THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the Proposed Disposals (as defined herein) as set out in this Circular.

GAMUDA BERHAD

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

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL OF ALL THE SECURITIES OF:

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

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

PART B

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

HongLeong Investment Bank

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

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

Independent Adviser

TA SECURITIES
AN UNWAVERING COMMITMENT

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

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

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

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

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

This Circular is dated 12 July 2022

DEFINITIONS

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

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

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

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

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

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

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

PRESENTATION OF INFORMATION

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

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

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

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

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

TABLE OF CONTENTS

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSALS

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

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

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

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

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

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

Registered Office:

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

12 July 2022

Board of Directors

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

To: Our Shareholders

Dear Sir/Madam,

PROPOSED DISPOSALS

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1. INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. DETAILS OF THE PROPOSED DISPOSALS

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

(i) Proposed Disposal of Kesas

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

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

(ii) Proposed Disposal of SPRINT

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

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

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

(iii) Proposed Disposal of LITRAK

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

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

(iv) Proposed Disposal of SMART

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

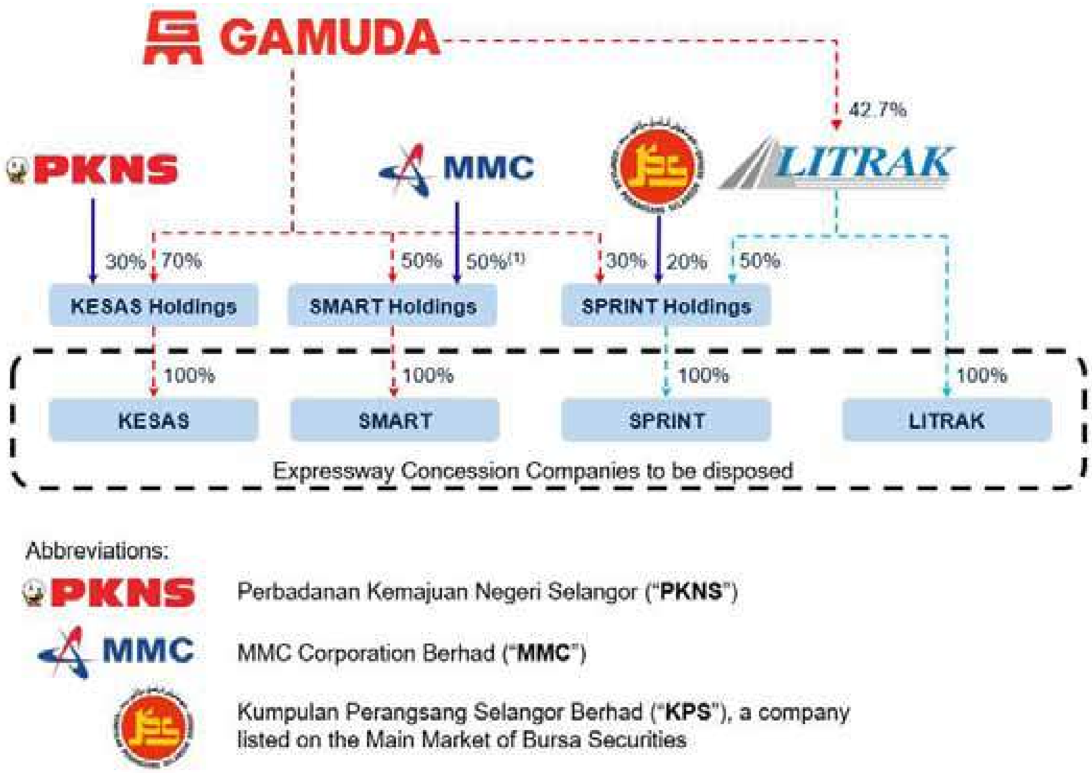
(c) 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART; and

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

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

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

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



Note:

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

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

2.1. Disposal Considerations

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

Equity Value	=	EV – A + B + C – D

where:

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

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

A = Indebtedness

B = Residual Cash

C = Government Compensation Receivable

D = Other Net Current Liabilities

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

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

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

Notes:

(i) Indebtedness as at the Valuation Date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2. Mode of Settlement of the Disposal Considerations

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

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

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

2.2.1.1. Payment of Completion Amount

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

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

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

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

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

2.2.1.2. Payment of Government Compensation Receivable

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

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

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

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

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

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2.2.1.3. Payment of Retention Sum

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

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

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

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

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

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

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

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

2.2.1.5. Illustration of Disposal Considerations

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

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

Notes:

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

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

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

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

2.2.2. For the Proposed Disposal of SMART

2.2.2.1. Payment of Equity Value and Redemption of Sukuk Facilities

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

2.3. Salient terms of the Finalised SSPAs

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

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

2.4. Original cost and date of investment

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

(i) Investment in Kesas through Kesas Holdings

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

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

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

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

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

(ii) Investment in SPRINT through SPRINT Holdings

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

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

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

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

<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

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

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

(iii) Investment in LITRAK through LITRAK Holdings

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

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

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

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

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

(iv) Investment in SMART through SMART Holdings

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

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

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

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

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

2.5. Information on Kesas, SPRINT, LITRAK and SMART

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

2.6. Information on ALR

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

2.7. Liabilities which will remain with our Company

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

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

3. BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATIONS

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

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

(b) the cash considerations stipulated in the CLOOs;

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

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

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

3.1. Basis of Valuation of the Offers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. RATIONALE FOR THE PROPOSED DISPOSALS

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

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

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

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

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

4.1. Rationale for the Proposed Disposal of SMART

Why SMART's Offer is higher than its IEV

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

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

Why the RM1 equity offer for SMART is fair

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

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

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

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

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

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

4.2. Rationale for the Proposed Disposal of Kesas and SPRINT

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

4.3. Rationale for the Proposed Disposals

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

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

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

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

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

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

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

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

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

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

Substantial benefits to our shareholders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. PROPOSED UTILISATION OF PROCEEDS

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

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

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

5.1. Dividend distribution

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

5.2. Repayment of borrowings

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

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

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

5.3. General corporate and working capital

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

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

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

5.4. Estimated expenses for the Proposed Disposals

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

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

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

6. RISKS OF THE PROPOSED DISPOSALS

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

6.1. Termination of CLOOs

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

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

6.2. Funding and interest rate risk

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

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

6.3. Completion risk

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

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

6.4. Political, economic and regulatory risk

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

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

6.5. Contractual risk

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

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

6.6. Potential shortfall of Government Compensation Receivable

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

7. EFFECTS OF THE PROPOSED DISPOSALS

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

7.1. Share capital and substantial shareholders' shareholdings

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

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7.2. Earnings and EPS

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

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

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

Notes:

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

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

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

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

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

(iv) *Includes consolidation adjustments of RM3.27 million*

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

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

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

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

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

Note:

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

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

7.3. NA, NA per Share and gearing

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

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

Note:

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

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

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

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

8. APPROVALS REQUIRED AND CONDITIONALITY

Each of the Proposed Disposal is conditional upon the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

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

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

10.1. Interested Directors

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

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

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

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

10.2. Interested Major Shareholder

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

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

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

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

11. ADVISERS

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

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

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

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

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

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

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

12. PERCENTAGE RATIOS

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

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13. DIRECTORS STATEMENT AND RECOMMENDATION

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

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

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

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

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

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

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

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

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

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

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

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

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

14. AUDIT COMMITTEE'S STATEMENT

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

(i) in the best interest of our Company;

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

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

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

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

16. TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the Proposed Disposals is as follows:

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

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

17. EGM

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

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

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

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

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

18. FURTHER INFORMATION

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

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

DATO' MOHAMMED HUSSEIN
Independent Non-Executive Chairman

PART B

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

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

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

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

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

1. INTRODUCTION

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

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

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

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

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

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

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

2. EVALUATION OF THE PROPOSED SUBJECT DISPOSALS

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

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

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

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

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TA SECURITIES
AN UNWAVERING COMMITMENT

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

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

12 July 2022

To: The Shareholders of Gamuda Berhad

Dear Sir / Madam,

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

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

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

1. INTRODUCTION

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

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

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

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

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

in respect of the respective Offers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) the Finalised SSPAs;

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

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

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

(vi) other relevant publicly available information.

