

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF PROLINTAS INFRA BUSINESS TRUST (“PROLINTAS INFRA BT” OR THE “TRUST”) DATED 6 MARCH 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant who is in doubt of the validity or integrity of the Electronic Prospectus should immediately request for a paper/printed copy of the Prospectus directly from Prolintas Managers Sdn Bhd (“**Prolintas Managers**” or the “**Trustee-Manager**”) or Boardroom Share Registrars Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from AmInvestment Bank Berhad, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

Prospective applicants should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Units based on the Electronic Prospectus in any jurisdiction other than Malaysia. Accordingly, the Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase of, or invitation to subscribe for or purchase of the IPO Units in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves of and to observe such restrictions.

Close of Application

Applications will be accepted from **10.00 a.m.** on **6 March 2024 (Wednesday)** and will close at **5.00 p.m.** on **12 March 2024 (Tuesday)**. Any change to the timetable will be advertised by Prolintas Managers in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

PROSPECTUS



PROSPECTUS

PROLINTAS INFRA BUSINESS TRUST ("PROLINTAS INFRA BT")

(An Islamic business trust constituted in Malaysia under the Trust Deed dated 11 December 2023 and registered with the Securities Commission Malaysia ("SC") on 11 December 2023 that is managed by Prolintas Managers Sdn. Bhd. as Trustee-Manager ("Trustee-Manager"))

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT ("UNITS") IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING AN OFFER FOR SALE OF UP TO 468,700,000 EXISTING UNITS ("IPO UNITS") INVOLVING THE OFFERING OF:

- (i) UP TO 422,949,000 IPO UNITS TO INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA (FORMERLY KNOWN AS MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA) ("INSTITUTIONAL OFFERING") AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- (ii) UP TO 45,751,000 IPO UNITS TO THE DIRECTORS OF THE TRUSTEE-MANAGER AND THE COMPANIES HELD UNDER PROLINTAS INFRA BT ("TRUST GROUP"), ELIGIBLE EMPLOYEES OF THE TRUST GROUP, PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE TRUST GROUP AND THE MALAYSIAN PUBLIC ("RETAIL OFFERING") AT THE RETAIL PRICE OF RM0.95 PER IPO UNIT ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED IN THIS PROSPECTUS), THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- (A) THE RETAIL PRICE OF RM0.95 PER IPO UNIT; OR
- (B) THE INSTITUTIONAL PRICE.

NO UNITS WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SC HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE IPO UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY AND LODGED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE UNITS BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE TRUSTEE-MANAGER AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. THE SC MAKES NO REPRESENTATION ON THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 46 FOR "RISK FACTORS".

LISTING SOUGHT: MAIN MARKET OF BURSA SECURITIES

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 6 MARCH 2024

PROSPECTUS | PROLINTAS INFRA BUSINESS TRUST



TRUSTEE-MANAGER



PROLINTAS MANAGERS SDN. BHD.

(Registration No.: 202201019689 (1465386-M))
(Incorporated in Malaysia under the Companies Act 2016 on 2 June 2022)
(Holder of a Capital Markets Services Licence regulated by the SC)

Principal Adviser, Lead Bookrunner, Joint Bookrunner,
Managing Underwriter and Joint Underwriter



AMINVESTMENT BANK BERHAD

(Registration No.: 197501002220 (23742-V))
(A Participating Organisation of Bursa Securities)

Joint Bookrunners and Joint Underwriters (in alphabetical order)



CIMB INVESTMENT BANK BERHAD
(Registration No.: 197401001266 (18417-M))



MAYBANK INVESTMENT BANK BERHAD
(Registration No.: 197301002412 (15938-H))
(A Participating Organisation of Bursa Securities)

Joint Underwriter



RHB INVESTMENT BANK BERHAD
(Registration No.: 197401002639 (19663-P))
(A Participating Organisation of Bursa Securities)

All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information” and “Definitions” commencing on pages x and xiv of this Prospectus, respectively.

RESPONSIBILITY STATEMENTS

The Directors of the Trustee-Manager, the Promoter and the Selling Unitholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

The Directors of the Trustee-Manager and the Promoter confirm that the bases and assumptions relied on in the preparation of the future financial information (as set out in Section 16 of this Prospectus) are reasonable.

