART Holdings)	Consents from existing financiers/lenders of SMART, if applicable, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in SMART;

		(ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to SMART, on or after Completion Date and advances granted by SMART to the Purchaser, on or after SMART Completion Date.
3.	Condition Precedent to be jointly fulfilled by the Purchaser and the Vendor	The statement from the facility/security agent under the terms of the Sukuk Facilities confirming the Redemption Amount for redemption or repayment of the Sukuk Facilities and undertaking to release and discharge all securities relating thereto including any mortgage or charge over the securities upon receipt of the Redemption Amount, has been obtained.

4. PRE-COMPLETION UNDERTAKINGS

4.1 The Vendor (i.e. Concession Holding Company)'s Undertakings in relation to the Target (i.e. Expressway Concession Company)

The Vendor undertakes with the Purchaser (i.e. ALR) 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 respective Completion Dates (provided that the executed Finalised SSPA has not been terminated for any reason whatsoever), the Vendor shall cause the Target to not undertake the following matters:

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

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

4.1.3. other than in the ordinary course of business of the Target and save in respect of agreements already entered into prior to the date of the Offer Letter, 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 after paragraph 4.1.11 below) shall be deemed to be material;

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

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

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

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

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

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

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

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

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

4.2 The Vendor's Undertakings in relation to the Sale Shares (i.e. all the securities of the Target (including all ordinary shares and preference shares, where applicable) issued by the Target)

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

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

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

5. COMPLETION

5.1 Date and Place

(a) Subject to fulfilment of the Conditions Precedent as set out in Section 2 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 Vendor and Purchaser ("**Parties**").

(b) The Completion Date shall fall within one (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.

5.2 Completion Events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On the Completion Date, the Vendor shall, upon the Purchaser's payment of the respective amounts pursuant to section 4.2.4. (b) of this Appendix I below and the Vendor's receipt of confirmation that the respective amounts have been actually received by the respective parties in their accounts, deliver or procure to be delivered to the Purchaser (in each case, if not already delivered):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i. Equity Value; and

ii. Redemption Amount.

in accordance with Section 1.2 of this Appendix I above.

6. TERMINATION

6.1 If, at any time prior to completion,

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

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

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

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

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

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

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1. INFORMATION ON KESAS

1.1 History and overview

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

Kesas is a wholly owned subsidiary of Kesas Holdings, which is a 70% subsidiary of Gamuda. Its principal activities are to design and construct the Shah Alam Expressway, develop and manage the toll operations and maintain the Shah Alam Expressway under the Kesas Concession Agreement (as defined in Section 1.6 below).

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

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

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

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

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

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

1.2 Issued share capital

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

1.3 Substantial shareholders

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

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

Note:

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

1.4 Directors of Kesas and director's shareholdings

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

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

1.5 Subsidiary and associated company

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

1.6 Concession Agreement

The GoM and Kesas have entered into a concession agreement on 19 November 1993 of which the said concession agreement has been supplemented by the supplemental agreement dated 14 April 1995, the second supplemental agreement dated 24 June 2002, the third supplemental agreement dated 1 June 2011, the fourth supplemental agreement dated 4 April 2013 and the fifth supplemental agreement dated 18 July 2014. The concession agreement dated 19 November 1993 and the aforementioned supplemental agreements are hereinafter referred to as the "**Kesas Concession Agreement**".

Nature of the concession

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

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

Concession period

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

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

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

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

(iv) the toll rate chargeable by Kesas for vehicle Class 1 shall be fixed at the rate of RM3.00 for the Kesas Extended Concession Period.

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

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

Grant of concession

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

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

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

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

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

(v) operate and maintain the Shah Alam Expressway.