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

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

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The responsibility of the Board in respect of:

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

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

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

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

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

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

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

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

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

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

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

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

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

The followings are disclosures made pursuant to the IAL Guide:

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

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

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

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

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

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

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

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

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

3. EVALUATION OF THE PROPOSED SUBJECT DISPOSALS

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

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

3.1 Rationale and benefits of the Proposed Subject Disposals

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

<u>Our commentaries</u>

The Group is primarily involved in the following businesses:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.2 Basis and justification of determining the Disposal Consideration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note:

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

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

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

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

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

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

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

(4) Nominal value of RM0.50 only.

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

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

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

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3.3 Salient terms of the Finalised SSPAs

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

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

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

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

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

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

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

Salient terms of the Finalised SSPAs		Our commentaries
	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.	Please refer to our commentaries above.
3	**CONDITIONS PRECEDENT** The following are the Conditions Precedent to be fulfilled pursuant to each executed Finalised SSPA for the Proposed Disposals of Kesas, SPRINT and LITRAK. Each Vendor and the Purchaser are still in the process of obtaining the relevant approvals to fulfil the Conditions Precedent. Each Vendor and the Purchaser shall use their best endeavours to fulfil the Conditions Precedent on or before the Long Stop Date: 1. | Condition Precedent to be fulfilled by the Purchaser (ALR) | The Purchaser having successfully raised funds to make all payments required to be made to each Vendor under each Finalised SSPA.	**Fair and reasonable.** These conditions precedent are reasonable as they represent the necessary approvals / procedures required to facilitate the completion of the Proposed Disposal of Kesas and Proposed Disposal of SPRINT.

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

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

These conditions precedent are reasonable as they represent the necessary approvals / procedures required to facilitate the completion of the Proposed Disposal of SMART.</td></tr>
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Salient terms of the Finalised SSPAs			Our commentaries
2.	Condition Precedent to be fulfilled by the Vendor (SMART Holdings)	Consents from existing financiers/lenders of SMART, if applicable, for the following purposes have been obtained in respect of such facilities which would not be redeemed/refinanced: (i) change of shareholding in SMART; (ii) incurring indebtedness; (iii) creating security interest; (iv) declaring dividends; and (v) exemption from subordination for any advances granted by the Purchaser to SMART, on or after Completion Date and advances granted by SMART to the Purchaser, on or after SMART Completion Date.	Please refer to our commentaries above.

<table>
<tr><th>Salient terms of the Finalised SSPAs</th><th>Our commentaries</th></tr>
<tr><td><table><tr><td>3.</td><td>Condition Precedent to be jointly fulfilled by the Purchaser and the Vendor</td><td>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.</td></tr></table></td><td>Please refer to our commentaries above.</td></tr>
<tr><td>4. PRE-COMPLETION UNDERTAKINGS

4.1 The Vendor’s Undertakings in relation to the Target

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

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

These clauses are normal commercial terms which set out the undertakings by the Vendors not to undertake certain activities in regard to the Subject Companies to safeguard the interests of the Purchaser pending completion.</td></tr>
</table>

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

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

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

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

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

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

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

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

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

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

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

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3.4 Effects of the Proposed Disposals

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

3.4.1 Share capital and substantial shareholders' shareholdings

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

3.4.2 Earnings and EPS

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

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

3.4.3 NA, NA per Share and gearing

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

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

3.5 Risk factors in relation to the Proposed Disposals

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

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

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

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

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

4. CONCLUSION AND RECOMMENDATION

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

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

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

Yours faithfully
For and on behalf of
TA SECURITIES HOLDINGS BERHAD

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

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

2.1. Material commitments

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

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

2.2. Contingent Liabilities

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

3. CONSENTS AND CONFLICT OF INTERESTS

3.1. HLIB

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

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

As at the LPD, the Hong Leong Financial Group:

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

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

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

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

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

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

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

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

3.2. TA SECURITIES

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

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

3.3. JACOBS ENGINEERING GROUP MALAYSIA SDN BHD

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

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

4. MATERIAL CONTRACTS

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

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) our Constitution;

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

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

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

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

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

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

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

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

(x) DCF valuation on each Expressway Concession Company;

(xi) the CLOOs from ALR; and

(xii) the Finalised SSPAs for the Proposed Disposals.

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

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

APPENDIX II – SALIENT TERMS OF THE SHARE SALE AND PURCHASE AGREEMENTS

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

1. DISPOSAL CONSIDERATIONS

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

Equity Value	=	EV – A + B + C – D

where:

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

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

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

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

1.1.1. Payment of Completion Amount

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

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

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

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

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

1.1.2. Payment of Government Compensation Receivable

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

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

1.1.3. Payment of Retention Sum

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

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

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

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

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

1.2. For the Proposed Disposal of SMART

Payment of Equity Value and Redemption of Sukuk Facilities

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

2. SETTLEMENT OF INTER-CO DEBTS

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

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

2.2. For the Proposed Disposals of SMART

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

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

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

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

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

3. CONDITIONS PRECEDENT

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

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

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

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

4. PRE-COMPLETION UNDERTAKINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. COMPLETION

5.1. Date and Place

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

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

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

5.2. Completion Events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i. Equity Value; and

ii. Redemption Amount.

in accordance with Section 1.2 of this Appendix II above.

6. TERMINATION

6.1. If, at any time prior to completion,

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

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

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

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

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

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

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1. INFORMATION ON KESAS

1.1. History and overview

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

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

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

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

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

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

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

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

1.2. Issued share capital

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

1.3. Substantial shareholders

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

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

Note:

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

1.4. Directors of Kesas and director's shareholdings

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

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

1.5. Subsidiary and associated company

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

1.6. Concession Agreement

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

Nature of the concession

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

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

Concession period

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

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

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

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

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

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

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

Grant of concession

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

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

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

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

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

(v) operate and maintain the Shah Alam Expressway.