AmlInvestment Bank, being the Principal Adviser, the Lead Bookrunner and Joint Bookrunner for the Institutional Offering, and the Managing Underwriter and Joint Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO. AmlInvestment Bank, being the Principal Adviser, is satisfied that the bases and assumptions relied on in the preparation of the future financial information (as set out in Section 16 of this Prospectus) are reasonable.

It is to be noted that the role of CIMB IB and Maybank IB in the IPO is limited to being Joint Bookrunners for the Institutional Offering and Joint Underwriters for the Retail Offering. It is to be noted that the role of RHB IB is limited to being a Joint Underwriter for the Retail Offering.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Securities for the listing and quotation of the Units being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the IPO, Prolintas Infra BT or the Units.

The valuation utilised for the purpose of the proposal should not be construed as an endorsement by the SC on the value of the Concession Companies.

This Prospectus has been registered by and lodged with the SC, who takes no responsibility for its contents. Investors should rely on their own evaluation to assess the merits and risks of the investment. Investors who are in any doubt as to the action to be taken should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers immediately.

NOTICE TO INVESTORS AND OTHER STATEMENTS

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 92A, 248, 249 and 357 of the CMSA.

The Units are offered to the public on the premise of full and accurate disclosure of all material information concerning the IPO, for which any of the persons set out in Section 236 of the CMSA, is responsible.

Prolintas Infra BT has been certified as being Shariah-compliant by the Shariah Adviser.

Investors should not take the agreement by the Managing Underwriter and the Joint Underwriters to underwrite the Units under the Retail Offering as an indication of the merits of the Units being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with the IPO. The Units are being offered solely on the basis of the information contained and representations made in this Prospectus. The Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, Joint Bookrunners, the Managing Underwriter and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and/or the Joint Underwriters or any of their respective directors, or any other persons involved in the IPO.

The distribution of this Prospectus and the IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. The Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit any offering of the Units based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of the Units in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of the Units in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

The Trustee-Manager will not, prior to acting on any acceptance in respect of the IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it.

It will be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. The Trustee-Manager will further assume that you had accepted the IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

However, the Trustee-Manager reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate any law or applicable legal or regulatory requirements.

It will be your sole responsibility to consult your legal and/or other professional adviser on the laws to which the IPO or you are or might be subjected to. Neither the Trustee-Manager nor the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter, the Joint Underwriters nor any other advisers in relation to the IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS/INTERNET APPLICATION

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Application may be subject to risks of data transmission, computer security threats including viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper or printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus, the contents of the paper or printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

- (i) each of Prolintas Infra BT, the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters does not endorse and is not affiliated in any way to the Third-Party Internet Sites. Accordingly, Prolintas Infra BT and the Trustee-Manager are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) each of Prolintas Infra BT, the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters is not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. Each of Prolintas Infra BT, the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, Managing Underwriter and the Joint Underwriters is also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties; and
- (iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. Each of Prolintas Infra BT, the Trustee-Manager, the Promoter, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters is not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or Date
Opening of the Institutional Offering	6 March 2024
Issuance of the Prospectus/Opening of the Retail Offering	10.00 a.m., 6 March 2024
Closing of the Retail Offering	5.00 p.m., 12 March 2024
Closing of the Institutional Offering	12 March 2024
Price Determination Date	13 March 2024
Balloting of applications for the IPO Units under the Retail Offering	14 March 2024
Transfer of the IPO Units to successful applicants	22 March 2024
Listing	25 March 2024

If there is any change to the timetable, the notice of changes will be advertised in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

References to “Trustee-Manager” are to “Prolintas Managers Sdn. Bhd.”, unless the context otherwise requires. Unless the context otherwise requires, references to “Management” are to the directors and senior management team of the Trustee-Manager as at the date of this Prospectus, and statements in this Prospectus as to beliefs, views, expectations, estimates and opinions of Prolintas Infra BT or the Trustee-Manager, are those of the Management.

All references to “Prolintas Infra BT” include references to the Trustee-Manager, in its capacity as the trustee-manager of Prolintas Infra BT, unless the context otherwise requires. All references to “Prolintas Infra BT Group” or “Trust Group” are to Prolintas Infra BT and its subsidiaries, taken as a whole. All references to “you” are to the prospective investors in Prolintas Infra BT.

All references to the “Selling Unitholder” and the “Promoter” are to “Projek Lintasan Kota Holdings Sdn. Bhd.”.