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

Financing

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

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

Termination of the concession

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

1.7 Financial Information

Summary of historical financial results of Kesas:

	Audited		
	FYE 31 July 2019	**FYE 31 July 2020**	**FYE 31 July 2021**
	RM'000	**RM'000**	**RM'000**
Revenue	308,982	314,835	248,411
Profit before tax ("**PBT**")	184,424	198,974	149,261
PAT	140,782	150,583	112,441
No. of ordinary shares	5,000	5,000	5,000
NA	348,700	425,085	493,006
Borrowings	465,000	375,000	285,000

Financial commentaries:

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

Kesas' total revenue increased slightly by RM5.9 million or 1.9% from RM309.0 million to RM314.8 million due to the slump in annual average daily traffic ("**AADT**") as a result of the imposition of Movement Control Order ("**MCO**") from 18 March 2020 onwards in response to the COVID-19 pandemic. The decrease in toll revenue collection is offset by higher government compensation for the year.

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

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

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

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

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

2. INFORMATION ON SPRINT

2.1 History and overview

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

SPRINT is a wholly owned subsidiary of SPRINT Holdings, which is a 52% associated company of Gamuda. Its principal activities are to design and construct the Western Kuala Lumpur Traffic Dispersal Scheme ("**SPRINT Highway**"), operate and manage the toll operations and maintain the SPRINT Highway under the SPRINT Concession Agreement (as defined in Section 2.6 below)

SPRINT Highway comprises Package A (Kerinchi Link) from Jalan Duta in the north to Federal Highway Route 2 in the south with a total length of 11.5km, Package B (Damansara Link) forms the East-West link along Jalan Damansara to Jalan Semantan corridor with a total length of 9.5km and Package C (Penchala Link) is an East-West radial link between Mont Kiara and 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% of SPRINT's revenue is attributable to customers in Malaysia.

2.2 Issued share capital

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

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

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

2.3 Substantial shareholders

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

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
SPRINT Holdings	Malaysia	50,000,000	100.0	-	-

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 GoM and SPRINT have entered into a concession agreement 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. The concession agreement dated 23 October 1997 and the aforementioned supplemental agreements are hereinafter referred to as the "**SPRINT Concession Agreement**".

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 GoM and SPRINT is solely on contractual basis.

Concession period

The concession period for the SPRINT Highway is 36 years from 15 December 1998 to 14 December 2034 for Packages A and B, and 33 years from 15 December 1998 to 14 December 2031 for Package C ("**SPRINT Highway Concession Period**"). The SPRINT Highway Concession Period may be extended by mutual written agreement between the GoM 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 GoM the concession area granted pursuant to the SPRINT Concession Agreement at no cost to the GoM.

Grant of concession

Subject to the terms and conditions of the SPRINT Concession Agreement and the Federal Roads (Private Management) Act 1984, the GoM 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 GoM'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 GoM 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 GoM will provide and make available or cause its agent to provide and make available to SPRINT the land cost support sums comprising:

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

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

to pay for the costs, expenses or charges incurred in making available the land required for the concession. SPRINT shall reimburse the GoM or its agent (as the case may be), reimbursable cost and repay to the GoM 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 GoM 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 GoM that SPRINT has obtained a loan to fully finance the construction works in respect of package C of the SPRINT Highway; and

(ii) the GoM 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 GoM or SPRINT if either party fails to remedy its default within the specified period in the SPRINT Concession Agreement. The GoM 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.

2.7 Financial Information

Summary of historical financial results of SPRINT:

	Audited		
	FYE 31 March 2019	FYE 31 March 2020	FYE 31 March 2021
	RM'000	RM'000	RM'000
Revenue	220,902	244,519	217,292
PBT	5,619	39,424	46,714
PAT	2,909	36,964	45,379
No. of ordinary shares	50,000,000	50,000,000	50,000,000
Net liabilities	(383,578)	(347,025)	(301,646)
Borrowings	1,447,179	1,383,371	1,234,415

Financial commentaries:

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

SPRINT's toll revenue increased by approximately RM23.6 million or 10.7% from approximately RM220.9 million to RM244.5 million. This was mainly due to increase in agreed toll rates of Penchala Link's Bukit Kiara Toll Plaza from 1 January 2019, whilst in FYE 31 March 2019 the increase in agreed toll rates only affected 3 months of toll collections, whereas in FYE 31 March 2020 the increase in agreed toll rates affected a full 12 months of toll collections. Hence, higher government compensation accruals was recognised for Penchala Link's Bukit Kiara Toll Plaza for the FYE 31 March 2020. The increase in revenue was partly offset by the decrease in average weekday tollable traffic due to the implementation of the MCO which started from 18 March 2020.