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

Financing

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

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

Termination of the concession

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

Agreed toll rates

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

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

Note:

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

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

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

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

1.7. Financial information

Summary of historical financial results of Kesas:

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

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

Financial commentaries:

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

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

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

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

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

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

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

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

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

1.8. Material commitments and contingent liabilities

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

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

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

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2. INFORMATION ON SPRINT

2.1. History and overview

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

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

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

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

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

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

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

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

2.2. Issued share capital

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

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

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

2.3. Substantial shareholders

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

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

Note:

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

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

2.4. Directors of SPRINT and director's shareholdings

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

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

2.5. Subsidiary and associated company

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

2.6. Concession Agreement

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

Nature of the concession

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

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

Concession period

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

Grant of concession

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

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

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

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

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

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

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

Financing

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

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

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

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

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

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

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

Termination of the concession

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

Agreed toll rate

Definitions:

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

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

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

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

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

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

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

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

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

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

2.7. Financial information

Summary of historical financial results of SPRINT:

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

Note:

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

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

Financial commentaries:

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

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

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

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

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

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

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

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

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

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

2.8. Material commitments and contingent liabilities

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

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

3. INFORMATION ON LITRAK

3.1. History and overview

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

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

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

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

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

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

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

3.2. Issued share capital

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

3.3. Substantial shareholders

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

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

Note:

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

3.4. Directors of LITRAK and director's shareholdings

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

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

3.5. Subsidiary and associated company

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

3.6. Concession Agreement

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

Nature of the concession

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

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

Concession period

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

Grant of concession

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

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

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

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

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

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

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

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

Financing

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

Termination of the concession

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

Agreed toll rate

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

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

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

3.7. Financial information

Summary of historical financial results of LITRAK:

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

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

Financial commentaries:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.8. Material commitments and contingent liabilities

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

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

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

4. INFORMATION ON SMART

4.1. History and overview

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

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

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

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

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

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

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

4.2. Issued share capital

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

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

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

4.3. Substantial shareholders

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

		Direct		Indirect	
Name	**Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
SMART Holdings	Malaysia	23,030,000	100.0	-	-
Gamuda	Malaysia	-	-	23,030,000(1)	100.0
MMC Engineering Group Berhad	Malaysia	-	-	23,030,000(1)	100.0
Anglo-Oriental Annuities Sdn Bhd	Malaysia	-	-	23,030,000(1)	100.0
MMC Corporation Berhad	Malaysia	-	-	23,030,000(2)	100.0

Note:

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

(2) Deemed interested via its equity interests in Anglo-Oriental Annuities Sdn Bhd and MMC Engineering Group Berhad pursuant to Section 8 of the Companies Act 2016.

4.4. Directors of SMART and director's shareholding

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

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

4.5. Subsidiary and associated company

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

4.6. Concession Agreement

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

Nature of the concession

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

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

Concession period

The SMART Concession Period is for 40 years, commencing from 1 January 2003 to 31 December 2042. Nonetheless, SMART may apply to the Government of Malaysia for an extension of the concession 24 months prior to the expiry of the SMART Concession Period. The Government of Malaysia shall have the absolute discretion whether or not to consider such application. If such application is considered, SMART and the Government of Malaysia shall, as soon as reasonably practicable after the receipt by the Government of Malaysia of such application, negotiate the terms and conditions of such extension on fully commercial terms with no special privileges and no preferential rights to the intent that such terms and conditions are to be agreed by SMART and the Government of Malaysia not later than 12 months prior to the date on which the SMART Concession Period would have otherwise expired.

At the expiry of the SMART Concession Period (unless the SMART Concession Period is extended), SMART shall hand over to the Government of Malaysia the concession area granted pursuant to the SMART Concession Agreement in a well-maintained condition.

Grant of concession

Subject to the terms and conditions of the SMART Concession Agreement and the Federal Roads (Private Management) Act 1984, the Government of Malaysia has granted to SMART the right and authority to:

(i) execute the motorway works which are to be designed, procured, constructed, erected, installed, tested, commissioned and completed under the SMART Concession Agreement and shall include the control centre cum administrative office and temporary works;

(ii) supply and install tolling and other equipment at the toll plaza and operate, manage and maintain the same on the motorway (which is the double deck motorway which shall include the traffic control and surveillance system, toll plazas, flood gates, traffic lanes, acceleration and deceleration lanes, shoulders, medians, motorway signs, embankment slopes, street lighting, ventilation systems, control centre cum administrative office and other structures therein or relating thereto) during the SMART Concession Period;

(iii) demand, collect and retain toll for its own benefit from the permitted vehicles using the motorway during the SMART Concession Period;

(iv) operate, manage and maintain the motorway at its own cost and expense (including without limitation, all utility charges incurred thereby) during the SMART Concession Period; and

(v) design, construct, operate, manage and maintain the control centre cum administrative office subject to the Government of Malaysia's right to occupy the same for purposes of operating, managing and maintaining the stormwater channel (including the Supervisory Control and Data Acquisition (SCADA) system, the monitoring devices, a diversion structure, a holding basin, a bypass tunnel, a storage reservoir and a twin box culvert outlet structure and other structures relating thereto) on such terms and conditions as the Government of Malaysia and SMART shall mutually agree.

SMART has been granted the right and licence (subject to the Government of Malaysia's access rights pursuant to the SMART Concession Agreement) to enter upon and to occupy the concession area required by SMART in the execution of the Stormwater Management and Road Tunnel Project.

Financing

SMART shall be responsible for obtaining all the financing in excess of the Government of Malaysia costs both debt and equity, necessary to pay for all costs and expenses to be borne by SMART in discharging its obligations under the SMART Concession Agreement.

To enable SMART to pay the land costs (which is the aggregate sum of RM220,000,000.00 which shall be used to pay for the costs and expenses for making available the land required for the construction area), the Government of Malaysia shall cause the lenders nominated by the Government of Malaysia to make available to SMART the land costs loan (which is the loan facility of up to RM220,000,000.00) upon such terms and conditions to be mutually agreed between the nominated lenders and SMART. The Government of Malaysia has agreed to pay to SMART all amounts, both principal and financing costs, due and payable by SMART to the nominated lender under the terms of the land costs loan in the manner and at the time as such amount is due and payable by SMART to the nominated lender in accordance with the land costs loan. The Government of Malaysia shall also cause the nominated lender to make available to SMART the balance government cost loan (which is the loan facility of up to RM1,225,321,000.00 for the purpose of financing the balance government costs).

Termination of the concession

The SMART Concession Agreement may be terminated by either the Government of Malaysia or SMART if either party fails to remedy its default within the specified period in the SMART Concession Agreement. The Government of Malaysia may, at any time during the SMART Concession Period, expropriate the concession by giving not less than three months' notice to that effect to SMART if it considers that such expropriation is in the national interest or interest of national security. The determination of what amounts to "national interests" and "interest of national security" shall be made by the Government of Malaysia and such determination shall be conclusive and binding.

Agreed toll rate

The scheduled toll at each plaza for the permitted vehicles is as follows:

Operating Period	Scheduled Toll Rate (RM)
First day of tolling until 31 Dec 2009	2.00
1 Jan 2010 to until 31 Dec 2014	3.00
1 Jan 2015 to until 31 Dec 2019	4.00
1 Jan 2020 to until 31 Dec 2024	5.00
1 Jan 2025 to until 31 Dec 2029	6.00
1 Jan 2030 to end of concession	7.00

4.7. Financial information

Summary of historical financial results of SMART:

	Audited		
	FYE 31 December 2019	**FYE 31 December 2020**	**FYE 31 December 2021**
	RM'million	**RM'million**	**RM'million**
Revenue	36.26	23.70	16.02
LBT	(4.04)	(12.15)	(18.44)
LAT	(4.04)	(12.15)	(18.44)
No. of ordinary shares **('000)**	20,000	20,000	20,000
Basic loss per share (**sen**)	(20.22)	(60.75)	(90.20)
Cash and cash equivalents	32.26	26.62	8.27
Shareholders' funds/NA	87.36	75.21	56.77
NA per share (**RM**)	4.37	3.76	2.84
Borrowings	319.84	319.86	319.91
Gearing ratio (**times**)	3.66	4.25	5.64
Current ratio (**times**)	1.22	1.11	0.68

There was no audit qualification on the audited financial statements of SMART for the past three (3) FYE 31 December 2019 to 31 December 2021. SMART has not adopted any accounting policies which are peculiar to the its operations for the past three (3) FYE 31 December 2019 to 31 December 2021.