Any discrepancies in the tables between the amounts listed and the total amount in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall, where applicable, include corporations. A reference to a section is a reference to the relevant section of this Prospectus.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of the stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of the stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of the stock exchange for the time being in force and unless otherwise specified, is a reference to an enactment by Malaysia.

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the “LPD” in this Prospectus are to 7 February 2024, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on Prolintas Infra BT’s website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in the IPO Units.

This Prospectus includes statistical data provided by the Trustee-Manager and various third parties and cites third-party projections regarding the growth and performance of the industry in which Prolintas Infra BT operates and Prolintas Infra BT’s estimated market share. This data is taken or derived from information published by industry sources and from the Trustee-Manager’s internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from the Trustee-Manager or is extracted or derived from the Independent Market Research Report in Section 8 of this Prospectus prepared by Frost & Sullivan or from the Traffic Consultant’s Report as included in Section 18 of this Prospectus prepared by the Traffic Consultant. In compiling its data for the review, Frost & Sullivan and/or the Traffic Consultant relied on their research methodologies, industry sources, published materials, their private databanks and/or direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the projected figures will be achieved, and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION (Cont'd)

EBITDA and the related ratios presented in this Prospectus are supplemental measures of the Trust Group's performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of the Trust Group's financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies/trusts may not be possible. Other companies/trusts may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

The Trustee-Manager believes that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because the Trustee-Manager believes that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non- MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of the Trust Group's ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of the Trust Group's financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Trust Group's business.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding Prolintas Infra BT's financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Prolintas Infra BT's actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Trustee-Manager's present and future business strategies and the environment in which Prolintas Infra BT will operate in the future. Such forward-looking statements reflect the Trustee-Manager's current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies including the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) estimated financial information regarding the future development and economic performance of Prolintas Infra BT's business;
- (ii) future financial position, earnings, cash flow, level of indebtedness and liquidity;
- (iii) potential growth opportunities;
- (iv) financing plans;
- (v) the Trustee-Manager's business strategy;
- (vi) the competitive position and the effects of competition on Prolintas Infra BT's investment portfolio;
- (vii) the amount and nature of future capital expenditures required by Prolintas Infra BT;
- (viii) the general industry environment; and
- (ix) regulatory environment and the effects of future regulation.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond control, including, without limitation:

- (i) traffic volumes using the Highways held under Prolintas Infra BT's investment portfolio;
- (ii) finance costs, interest rates, tax rates and foreign exchange rates;
- (iii) future regulatory or government policy changes affecting Prolintas Infra BT;
- (iv) competitive environment of the industry in which Prolintas Infra BT operates;
- (v) reliance on licences, permits and approvals;
- (vi) general economic, business, social, political and investment environment where Prolintas Infra BT operates;
- (vii) continued availability of capital and financing;
- (viii) fixed or contingent obligations and commitments;
- (ix) changes in accounting standards and policies; and
- (x) other factors beyond control.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 15.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". There is no assurance that the forward-looking statements made in this Prospectus will be realized. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by Prolintas Infra BT, the Trustee-Manager, the Promoter, the Selling Unitholder or the advisers that such plans and objectives will be achieved. Should the Trustee-Manager become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of transfer of the IPO Units, the Trustee-Manager shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

SUBSIDIARIES OF PROLINTAS INFRA BT

DIRECT SUBSIDIARIES

AKLEH Co	:	Projek Lintasan Kota Sdn Bhd (199401034585 (320268-A))
GCE Co	:	Prolintas Expressway Sdn Bhd (199001010509 (202079-X))
LKSA Co	:	Projek Lintasan Shah Alam Sdn Bhd (200401015684 (654187-M))
SILK Co	:	Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (199501042016 (371220-V))

SUBSIDIARY OF SILK CO

Manfaat Tetap	:	Manfaat Tetap Sdn Bhd (200701031331 (789358-A))
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HIGHWAYS WITHIN THE TRUST GROUP

AKLEH	:	Ampang – Kuala Lumpur Elevated Highway
GCE	:	Guthrie Corridor Expressway
LKSA	:	Lebuhraya Kemuning – Shah Alam
SILK	:	Sistem Lingkaran Lebuhraya Kajang