SPRINT's PAT increased by approximately RM34.1 million from approximately RM2.9 million to RM37.0 million. The increase in PAT was in line with the increase in revenue and lower finance costs due to the reduction in outstanding principal and capitalised interest amount of the borrowings.

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

SPRINT's toll revenue decreased by approximately RM27.2 million or 11.1% from approximately RM244.5 million to RM217.3 million. This was mainly due to a steep decrease in tollable traffic volume since the implementation of MCO from 18 March 2020, followed by the imposition of several movement restrictions to curb the spread of COVID-19. The decrease in toll revenue collection was offset by higher government compensation during the year.

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

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

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

3. INFORMATION ON LITRAK

3.1 History and overview

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

LITRAK is a wholly owned subsidiary of LITRAK Holdings and its principal activities are to design, construct, operate and maintain Lebuhraya Damansara-Puchong and to manage its toll operations under the LITRAK Concession Agreement (as defined in Section 3.6 below).

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 Lebuhraya Damansara-Puchong 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.

3.2 Issued share capital

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

3.3 Substantial shareholders

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

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
LITRAK Holdings	Malaysia	50,000,000	100.0	-	-

3.4 Directors of LITRAK and director's shareholdings

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

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

3.5 Subsidiary and associated company

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

3.6 Concession Agreement

The GoM and LITRAK have entered into a concession agreement 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. The concession agreement dated 23 April 1996 and the aforementioned supplemental agreements are hereinafter referred to as the "**LITRAK Concession Agreement**".

Nature of the concession

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

The concession is undertaken on a “build, operate and transfer” basis. The nature of relationship between the GoM and LITRAK is solely on contractual basis.

Concession period

The concession period for the Lebuhraya Damansara-Puchong is 34 years commencing from 15 August 1996 to 14 August 2030 (“**LITRAK Concession Period**”). The LITRAK Concession Period may be extended by mutual written agreement between the GoM and LITRAK. At the expiry of the LITRAK Concession Period (unless the LITRAK Concession Period is extended), LITRAK shall hand over to the GoM the concession area granted pursuant to the LITRAK Concession Agreement at no cost to the GoM.

Grant of concession

Subject to the terms and conditions of the LITRAK Concession Agreement and the Federal Roads (Private Management) Act 1984, the GoM 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 LITRAK 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 LITRAK 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 LITRAK 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 GoM'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 GoM 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 GoM 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 GoM or LITRAK if either party fails to remedy its default within the specified period in the LITRAK Concession Agreement. The GoM may in accordance with the LITRAK Concession Agreement terminates 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.

3.7 Financial Information

Summary of historical financial results of LITRAK:

	Audited		
	FYE 31 March 2019	FYE 31 March 2020	FYE 31 March 2021
	RM'000	RM'000	RM'000
Revenue	516,034	503,844	392,827
PBT	312,780	325,148	245,445
PAT	234,867	244,640	184,450
No. of ordinary shares	50,000,000	50,000,000	50,000,000
NA	725,695	845,102	959,552
Borrowings	994,809	780,741	585,254

Financial commentaries:

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

LITRAK's toll revenue decreased by approximately RM12.2 million or 2.4% from approximately RM516.0 million to RM503.8 million. This was mainly due to the implementation of the MCO which started from 18 March 2020. Average weekday tollable traffic for LDP dropped from 460,000 vehicles recorded in the previous financial year to 447,000 vehicles in 2020.