Financial commentaries:

(i) FYE 31 December 2020 vs FYE 31 December 2019

SMART's total revenue decreased by approximately RM12.6 million or 34.6% from RM36.3 million to RM23.7 million mainly due to lower traffic volume following the implementation of MCO and several movement restrictions since 18 March 2020 in the wake of COVID-19 pandemic.

SMART's LBT and LAT increased by RM8.1 million from RM4.0 million to RM12.1 million in line with lower revenue recorded for the FYE 31 December 2020. The increase in LBT and LAT was partly offset by lower amortisation of HDE due to lower traffic volume.

Of the RM23.7 million revenue recorded for the FYE 31 December 2020, RM9.5 million was Government Compensation Receivable. As at the LPD, RM9.5 million Government Compensation Receivable was received.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

SMART's total revenue decreased by approximately RM7.7 million or 32.4% from RM23.7 million to RM16.0 million mainly due to lower traffic volume following the implementation of MCO and several movement restrictions since 18 March 2020 in the wake of COVID-19 pandemic.

SMART's LBT and LAT increased by RM6.3 million from RM12.1 million to RM18.4 million in line with lower revenue recorded for the FYE 31 December 2021. The increase in LBT and LAT was partly offset by lower toll operations cost.

Of the RM16.0 million revenue recorded for the FYE 31 December 2021, RM6.4 million were Government Compensation Receivable. As at the LPD, RM6.4 million Government Compensation Receivable was received.

4.8. Material commitments and contingent liabilities

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by SMART which, upon becoming enforceable, may have a material impact on the financial results or position of SMART.

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by SMART which, upon becoming enforceable, may have a material impact on the financial results or position of SMART.

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1. HISTORY AND BUSINESS OF ALR

ALR was incorporated in Malaysia on 13 December 2021 under the Companies Act 2016 as a public limited company. ALR has the mandate of the Government of Malaysia to assist in a proposed restructuring of certain tolled highway concessions to absolve the Government of Malaysia from paying compensation payments to those identified concession companies.

ALR's mandate includes looking after the economic interests of the road users of the targeted highway concessions concerned, and therefore:

(i) ALR must maintain the current toll rates with no further increases, including in any period of extension of the existing concession required to facilitate the success of restructuring;

(ii) ALR shall accelerate the return of the concession(s) back to the Government of Malaysia upon full settlement of all the ALR's financial debts incurred in acquiring the highway concession(s) (based on agreed terms).

To execute its mandate, ALR shall be fully debt-funded via its intended issuance of Islamic debt securities in the Malaysian Islamic debt capital markets. ALR shall also channel all available profits and cash surpluses over and above its operational needs, solely to the servicing and (possibly early) settlement of its financial debts and ALR undertakes not to make any dividend or distribution payments to its shareholders.

As at the date of this Circular, ALR is still in the process of raising sukuk funding to undertake the Proposed Disposal.

2. ISSUED SHARE CAPITAL

As at the LPD, the total issued share capital of ALR is RM5,000 comprising 5,000 ordinary shares in ALR.

3. DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the directors and their respective shareholdings in ALR as at the LPD are as follows:

			Direct		Indirect	
Name	**Designation**	**Country of incorporation/ Nationality**	**No. of ALR shares**	**%**	**No. of ALR shares**	**%**
Tan Sri Azlan Mohd Zainol	Chairman	Malaysian	1,000	20	-	-
Dato' Ir Soam Heng Choon	Director	Malaysian	1,000	20	-	-
Dato' Dr Nirmala Menon	Director	Malaysian	1,000	20	-	-
Dato' Idrose bin Mohamed	Director	Malaysian	1,000	20	-	-
Dato' Mohamed Sharil bin Mohamed Tarmizi	Director	Malaysian	1,000	20	-	-

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the LPD, all the directors of ALR are equal shareholders of ALR.

5. GROUP STRUCTURE OF ALR

As at the LPD, ALR does not have any subsidiary or associates.

6. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF ALR

ALR is a newly incorporated company and hence ALR does not have historical financial results.

KESAS SDN. BHD.
199301020816 (275554-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 July 2021

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Contents

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 July 2021.

Principal activities

The principal activities of the Company are to design and construct the Shah Alam Expressway ("Expressway"), develop and manage the toll operations and maintain the Expressway.

On 19 November 1993, the Government of Malaysia awarded the concession to the Company for a period of 28 years and 9 months from 19 November 1993 to 18 August 2022 ("Concession Period"). The Concession Period was subsequently extended by an additional year from 19 August 2022 to 18 August 2023 due to the revision of toll rates structures of the Concession by the Government.

In addition to that, pursuant to the Government Gazette No.P.U.(A) 9 dated 14 January 2013, the Government revised the toll rates structure of the Concession from 15 January 2013 to 18 August 2023. In consideration of the Company agreeing to the revised toll rate structure, the Government has further agreed to extend the Concession Period with a maximum of five years from 19 August 2023 to 18 August 2028.

Results

	RM
Profit for the year	112,440,575

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Ir Haji Azmi Bin Mat Nor	
Saw Wah Theng	
Sazally Bin Saidi	
Haji Suhaimi Bin Haji Kasdon	(appointed on 1 January 2021)
Hajah Siti Zubaidah Binti Haji Abd Jabar	(appointed on 4 September 2020 and resigned on 30 September 2021)
Dato' Mohd Azizi Bin Mohd Zain	(resigned on 31 December 2020)
Hajah Norita Binti Mohd Sidek	(resigned on 3 September 2020)

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Dividend

The amount of dividend declared and paid by the Company since 31 July 2020 was as follows:

	RM
In respect of the financial year ended 31 July 2021:	
A single-tier dividend of RM9.00, on 5,000,000 ordinary shares, declared on 27 October 2020 and paid on 4 November 2020	45,000,000

The directors do not recommend the payment of final dividend in respect of the current financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' and Officers' indemnity

The immediate holding company maintains a liability insurance for the directors of the immediate holding company and its subsidiary throughout the financial year, which provides insurance sum insured of RM10,000,000. The amount of insurance premium paid by the immediate holding company for the financial year ended 31 July 2021 was RM10,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the ultimate holding company during the financial year were as follows:

	<------------ Number of ordinary shares ------------>			
	1 August 2020	Bought	Sold	31 July 2021
Ultimate holding company				
Direct holding				
Dato' Ir Haji Azmi Bin Mat Nor	321,876	-	-	321,876
Saw Wah Theng	809,775	-	-	809,775

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Warrants 2016/2021 - Ultimate holding company

	<---------- Number of warrants ---------->				
	1 August 2020	**Bought**	**Sold**	**Lapsed**	**31 July 2021**
Dato' Ir Haji Azmi Bin Mat Nor	58,200	-	(58,200)	-	-
Saw Wah Theng	143,500	-	-	(143,500)	-

On 7 March 2016, Gamuda Berhad allotted and issued 400,984,509 new Warrants 2016/2021 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 6 existing ordinary shares held in Gamuda Berhad.