GENERAL

Accountants' Report	:	Accountants' Report dated 9 February 2024 issued by the Reporting Accountants
Act	:	Companies Act, 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of the Units to the Official List of the Main Market of Bursa Securities
AGM	:	Annual general meeting
AHAM	:	AHAM Asset Management Berhad (199701036457 (429786-T))
AIIMAN	:	AIIMAN Asset Management Sdn. Bhd. (199301001937 (256674-T))
AmlInvestment Bank or Principal Adviser	:	AmlInvestment Bank Berhad (197501002220 (23742-V))
Applicable Laws and Requirements	:	Any and all laws, legislations, regulations, guidelines, rules and official requirements, guidance notes, practice notes and similar instruments applicable to business trusts from time to time including but not limited to the CMSA, the BT Guidelines, the Listing Requirements, the Rules of Bursa Depository, the Rules on Take-Overs, Mergers and Compulsory Acquisitions and taxation laws, rulings and guidelines including any modification, amendment or re-enactment thereto or thereof from time to time

DEFINITIONS *(Cont'd)*

Application	:	Application for the IPO Units by way of Application Form, Electronic Application or Internet Application
Application Forms	:	Application form for the application for the IPO Units under the Retail Offering accompanying this Prospectus
ASB	:	Amanah Saham Bumiputera
Assets	:	Means the entire assets of Prolintas Infra BT, and all of its permissible investments (as set out in Section 12.10.1 of this Prospectus) in the nature of assets in accordance with the approved accounting standards and generally accepted accounting practices in Malaysia, for the time being held or deemed to be held by the Trustee-Manager pursuant to the Trust Deed
ATM	:	Automated teller machine
Auditors Reporting Accountants	or :	Ernst & Young PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Application in respect of the payment for the IPO Units
BPMB	:	Bank Pembangunan Malaysia Berhad (197301003074 (16562-K))
BNM	:	Bank Negara Malaysia
Board or Board of Directors	:	Board of Directors of the Trustee-Manager
Book Closing Date	:	The specified time and date set by the Trustee-Manager for the purpose of determining the Unitholders' entitlement to the Distributions, new Units or other distributions or entitlements
BT Guidelines	:	Business Trusts Guidelines issued on 28 December 2012 by the SC, as amended from time to time
Bumiputera	:	In the context of: <ul style="list-style-type: none">(i) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;(ii) companies, a company which fulfils, amongst others, the following criteria or such other criteria as may be imposed by the MITI:<ul style="list-style-type: none">(a) registered under the Act or Companies Act 1965 as a private company;(b) its shareholders are 100% Bumiputera; and(c) its board of directors (including its staff) are at least 51% Bumiputera; and(iii) cooperatives, a cooperative whose shareholders or cooperative members are at least 95% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))

DEFINITIONS *(Cont'd)*

Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CA or Concession Agreement(s)	:	The concession agreements entered into between the Government and each of the Concession Companies (and as supplemented by supplemental concession agreements thereafter)
CAGR	:	Compound Annual Growth Rate
CCC	:	Certificate of Completion and Compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CIMB IB	:	CIMB Investment Bank Berhad (197401001266 (18417-M))
CMSA	:	Capital Markets and Services Act, 2007
CMSL	:	Capital Markets and Services Licence
Concession Companies	:	Collectively AKLEH Co, GCE Co, LKSA Co and SILK Co
Cornerstone Investors	:	Collectively, PNB (on behalf of the unit trust funds managed or established by PNB and/or its subsidiaries, which may participate in the Initial Public Offering of Prolintas Infra BT), AHAM Asset Management Berhad, AIIAN Asset Management Sdn Bhd, Lembaga Tabung Haji, Maybank Asset Management Sdn Bhd, Maybank Islamic Asset Management Sdn Bhd, Kenanga Investors Berhad and Kenanga Islamic Investors Berhad
DASH	:	Damansara-Shah Alam Elevated Expressway
Director(s)	:	Director(s) of the Trustee-Manager and within the meaning given in Section 2 of the CMSA
Distributable Amount	:	The amount available for distribution to the Unitholders and having the meaning as set out in Section 15.4 "Distributable Amount" of this Prospectus
Distributions	:	The amount of distribution to be paid to the Unitholders and having the meaning as set out in Section 12.9 "Distributions" of this Prospectus
DPU	:	Distribution per Unit
EBITDA	:	Earnings before interest, taxes, depreciation and amortisation
Electronic Application	:	Application for the IPO Units under the Retail Offering through a Participating Financial Institution's ATM
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to compact disc read only memory (CD-ROM)
Eligible Persons	:	Collectively, the Directors and key senior management of Prolintas Managers, eligible employees of the Trust Group and persons who have contributed to the success of the Trust Group
EPU	:	Earnings per Unit