LITRAK's PAT increased by approximately RM9.8 million or 4.2% from approximately RM234.8 million to RM244.6 million. The increase was mainly due to:

(i) reduced finance costs as a result of the reduction in borrowings via scheduled repayment of bonds; and

(ii) lower maintenance expenses as lower provision for resurfacing obligation was made for the FYE 31 March 2020.

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

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

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

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

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

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

4. INFORMATION ON SMART

4.1 History and overview

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

SMART is a wholly owned subsidiary of SMART Holdings, which is a 50% joint venture company of Gamuda. Its principal activities are to design and construct the Stormwater Management and Road Tunnel Project, comprising the stormwater channel and motorway works; operate, manage the toll operations and maintain the motorway under the SMART Concession Agreement (as defined in Section 4.6 below).

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

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

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

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

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

4.2 Issued share capital

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

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

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

4.3 Substantial shareholders

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

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
SMART Holdings	Malaysia	23,030,000	100.0	-	-
Gamuda	Malaysia	-	-	23,030,000[(1)]	100.0
MMC Engineering Group Berhad	Malaysia	-	-	23,030,000[(1)]	100.0
Anglo-Oriental Annuities Sdn Bhd	Malaysia	-	-	23,030,000[(1)]	100.0
MMC Corporation Berhad	Malaysia	-	-	23,030,000[(1)]	100.0

Note:

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

4.4 Directors of SMART and director's shareholding

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

Name	Nationality
Sazally bin Saidi	Malaysian
Dato' Haji Azmi bin Mat Nor	Malaysian
Tan Sri Che Khalib bin Mohamad Noh	Malaysian
Saw Wah Theng	Malaysian
Mohd Razin bin Ghazali	Malaysian

4.5 Subsidiary and associated company

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

4.6 Concession Agreement

The GoM and SMART have entered into a construction cum concession agreement in respect of the Stormwater Management and Road Tunnel Project on 2 June 2004 ("**SMART Concession Agreement**").

Nature of the concession

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

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

Concession period

The concession period for the concession is 40 years commencing from 1 January 2003 to 31 December 2042 ("**SMART Concession Period**"). SMART may apply to the GoM for an extension of the concession 24 months prior to the expiry of the SMART Concession Period. The GoM shall have the absolute discretion whether or not to consider such application. If such application is considered, SMART and the GoM shall, as soon as reasonably practicable after the receipt by the GoM of such application, negotiate the terms and conditions of such extension on fully commercial terms with no special privileges and no preferential rights to the intent that such terms and conditions are to be agreed by SMART and the GoM not later than 12 months prior to the date on which the SMART Concession Period would have otherwise expired.

At the expiry of the SMART Concession Period (unless the SMART Concession Period is extended), SMART shall hand over to the GoM the concession area granted pursuant to the SMART Concession Agreement in a well-maintained condition.

Grant of concession

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

(i) execute the motorway works which are to be designed, procured, constructed, erected, installed, tested, commissioned and completed under the SMART Concession Agreement and shall include the control centre cum administrative office and temporary works;

(ii) supply and install tolling and other equipment at the toll plaza and operate, manage and maintain the same on the motorway (which is the double deck motorway which shall include the traffic control and surveillance system, toll plazas, flood gates, traffic lanes, acceleration and deceleration lanes, shoulders, medians, motorway signs, embankment slopes, street lighting, ventilation systems, control centre cum administrative office and other structures therein or relating thereto) during the SMART Concession Period;

(iii) demand, collect and retain toll for its own benefit from the permitted vehicles using the motorway during the SMART Concession Period;

(iv) operate, manage and maintain the motorway at its own cost and expense (including without limitation, all utility charges incurred thereby) during the SMART Concession Period; and

(v) design, construct, operate, manage and maintain the control centre cum administrative office subject to the GoM's right to occupy the same for purposes of operating, managing and maintaining the stormwater channel (including the Supervisory Control and Data Acquisition (SCADA) system, the monitoring devices, a diversion structure, a holding basin, a bypass tunnel, a storage reservoir and a twin box culvert outlet structure and other structures relating thereto) on such terms and conditions as the GoM and SMART shall mutually agree.