The Warrants are valid for exercise for a period of 5 years from issue date and expired on 5 March 2021 being the last market day immediately preceding the date is the fifth anniversary of the issue of Warrants (which falls on Saturday, 6 March 2021, a non-market day) pursuant to the provisions of the Deed Poll dated 22 January 2016. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in Gamuda Berhad at any time on or after 7 March 2016 to 6 March 2021, at an exercise price of RM4.05 per Warrant in accordance with the Deed Poll. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at 5 March 2021, 387,220,949 Warrants 2016/2021 remained unexercised and have lapsed.

Other than as disclosed above, the directors in office at the end of the financial year did not have any other interest in shares in the Company or its related corporations during the financial year.

Holding companies

The immediate and ultimate holding companies are Kesas Holdings Berhad and Gamuda Berhad, respectively, both are incorporated in Malaysia. The ultimate holding company is a public limited liability company and listed on the Main Market of Bursa Malaysia Securities Berhad.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information

(a) Before the financial statements of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM
Auditors' remuneration	47,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 July 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Haji Suhaimi Bin Haji Kasdon

Saw Wah Theng

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Haji Suhaimi Bin Haji Kasdon and Saw Wah Theng, being two of the directors of Kesas Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 July 2021 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2021.

Haji Suhaimi Bin Haji Kasdon

Saw Wah Theng

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Haji Mohammed Shah Bin Samin, being the officer primarily responsible for the financial management of Kesas Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 55 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Haji Mohammed Shah Bin Samin, at Petaling Jaya in the State of Selangor Darul Ehsan on 8 October 2021.

Haji Mohammed Shah Bin Samin

Before me,

PESURUHJAYA SUMPAH
MALAYSIA

No. 71-1, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor

6

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Chartered Accountants
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199301020816 (275554-U)

Independent auditors' report to the member of Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kesas Sdn. Bhd., which comprise the statement of financial position as at 31 July 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 55.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 July 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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199301020816 (275554-U)

Independent auditors' report to the member of
Kesas Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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199301020816 (275554-U)

Independent auditors' report to the member of
Kesas Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

199301020816 (275554-U)

Independent auditors' report to the member of
Kesas Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT	Tan Shium Jye
202006000003 (LLP0022760-LCA) & AF 0039	No. 02991/05/2022 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 October 2021

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 July 2021

	Note	2021 RM	2020 RM
Revenue	4	248,411,313	314,835,198
Other operating income	5	9,604,415	11,962,854
Expressway maintenance costs		(12,152,055)	(14,329,879)
Toll operations costs		(3,197,408)	(3,511,594)
Employee benefits expenses	6	(14,467,347)	(16,583,959)
Amortisation of expressway development expenditure	11	(57,651,599)	(65,854,122)
Depreciation of property, plant and equipment	12	(738,231)	(835,229)
Depreciation of right-of-use assets	14	(186,130)	(186,127)
Other expenses		(6,000,580)	(7,863,979)
Profit from operations		163,622,378	217,633,163
Finance costs	7	(14,361,775)	(18,659,170)
Profit before tax	8	149,260,603	198,973,993
Income tax expense	9	(36,820,028)	(48,390,628)
Profit for the year		112,440,575	150,583,365
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period:			
Re-measurement gain/(loss) on defined benefit plan		631,685	(260,499)
Income tax effect		(151,604)	62,520
Other comprehensive income/(loss) for the year, net of tax		480,081	(197,979)
Total comprehensive income for the year, net of tax		112,920,656	150,385,386

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 July 2021

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Expressway development expenditure ("EDE")	11	610,550,187	668,201,786
Property, plant and equipment	12	1,093,510	1,482,917
Other investment	13	79,400	79,400
Right-of-use assets	14	1,318,401	1,504,531
		613,041,498	671,268,634
Current assets			
Sundry receivables	15	21,611,054	131,129,621
Tax recoverable		3,517,107	-
Cash and bank balances	16	317,059,777	205,976,460
		342,187,938	337,106,081
Total assets		955,229,436	1,008,374,715
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	17	5,000,000	5,000,000
Retained earnings	18	488,005,711	420,085,055
Total equity		493,005,711	425,085,055
Non-current liabilities			
Sukuk Musharakah Medium Term Notes ("Sukuk")	19	195,000,000	285,000,000
Contract liabilities	20	2,955,426	14,754,587
Deferred tax liabilities	21	120,609,600	131,830,456
Retirement benefit obligations	22	2,268,553	2,524,433
Provision for heavy repairs	23	20,903,080	21,033,414
Lease liability	24	1,204,615	1,373,992
		342,941,274	456,516,882

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 July 2021 (cont'd.)

	Note	2021 RM	2020 RM
Current liabilities			
Sukuk Musharakah Medium Term Notes ("Sukuk")	19	90,000,000	90,000,000
Contract liabilities	20	11,799,171	11,808,815
Retirement benefit obligations	22	-	66,358
Provision for heavy repairs	23	4,169,764	4,357,667
Sundry payables	25	13,144,140	15,021,233
Income tax payable		-	5,356,801
Lease liability	24	169,376	161,904
		119,282,451	126,772,778
Total liabilities		462,223,725	583,289,660
Total equity and liabilities		955,229,436	1,008,374,715

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 July 2021

	Note	Share capital (Note 17) RM	Distributable Retained earnings (Note 18) RM	Total RM
At 1 August 2020		5,000,000	420,085,055	425,085,055
Total comprehensive income		-	112,920,656	112,920,656
Dividend paid	10	-	(45,000,000)	(45,000,000)
At 31 July 2021		5,000,000	488,005,711	493,005,711
At 1 August 2019		5,000,000	343,699,669	348,699,669
Total comprehensive income		-	150,385,386	150,385,386
Dividend paid	10	-	(74,000,000)	(74,000,000)
At 31 July 2020		5,000,000	420,085,055	425,085,055

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 July 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Profit before tax		149,260,603	198,973,993
Adjustments for:			
Amortisation of EDE	11	57,651,599	65,654,122
Advance license fees	5	(553,954)	(553,954)
Advance maintenance fees	5	(254,851)	(265,057)
Government compensation	4	(11,000,000)	(8,700,000)
Depreciation of property, plant and equipment	12	738,231	835,229
Depreciation of right-of-use asset	14	186,130	186,127
Gain on disposal of property, plant and equipment	5	(21,921)	(3,135)
Interest expense	7	14,361,775	18,659,170
Interest income	5	(4,153,655)	(6,579,361)
Fair value loss on investment securities	8	-	920,070
Provision for heavy repairs	23	3,800,000	4,357,667
Provision for retirement benefit obligations	6	374,856	318,348
Operating profit before working capital changes		210,388,813	274,003,219
Changes in sundry receivables		110,346,460	(26,337,283)
Changes in sundry payables		(504,123)	(1,132,313)
Cash generated from operations		320,231,150	246,533,623
Retirement benefit obligations paid	22	(65,409)	(60,794)
Profit rate from Sukuk		(15,668,650)	(19,712,860)
Income tax paid		(57,066,396)	(58,965,251)
Payment for heavy repairs	23	(4,118,237)	-
Net cash generated from operating activities		243,312,458	167,794,718
Cash flows from investing activities			
Interest received		3,325,762	5,468,693
Payments made for EDE	11	-	(6,829,739)
Purchase of property, plant and equipment	12	(348,903)	(176,184)
Proceeds from disposal of property, plant and equipment		22,000	4,600
Withdrawal of investment securities		-	20,180,001
Net cash generated from investing activities		2,998,859	18,647,371

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 July 2021 (cont'd.)