DEFINITIONS *(Cont'd)*

ESG	:	Environmental, social and governance
Excess Unit(s)	:	IPO Unit(s) not taken up by the Eligible Persons under the Pink Form Allocation, which will be subject to clawback and reallocation provisions as detailed in Section 4.3.3 of this Prospectus
Final Retail Price	:	Final price per IPO Unit to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Forecast Year 2024	:	1 January 2024 to 31 December 2024
FPE	:	Financial period ended or where the context otherwise requires, financial period ending 30 September
Frost & Sullivan or IMR	:	Frost & Sullivan GIC Malaysia Sdn Bhd (200701010645 (768648-K))
FYE	:	Financial year ended or where the context otherwise requires, financial year ending 31 December
Government	:	Government of Malaysia
GP	:	Gross profit
GST	:	Goods and services tax
HDE	:	Highway development expenditure
IC	:	Interpretations Committee
ICMPS Guidelines	:	Guidelines on Islamic Capital Market Products and Services issued on 28 November 2022 by the SC, as amended from time to time
IFRS	:	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR Report	:	Independent market research report dated 9 February 2024 prepared by Frost & Sullivan
Independent Valuer or KPMG	:	KPMG Corporate Advisory Sdn Bhd (200101031627 (567386-P))
Initial Public Offering or IPO	:	Collectively, the Institutional Offering and the Retail Offering
Institutional Offering	:	Offering of up to 422,949,000 IPO Units at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to institutional and selected investors, including Bumiputera investors approved by the MITI
Institutional Price	:	Price per IPO Unit to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Application	:	Application for IPO Units under the Retail Offering through an Internet Participating Financial Institution

DEFINITIONS *(Cont'd)*

Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Application
IPO Units	:	Existing Units to be offered by the Promoter pursuant to the Offer for Sale
IRB	:	Inland Revenue Board of Malaysia
Islamic Financing	:	The Islamic financing to refinance the outstanding debt of the Concession Companies, working capital and additional capital expenditure required of up to RM2,700 million. Further details as set out in Section 6.1.8(ii) of this Prospectus
ISO	:	International Organisation for Standardisation
Issuing House	:	Malaysian Issuing House Sdn Bhd (199301003608 (258345-X))
Joint Bookrunners	:	AmlInvestment Bank, CIMB IB and Maybank IB
Joint Underwriters	:	AmlInvestment Bank, CIMB IB, Maybank IB and RHB IB
Klang Valley	:	Area covering the federal territories of Kuala Lumpur and Putrajaya, and 9 municipalities located in the state of Selangor: Shah Alam, Petaling Jaya, Klang, Kajang, Subang Jaya, Selayang, Ampang Jaya, Kuala Langat and Sepang
LAT	:	Loss after tax
LBT	:	Loss before tax
Lead Bookrunner	:	AmlInvestment Bank
Listing	:	The admission of Prolintas Infra BT to the Official List and listing and quotation of 1,100,000,000 Units on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Lock-Up Deeds	:	The lock-up deeds dated 14 February 2024 entered into between the Trustee-Manager and the Selling Unitholder in favour of the Joint Bookrunners, further details of which are set out in Section 4.9.3 of this Prospectus
LPD	:	7 February 2024, being the latest practicable date prior to the registration of this Prospectus with the SC
LRT	:	Light Rail Transit
LTH	:	Lembaga Tabung Haji (ACT 5351995)
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia, but excluding directors of the Trust Group, the Substantial Unitholders and persons connected with either of them
Managing Underwriter	:	AmlInvestment Bank