SMART has been granted the right and licence (subject to the GoM’s access rights pursuant to the SMART Concession Agreement) to enter upon and to occupy the concession area required by SMART in the execution of the Stormwater Management and Road Tunnel Project.

Financing

SMART shall be responsible for obtaining all the financing in excess of the GoM costs both debt and equity, necessary to pay for all costs and expenses to be borne by SMART in discharging its obligations under the SMART Concession Agreement.

To enable SMART to pay the land costs (which is the aggregate sum of RM220,000,000.00 which shall be used to pay for the costs and expenses for making available the land required for the construction area), the GoM shall cause the lenders nominated by the GoM to make available to SMART the land costs loan (which is the loan facility of up to RM220,000,000.00) upon such terms and conditions to be mutually agreed between the nominated lenders and SMART. The GoM has agreed to pay to SMART all amounts, both principal and financing costs, due and payable by SMART to the nominated lender under the terms of the land costs loan in the manner and at the time as such amount is due and payable by SMART to the nominated lender in accordance with the land costs loan. The GoM shall also cause the nominated lender to make available to SMART the balance government cost loan (which is the loan facility of up to RM1,225,321,000.00 for the purpose of financing the balance government costs).

Termination of the concession

The SMART Concession Agreement may be terminated by either the GoM or SMART if either party fails to remedy its default within the specified period in the SMART Concession Agreement. The GoM may, at any time during the SMART Concession Period, expropriate the concession by giving not less than three months’ notice to that effect to SMART if it considers that such expropriation is in the national interest or interest of national security. The determination of what amounts to "national interests" and "interest of national security" shall be made by the GoM and such determination shall be conclusive and binding.

4.7 Financial Information

Summary of historical financial results of SMART:

	Audited		
	FYE 31 December 2018	**FYE 31 December 2019**	**FYE 31 December 2020**
	RM'000	**RM'000**	**RM'000**
Revenue	32,786	36,262	23,703
Loss before tax ("**LBT**")	(6,194)	(4,044)	(12,149)
Loss after tax ("**LAT**")	(6,194)	(4,044)	(12,149)
No. of ordinary shares	20,000,000	20,000,000	20,000,000
NA	91,402	87,359	75,209
Borrowings	324,992	319,838	319,856

Financial commentaries:

(i) FYE 31 December 2019 vs FYE 31 December 2018

SMART's total revenue increased by approximately RM3.5 million or 10.6% from RM32.8 million to RM36.3 million. This was mainly due to steady increase in traffic volume for the FYE 31 December 2019 despite increasing availability of public transport in the vicinity of SMART Tunnel.

SMART's LBT and LAT decreased by approximately RM2.2 million or 34.7% from RM6.2 million to RM4.0 million in tandem with increase in revenue and partly offset by the increase in amortisation of HDE as a result of higher traffic volume.

(ii) FYE 31 December 2020 vs FYE 31 December 2019

SMART's total revenue decreased by approximately RM12.6 million or 34.6% from RM36.3 million to RM23.7 million mainly due to lower traffic volume following the implementation of MCO and several movement restrictions since 18 March 2020 in the wake of COVID-19 pandemic.

SMART's LBT and LAT increased by RM8.1 million from RM4.0 million to RM12.1 million in line with lower revenue recorded for the FYE 31 December 2020. The increase in LBT and LAT was partly offset by lower amortisation of HDE due to lower traffic volume.

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1. HISTORY AND BUSINESS OF ALR

ALR was incorporated in Malaysia on 13 December 2021 under the Companies Act 2016 as a public limited company. ALR has the mandate of the GoM to assist in a proposed restructuring of certain tolled highway concessions to absolve the GoM 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; and

(ii) ALR shall accelerate the return of the concession(s) back to the GoM 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.

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:

Name	Designation	Country of incorporation / Nationality	Direct No. of ALR Shares	Direct %	Indirect No. of ALR Shares	Indirect %
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.

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