	Note	2021 RM	2020 RM
Cash flows from financing activities			
Dividend paid	10	(45,000,000)	(74,000,000)
Repayment of Sukuk		(90,000,000)	(90,000,000)
Repayments of lease liabilities	24	(228,000)	(228,000)
Net cash used in financing activities		(135,228,000)	(164,228,000)
Net increase in cash and cash equivalents		111,083,317	22,214,089
Cash and cash equivalents at beginning of year		205,976,460	183,762,371
Cash and cash equivalents at end of year (Note 16)		317,059,777	205,976,460

Reconciliation of liabilities arising from financing activities:

The table below details change in the Company's liabilities arising from financing activities.

	2021 RM	2020 RM
At 1 August 2020/2019	375,000,000	465,000,000
Repayment of Sukuk	(90,000,000)	(90,000,000)
At 31 July	285,000,000	375,000,000

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 July 2021

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Wisma Kesas, No. 1, Lebuh Raya Shah Alam, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Kesas Holdings Berhad and Gamuda Berhad, respectively, both are incorporated in Malaysia. The ultimate holding company is a public limited liability company and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are to design and construct the Shah Alam Expressway ("Expressway"), develop and manage the toll operations and maintain the Expressway.

On 19 November 1993, the Government of Malaysia awarded the concession to the Company for a period of 28 years and 9 months from 19 November 1993 to 18 August 2022 ("Concession Period"). The Concession Period was subsequently extended by an additional year from 19 August 2022 to 18 August 2023 due to the revision of toll rates structures of the Concession by the Government.

In addition to that, pursuant to the Government Gazette No.P.U.(A) 9 dated 14 January 2013, the Government revised the toll rates structure of the Concession from 15 January 2013 to 18 August 2023. In consideration of the Company agreeing to the revised toll rate structure, the Government has further agreed to extend the Concession Period with a maximum of five years from 19 August 2023 to 18 August 2028.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Ringgit Malaysia ("RM").

2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

Considerations in respect of COVID-19 (coronavirus) and the current economic environment

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a worldwide pandemic. With widespread concerns about the ongoing COVID-19 pandemic, the Government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020 till to date.

This had led to the temporary reduction of the Company's business activities and caused the decrease in traffic volume. The financial performance of the Company was consequently affected. The Company is of the view that the impact of COVID-19 is short term and business operations have returned to normal as of 8 October 2021 as the National Recovery Plan progresses to Phase 3.

At the reporting date, the Company is in net current assets position of RM222,905,487 (2020: RM210,333,303) with an amount of RM317,059,777 (2020: RM205,976,460) in cash and cash equivalents.

The Company is taking the necessary steps to mitigate the risks arising from the COVID-19 pandemic, including the prudent management of their cash flows from their operating and investing activities. The Company does not expect significant disruption in operations.

The Company has taken into consideration the impact of COVID-19 and the current economic environment on the basis of preparation of this financial statements has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

On 1 August 2020, the Company adopted the following amendments to MFRS standards mandatory for annual periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020:

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

On 1 August 2020, the Company adopted the following amendments to MFRS standards mandatory for annual periods beginning on or after 1 January 2020: (cont'd.)

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions

The adoption of the above standards and amendments did not have any material impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued, but yet to be effective:

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

The Company has not adopted the following standards and interpretations that have been issued, but yet to be effective: (cont'd.)

Effective for annual periods beginning on or after 1 January 2023:

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above standards and amendments will not result in material impact to the financial statements of the Company.

2.4 Expressway development expenditure

Expressway development expenditure ("EDE") comprises development and upgrading expenditure (including interest charges relating to financing of the development of the expressway) incurred in connection with the concession. EDE is measured on initial recognition at cost. Following initial recognition, EDE is carried at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6 to the financial statements.

Assets under construction included in EDE are not depreciated as these assets are not yet available for use.

EDE is amortised upon commencement of tolling operations over the concession period based on the following formula:

Amortisation of EDE is included in profit or loss.

$$\left(\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year Plus Projected Traffic Volume To Completion}} \times \begin{array}{c}\text{Opening Net}\\ \text{Carrying Amount Of}\\ \text{EDE Plus Current}\\ \text{Year Additions}\end{array} \right)$$

2. **Summary of significant accounting policies (cont'd.)**

2.4 Expressway development expenditure (cont'd.)

Periodic traffic studies are performed by an independent traffic consultant in order to support the projected toll revenue for the remaining concession period. The projection was based on the latest available traffic study.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Office building on concession land	4%
Motor vehicles	20%
Office equipment	15% - 33%
Furniture and fittings	10%

An item of property, plant and equipment and any significant part initially recognised are derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.6 to the financial statements.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets

The Company assesses, the carrying amounts of the Company's non-financial assets, other than expressway development expenditure and property, plant and equipment, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.7 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of sundry receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into financial assets at amortised cost (debt instruments).

The Company does not have any financial assets at fair value through other comprehensive income (OCI) and fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial asset at amortised cost includes sundry receivables and cash and bank balances.

199301020816 (276554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For sundry receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

2.10 Provision for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2. Summary of significant accounting policies (cont'd.)

2.10 Provision for liabilities (cont'd.)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include sundry payables, sukuk and lease liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities (cont'd.)

(b) Other financial liabilities

The Company's other financial liabilities include sundry payables, sukuk and lease liability.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Contract liabilities

Contract liabilities comprise of the following deferred revenue:

(a) Advance maintenance fees and license fees

Fees received from third parties to upkeep the inter-change at the expressway and for the exclusive rights to design, construct, operate and manage ancillary facilities along the expressway, are recognised in profit or loss on a straight line basis over the remaining concession period.

2. **Summary of significant accounting policies (cont'd.)**

2.12 Contract liabilities (cont'd.)

(b) Government compensation

Compensation received from the Government for the imposition of revised toll rates lower than those as provided for in the respective Concession Agreements, which is taken to profit or loss over the period the compensation relates.

2.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
iii) Level 3 - input that is significant to the fair value measurement is unobservable

2. **Summary of significant accounting policies (cont'd.)**

2.13 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.14 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Revenue from contracts with customers and other income recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Other income is recognised to the extent that they are probable that the economic benefits associated with the transaction will flow to the Company and the other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Revenue recognition from contracts with customers

The following specific recognition criteria must also be met before revenue and other income are recognised:

i) **Toll revenue**

Toll revenue includes toll collection and Government compensation. Toll collection is accounted for as and when toll is chargeable for the usage of the Expressway.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue from contracts with customers and other income recognition (cont'd.)

(a) Revenue recognition from contracts with customers (cont'd.)

The following specific recognition criteria must also be met before revenue and other income are recognised: (cont'd.)

ii) Government compensation

The amount of Government compensation are recognised in profit or loss for the year after taking into consideration the effects of the concession arrangement.

(b) Other income

i) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

iii) Advertising income, license and maintenance fees

Advertising income, license and maintenance fees are recognised at a point in time when the right to receive the income is established.

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Summary of significant accounting policies (cont'd.)