DEFINITIONS *(Cont'd)*

Market Day	:	A day on which Bursa Securities is open for trading in securities
MASB	:	Malaysian Accounting Standards Board
Master Cornerstone Placement Agreement	:	The master cornerstone placement agreement dated 14 February 2024 entered into between the Trustee-Manager, the Selling Unitholder, the Lead Bookrunner, the Joint Bookrunners and the Cornerstone Investors as details in Section 4.3.1 of this Prospectus
Maybank IB	:	Maybank Investment Bank Berhad (197301002412 (15938-H))
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement Control Order
MFRS	:	Malaysian Financial Reporting Standards
MHA	:	Malaysian Highway Authority (<i>Lembaga Lebuhraya Malaysia</i>)
MIA	:	Malaysian Institute of Accountants
Ministry of Works	:	Ministry of Works (<i>Kementerian Kerja Raya</i>)
MITI	:	Ministry of Investment, Trade and Industry of Malaysia (formerly known as Ministry of International Trade and Industry of Malaysia)
N/A	:	Not applicable
NA	:	Net assets
NRIC	:	Malaysian National Registration Identity Card
Offer for Sale	:	Offer for sale of up to 468,700,000 IPO Units by the Promoter under the Institutional Offering and Retail Offering
Official List	:	A list specifying all securities listed on Bursa Securities
O&M	:	Operation and maintenance
O&M Services	:	Operation and maintenance services including, amongst others, routine maintenance services, ad-hoc repair and maintenance services and toll operation services.
Ordinary Resolution	:	A resolution at a meeting of the Unitholders convened and held in accordance with the Trust Deed and to be approved by a simple majority of votes validly cast of those present and entitled to vote
Over-allotment Option	:	The over-allotment option to be granted by the Promoter to the stabilising manager, being AmlInvestment Bank (on behalf of other placement managers to be determined later, if any)
Over-allotment Option Provider	:	PLKH
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Application
PAT	:	Profit after taxation

DEFINITIONS *(Cont'd)*

PBT	:	Profit before taxation
PCSSSB	:	Prolintas Corporate Shared Services Sdn Bhd (202201019286 (1464983-H))
Period Review	Under :	Collectively, FYE 2020, FYE 2021, FYE 2022 and FPE 2023
PHSSB	:	Prolintas Highway Services Sdn Bhd (201701006905) (1221070-V))
Pink Application Form	:	Application form for the application of the IPO Units under the Retail Offering by the Eligible Persons accompanying this Prospectus
Pink Allocation Form	:	The allocation of 18,251,000 IPO Units to Eligible Persons under the Retail Offering
Placement Agreement	:	The placement agreement to be entered into by the Trustee-Manager, the Selling Unitholder, the Lead Bookrunner and the Joint Bookrunners in respect of such number of IPO Units to be offered under the Institutional Offering
PLKH or Promoter	:	Projek Lintasan Kota Holdings Sdn Bhd (199501002180 (331374-X))
PLKH Group	:	Collectively, PLKH and its subsidiaries
PNB	:	Permodalan Nasional Berhad (197801001190 (38218-X))
Pre-IPO Acquisition	:	Acquisition by Prolintas Managers (on behalf of Prolintas Infra BT) of the share capital of the Concession Companies from PLKH in connection with the Listing. Further details as set out in Section 6.1.8(i) of this Prospectus
Pre-IPO Reorganisation	:	The pre-IPO reorganisation of employees between Turnpike and the respective Concession Companies under the Trust Group by Prolintas Managers in connection with the Listing. Further details as set out in Section 6.1.8(iii) of this Prospectus
Pre-IPO Restructuring	:	Collectively, the Pre-IPO Acquisition, Islamic Financing and Pre-IPO Reorganisation
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Profit and Cash Flows Forecast	:	The forecasted statement of comprehensive income and statement of cash flows for Forecast Year 2024 of the Trust Group
Prolintas Infra BT Group or the Trust Group	:	Collectively, Prolintas Infra BT, AKLEH Co, GCE Co, LKSA Co, SILK Co and Manfaat Tetap
Prolintas Infra BT or the Trust	:	Prolintas Infra Business Trust, an Islamic business trust constituted in Malaysia under the Trust Deed and registered with the SC on 11 December 2023
Promoter	:	Projek Lintasan Kota Holdings Sdn Bhd (199501002180 (331374-X))
Proposals	:	Collectively, the IPO and Listing
Prospectus	:	This Prospectus dated 6 March 2024 issued by the Trustee-Manager

DEFINITIONS (Cont'd)