2.17 Employee benefits (cont'd.)

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Summary of significant accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Leases

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less.

(i) Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8 to the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.19 Leases (cont'd.)

(ii) Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate of implicit in the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

2. Summary of significant accounting policies (cont'd.)

2.19 Leases (cont'd.)

Company as a lessor (cont'd.)

(i) Finance leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment on impairment of financial assets. In addition, the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

3. Significant accounting judgements and estimates (cont'd.)

In the process of applying the Company's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed in below:

Amortisation of EDE

The cost of EDE is amortised over the Concession Period by applying the formula in Note 2.4 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions, toll-demand elasticity, future infrastructure scheme and peak hour factor. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's EDE at the reporting date is disclosed in Note 11 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM526,833 (2020: RM599,511) lower/higher, arising mainly as a result of lower/higher expected traffic volume.

4. Revenue

	2021 RM	2020 RM
Toll collection	176,921,313	205,765,198
Government compensation	60,490,000	100,370,000
Contract liabilities recognised on Government compensation (Note 20)	11,000,000	8,700,000
	248,411,313	314,835,198

5. Other operating income

	2021 RM	2020 RM
Rental income	1,850,238	1,852,438
Gain on disposal of property, plant and equipment	21,921	3,135
Advance license fees (Note 20)	553,954	553,954
Advance maintenance fees (Note 20)	254,851	265,057
Advertising income	1,971,944	1,902,983
Interest income	4,153,655	6,579,361
Others	797,852	805,926
	9,604,415	11,962,854

6. Employee benefits expenses

	2021 RM	2020 RM
Wages and salaries	10,047,905	11,725,882
Directors' remuneration (Note 27 (b))	1,052,441	1,497,915
Defined contribution plan	1,286,285	1,531,379
Retirement benefit obligations (Note 22)	374,856	318,348
Other benefits	1,705,860	1,510,435
	14,467,347	16,583,959

7. Finance costs

	2021 RM	2020 RM
Interest expenses on lease liabilities	66,095	73,238
Profit rate on Sukuk	14,295,680	18,585,932
	14,361,775	18,659,170

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	2021 RM	2020 RM
Auditors' remuneration:		
- current year	47,000	47,000
Amortisation of EDE (Note 11)	57,651,599	65,854,122
Depreciation of property, plant and equipment (Note 12)	738,231	835,229
Depreciation of right-of-use assets (Note 14)	186,130	186,127
Short-term lease	228,000	228,000
Fair value loss on investment securities	-	920,070
Provision for heavy repairs (Note 23)	3,800,000	4,357,667

9. Income tax expense

	2021 RM	2020 RM
Malaysian income tax:		
- current income tax	47,553,682	62,058,466
- under provision in prior years	638,806	5,047
	48,192,488	62,063,513
Deferred tax: (Note 21)		
- relating to origination and reversal of temporary differences	(11,282,535)	(13,681,202)
- (over)/under provision in prior years	(89,925)	8,317
	(11,372,460)	(13,672,885)
Income tax expense recognised in profit or loss	36,820,028	48,390,628

Current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:

	2021 RM	2020 RM
Profit before tax	149,260,603	198,973,993
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	35,822,545	47,753,758
Non-taxable income	-	(238,400)
Non-deductible expenses	448,602	861,906
Under provision of income tax in prior years	638,806	5,047
(Over)/under provision of deferred tax in prior years	(89,925)	8,317
Income tax expense recognised in profit or loss	36,820,028	48,390,628

10. Dividend

	Amount		Net dividend per ordinary share	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend recognised in respect of financial year ended 31 July 2021				
A single-tier dividend declared on 27 October 2020 and paid on 4 November 2020	45,000,000	-	9.0	-
Dividend recognised in respect of financial year ended 31 July 2020				
A single-tier dividend declared on 4 November 2019 and paid on 7 November 2019	-	74,000,000	-	14.8
	45,000,000	74,000,000	9.0	14.8

The directors do not recommend the payment of final dividend in respect of the current financial year.

11. Expressway development expenditure

	2021 RM	2020 RM
Cost		
At 1 August 2020/2019	1,555,324,392	1,548,494,653
Additions	-	6,829,739
At 31 July	1,555,324,392	1,555,324,392
Accumulated amortisation		
At 1 August 2020/2019	887,122,606	821,268,484
Amortisation for the year (Note 8)	57,651,599	65,854,122
At 31 July	944,774,205	887,122,606
Net carrying amount	610,550,187	668,201,786

The expressway development expenditure is pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

12. Property, plant and equipment

	Office building on concession land RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
At 31 July 2021				
Cost				
At 1 August 2020	6,531,339	5,663,720	4,213,357	16,408,416
Additions	-	119,205	229,698	348,903
Disposals	-	(89,917)	(145,930)	(235,847)
At 31 July 2021	6,531,339	5,693,008	4,297,125	16,521,472
Accumulated depreciation				
At 1 August 2020	6,260,710	5,235,336	3,429,453	14,925,499
Charge for the year (Note 8)	238,187	170,613	329,431	738,231
Disposals	-	(89,917)	(145,851)	(235,768)
At 31 July 2021	6,498,897	5,316,032	3,613,033	15,427,962
Net carrying amount at 31 July 2021	32,442	376,976	684,092	1,093,510
At 31 July 2020				
Cost				
At 1 August 2019	6,531,339	5,658,937	4,184,851	16,375,127
Additions	-	25,671	150,513	176,184
Disposals	-	(20,888)	(122,007)	(142,895)
At 31 July 2020	6,531,339	5,663,720	4,213,357	16,408,416
Accumulated depreciation				
At 1 August 2019	5,999,458	5,042,020	3,190,222	14,231,700
Charge for the year (Note 8)	261,252	214,204	359,773	835,229
Disposals	-	(20,888)	(120,542)	(141,430)
At 31 July 2020	6,260,710	5,235,336	3,429,453	14,925,499
Net carrying amount at 31 July 2020	270,629	428,384	783,904	1,482,917

The property, plant and equipment are pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

13. Other investment

	2021 RM	2020 RM
Corporate club membership	79,400	79,400

The fair value of the other investment is disclosed in Note 29 to the financial statements.

14. Right-of-use assets

The Company has lease contracts for apartments with contract terms of 8 years and do not contain variable lease payments.

The carrying amount of right-of-use assets recognised and the movement during the year is as follows:

	2021 RM	2020 RM
At 1 August 2020/2019	1,504,531	1,690,658
Depreciation charge for the year (Note 8)	(186,130)	(186,127)
At 31 July	1,318,401	1,504,531

15. Sundry receivables

	2021 RM	2020 RM
Deposits	141,342	141,342
Prepayments	597,584	718,380
Interest receivable on fixed deposits placement	2,260,227	1,432,334
Reimbursable receivable from the Government	18,380,000	128,410,000
Amount due from a related company	-	1,000
Others	231,901	426,565
Total sundry receivables	21,611,054	131,129,621
Less: Prepayments	(597,584)	(718,380)
Add: Cash and bank balances (Note 16)	317,059,777	205,976,460
Total financial assets at amortised cost	338,073,247	336,387,701

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or to groups of debtors, other than an amount due from the Government for imposing toll rates lower than those agreed upon in Concession Agreement amounting to RM18,380,000 (2020: RM128,410,000).

Amount due from a related company was non-trade, unsecured, non-interest bearing and repayable on demand.

16. Cash and bank balances

	2021 RM	2020 RM
Cash on hand and at banks	2,169,777	2,476,460
Fixed deposits with financial institutions	314,890,000	203,500,000
Cash and cash equivalents	317,059,777	205,976,460

The weighted average effective interest rates and the range of maturities of deposits at the reporting date are as follows:

	Weighted average effective interest/ profit rates		Range of remaining maturities	
	2021 %	2020 %	2021 Days	2020 Days
Financial institutions	2.01	3.00	3 - 90	4 - 88

The cash and bank balances are pledged as securities for financing facilities as disclosed in Note 19 to the financial statements.

17. Share capital

	Number of shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid up:				
At 1 August 2020/2019 and 31 July	5,000,000	5,000,000	5,000,000	5,000,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2021 and 2020 under the single tier system.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

19. Sukuk Musharakah Medium Term Notes ("Sukuk")

	2021 RM	2020 RM
Current		
Secured:		
Sukuk	90,000,000	90,000,000
Non-current		
Secured:		
Sukuk	195,000,000	285,000,000
Total	285,000,000	375,000,000

The remaining maturities of the Sukuk as at 31 July 2021 and 31 July 2020 are as follows:

	2021 RM	2020 RM
Within one year	90,000,000	90,000,000
More than 1 year and less than 2 years	90,000,000	90,000,000
More than 2 years and less than 5 years	105,000,000	195,000,000
	285,000,000	375,000,000

	2021 RM	2020 RM
Primary Sukuk	285,000,000	375,000,000
Secondary Sukuk	188,184,362	188,184,362
	473,184,362	563,184,362
Less: Unamortised profit element	(16,190,523)	(30,486,203)
	456,993,839	532,698,159
Less: Accumulated profit element charged to profit or loss	(171,993,839)	(157,698,159)
	285,000,000	375,000,000

On 2 October 2014, the Company issued its Islamic medium term notes with an aggregate nominal amount of RM735 million. The Sukuk is constituted by a Sukuk Musharakah Trust Deed dated 2 October 2014. The Sukuk were issued in 8 series, with maturities from October 2016 to August 2023. The profit margin ranges from 4.20% to 4.85% (2020: 4.20% to 4.85%) per annum.

The Sukuk was issued to fully redeem its previously issued bonds ("BaIDS"), Government support loan and Redeemable Convertible Unsecured Loan Stock ("RCULS").

19. Sukuk Musharakah Medium Term Notes ("Sukuk") (cont'd.)

The Sukuk of the Company is secured by the following:

(i) whole or any part of the undertakings, revenues, rights and all the assets and properties of the Company (both present and future);

(ii) subject to any necessary authorisation under Section 7 of the Federal Roads (Private Management) Act 1984, all the rights to demand, collect and retain toll as more particularly stated in Cause 2.1(c) (Grant of Concession) of the Concession Agreement;

(iii) all the Company's rights, title and benefits in respect of other contracts entered or to be entered by the Company in relation to the operation and maintenance of the Expressway and proceeds received thereunder; and

(iv) all the Company's rights, interests, title and benefits in respect of the Designated Accounts.

In accordance with clause 13.2(t) of the Sukuk Musharakah Trust Deed, no declaration or distribution of dividend ("Distribution") is allowed unless all of the following conditions have been complied with:

(i) no Dissolution Event has occurred or would occur following such payment or distribution of the Distributions;

(ii) the Projected Financial Service Cover Ratios ("FSCR") as calculated on each Distribution Date shall not fall below two point two five (2.25) times after such payment of the Distributions and for the purposes of testing the compliance of the projected FSCR, the Company shall submit a Compliance Certificate duly signed by a director of the Company in relation to the compliance of the Projected FSCR to the Facility Agent and the Sukuk Trustee;

(iii) the balance standing to the credit of the FSCR Account after such payment of the Distributions will not be less than the minimum required balance; and

(iv) such Distribution, in the reasonable opinion of the Sukuk Trustee would not have a material adverse effect.

The weighted average effective interest rate for long term and short term borrowings (per annum) as at reporting date is as follows:

	2021 %	2020 %
Sukuk	4.75	4.70

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

20. Contract liabilities

		2021 RM	2020 RM
Contract liabilities from deferred revenue			
Advance license fee	(a)	1,125,193	1,679,147
Advance maintenance fee	(b)	830,204	1,085,055
Government compensation	(c)	12,799,200	23,799,200
		14,754,597	26,563,402
Contract liabilities are analysed as follows:			
Current		11,799,171	11,808,815
Non-current		2,955,426	14,754,587
		14,754,597	26,563,402

	2021 RM	2020 RM
(a) Advance license fees		
Advance license fees received	20,384,000	20,384,000
Contract liabilities recognised to-date	(19,258,807)	(18,704,853)
Balance unrecognised	1,125,193	1,679,147
Advance license fees recognised as other income during the year (Note 5)	553,954	553,954
(b) Advance maintenance fees		
Advance maintenance fees received	5,470,262	5,470,262
Contract liabilities recognised to-date	(4,640,058)	(4,385,207)
Balance unrecognised	830,204	1,085,055
Advance maintenance fees recognised as other income during the year (Note 5)	254,851	265,057

(c) Government compensation

Compensation received from the Government of Malaysia for the imposition of revised toll rates lower than those as provided for in the Concession Agreement, which is taken to profit or loss over the period the compensation relates.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

20. Contract liabilities (cont'd.)

(c) Government compensation (cont'd.)

	2021 RM	2020 RM
Government compensation received	132,599,200	132,599,200
Contract liabilities recognised to-date	(119,800,000)	(108,800,000)
Balance unrecognised	12,799,200	23,799,200
Government compensation recognised as revenue during the year (Note 4)	11,000,000	8,700,000
Total contract liabilities recognised:		
- As revenue	11,000,000	8,700,000
- As other income	808,805	819,011
	11,808,805	9,519,011

21. Deferred tax liabilities

	2021 RM	2020 RM
At 1 August 2020/2019	131,830,456	145,565,861
Recognised in profit or loss (Note 9)	(11,372,460)	(13,672,885)
Recognised in other comprehensive income/(loss)	151,604	(62,520)
At 31 July	120,609,600	131,830,456

	2021 RM	2020 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	(7,134,068)	(6,835,349)
Deferred tax liabilities	127,743,668	138,665,805
	120,609,600	131,830,456

21. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax (assets)/liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Retirement benefit obligations RM	Provisions and accruals RM	Total RM
At 1 August 2020	(589,438)	(6,245,911)	(6,835,349)
Recognised in profit or loss	(74,267)	(376,056)	(450,323)
Recognised in other comprehensive income	151,604	-	151,604
At 31 July 2021	(512,101)	(6,621,967)	(7,134,068)
At 1 August 2019	(497,457)	(5,375,618)	(5,873,075)
Recognised in profit or loss	(29,461)	(870,293)	(899,754)
Recognised in other comprehensive loss	(62,520)	-	(62,520)
At 31 July 2020	(589,438)	(6,245,911)	(6,835,349)

Deferred tax liabilities

	Accelerated capital and industrial building allowances RM
At 1 August 2020	138,665,805
Recognised in profit or loss	(10,922,137)
At 31 July 2021	127,743,668
At 1 August 2019	151,438,936
Recognised in profit or loss	(12,773,131)
At 31 July 2020	138,665,805