Prospectus Guidelines	:	Prospectus Guidelines issued by the SC on 28 December 2012 (and revised on 30 June 2022), as amended from time to time
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Retail Offering	:	Offer for sale by the Promoter of IPO Units at an IPO price to be determined later, to be allocated in the following manner: (a) offer for sale of 18,251,000 Units to Eligible Persons; and (b) offer for sale of 27,500,000 Units to the Malaysian Public.
Retail Price	:	Initial price of RM0.95 per IPO Unit to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.5.1 of this Prospectus
Retail Underwriting Agreement	:	The retail underwriting agreement dated 14 February 2024 entered into between the Trustee-Manager, the Selling Unitholder, the Managing Underwriter and the Joint Underwriters for the underwriting of the IPO Units under the Retail Offering
RHB IB	:	RHB Investment Bank Berhad (197401002639 (19663-P))
RM and sen	:	Ringgit Malaysia and sen
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SBA	:	Sale of business agreement dated 11 December 2023 entered into between Prolintas Managers (on behalf of Prolintas Infra BT) and PLKH to acquire the entire issued share capital of the respective Concession Companies for an aggregate purchase consideration of RM1,100 million, which will be fully satisfied via the issuance of 1,100,000,000 new Units at an issue price of RM1.00 per Unit in connection with the Pre-IPO Acquisition
SC	:	Securities Commission Malaysia
SCA(s)	:	Supplemental Concession Agreement(s)
SCA(s) 2022	:	The supplemental Concession Agreement(s) entered into between the Government and each of the Concession Companies dated 12 October 2022
Selling Unitholder	:	PLKH
Shariah Adviser or Amanie	:	Amanie Advisors Sdn Bhd (200501007003 (684050-H))
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SKPL	:	Sijil Kesempurnaan Pembinaan Lebuhraya (Certificate Of Completion For Highway Construction)

DEFINITIONS *(Cont'd)*

Special Resolution	:	A resolution passed by Unitholders holding in aggregate not less than 75% of the voting rights of all the Unitholders who being entitled to do so, vote in person or by proxy present at a meeting; provided that for the purpose of the winding-up of Prolintas Infra BT, a Special Resolution means a resolution approved by a majority of Unitholders holding in aggregate not less than 75% of the value of the Units held by the Unitholders at the meeting, who being entitled to do so, vote in person or by proxy on a poll at the meeting
Stabilising Manager	:	AmlInvestment Bank
Strathairlie Interchange	:	An interchange known as Strathairlie Interchange which is required to be built on GCE pursuant to the Concession Agreement for GCE
Substantial Unitholders	:	PLKH, PNB, ASB, YPB, LTH, AHAM and AIIMAN, being persons who have an interest in the Units, the nominal amount of which is not less than 5.0% of the aggregate nominal amount of all Units in Prolintas Infra BT
SUKE	:	Sungai Besi-Ulu Kelang Elevated Expressway
Toll Restructuring	:	The toll restructuring exercise carried out by the Government and the Concession Companies through the respective SCAs 2022 to, amongst others, reduce the toll rates and extend the toll concession periods
Traffic Consultant	:	Perunding Trafik Klasik Sdn. Bhd. (199401014880 (300560-H))
Traffic Consultant Report	:	Traffic consultant report dated 9 February 2024 prepared by the Traffic Consultant
Trust Deed	:	Trust Deed dated 11 December 2023 constituting Prolintas Infra BT
Trustee-Manager or Prolintas Managers	:	Prolintas Managers Sdn. Bhd. (202201019689 (1465386-M))
Turnpike	:	Turnpike Synergy Sdn Bhd (201101036173 (964307-M))
Unit(s)	:	Undivided interest in Prolintas Infra BT as provided in the Trust Deed
Unitholders' Meeting	:	A meeting of Unitholders and having the meaning as set out in Section 12.11 "Meeting of Unitholders" of this Prospectus
Unit Lending Agreement	:	The agreement entered into by the Over-allotment Option Provider and the Stabilising Manager under which the Over-allotment Option Provider will lend the Units to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Unitholder(s)	:	Holder(s) of Prolintas Infra BT Unit(s)
Unit Registrar	:	Boardroom Share Registrars Sdn Bhd (199601006647 (378993-D))
Year 2023	:	1 January 2023 to 31 December 2023
YPB	:	Yayasan Pelaburan Bumiputra (197801000107 (37113-P))
y-o-y	:	year-on-year

GLOSSARY OF TECHNICAL TERMS

AADT	: Average annual daily traffic
ADT	: Average daily traffic
ALB	: Automatic Lane Barrier, to block users from passing through before payment has been made at a toll plaza
CCTV	: Closed-circuit television, a video surveillance system to monitor activity in an area or building, using a television system in which signals are transmitted from a television camera to the receivers by cables or telephone links forming a closed circuit
Corrective or curative maintenance	: Maintenance task performed to identify, record and repair any defect/damage to restore the condition of an asset or rectify faulty equipment to an operational condition so it can perform its intended function
Closed toll system	: A system where road users are charged at the exit of the highway where the toll rate is normally dependent upon the distance travelled
C&S	: Civil and structure, areas related to road structure and buildings
E&E	: Electrical and Electronics, areas related to electrical and electronic system
ETC	: Electronic Toll Collection, which collects tolls from road users via third-party electronic payment systems or method
Interchange	: A structure that connects two or more highways or roads, allowing traffic to transfer from one roadway to another without stopping. It typically involves a combination of ramps, bridges, tunnels, and other structures to facilitate the movement of vehicles in different directions
LED	: Light emitting diode, a semiconductor device that emits light
Mainline length	: Mainline length is the length from point to point on the highway excluding the interchange(s), ramps and junctions
Open toll system	: A system where road users are charged a fixed toll rate once they pass through the toll plaza
PCA	: Pavement Condition Assessment, periodic assessment and reporting of pavement condition
PERONDA	: PROLINTAS Emergency Response & Patrol Team, a team that patrols at the Highways within the Trust Group
PRIME	: PROLINTAS Integrated Maintenance Escalations, a reporting system for maintenance of assets apart from roads
Preventive maintenance	Maintenance works to prevent major issues of highway assets failure that are repetitive, cyclical or periodic in nature
RFID	: Touch 'n Go RFID, a sticker that is embedded with a radiofrequency identification chip
Routine maintenance	: Maintenance works are performed to maintain the safety of road users, traffic comfort, uninterrupted traffic flow as well as maintain functionality and aesthetics of the assets, that are repetitive, cyclical or periodic in nature

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

RSAs	: Rest and service areas, areas at the highway that provide facilities such as food and beverage stalls, retail outlets, public washrooms, prayer rooms, and parking lots
S3	: Smart Surveillance System, a fully integrated artificial intelligence and machine-learning based system used to detect and notify as well as mobilises the relevant parties and assets to address road incidents
SDWAN	: Software Defined Wide Area Network, a technology using Internet Protocol Virtual Private Network (IPVPN), which allows a remote and secured interconnectivity
TMC	: Traffic Management Centre, traffic control centre located at each of the Highways within the Trust Group
Toll lanes	: Lanes that are in operation for toll collection
VMS	: Variable Message Signs, a digital display system where traffic information can be updated and conveyed to the public quickly
Urban highways	: Highways that start and end in the same urban area or highways that connect different urban areas

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1. CORPORATE DIRECTORY

TRUSTEE-MANAGER : Prolintas Managers Sdn. Bhd.
(202201019689 (1465386-M))

REGISTERED OFFICE & BUSINESS OFFICE : 12th Floor Menara PNB,
201-A Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia.
Tel. No: +603 2164 2450
Website: <https://www.prolintasinfra.com.my>
Email: info@prolintasmanagers.com.my

BOARD OF DIRECTORS OF THE TRUSTEE-MANAGER

Name	Designation	Nationality	Address
Dato' Ikmal Hijaz Bin Hashim	Non-Independent Non-Executive Chairman	Malaysian	No. 15, Jalan Teratak, U8/95C, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Dato' Mohammad Azlan Bin Abdullah	Non-Independent Non-Executive Director	Malaysian	11, Jalan Setia Duta U13/21D, Bandar Eco Setia, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia
Dato' Abdul Mutalib Bin Alias	Independent Non- Executive Director	Malaysian	No. 69, Jalan PJU 1A/36, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Datuk Syed Azmi Bin Syed Othman	Independent Non- Executive Director	Malaysian	32, Jalan Bola Lisut, 13/17, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia
Nik Fazila Binti Nik Mohamed Shihabuddin	Independent Non- Executive Director	Malaysian	53, Jalan 1/27D, Seksyen 6, Wangsa Maju, 53300 Kuala Lumpur, Malaysia
Datin Nona Binti Salleh	Independent Non- Executive Director	Malaysian	No.10 Jalan Dutamas Mawar 1, Changkat Kiara Rimbun, 50480 Kuala Lumpur, Malaysia
Malik Parvez Ahmad Bin Nazir Ahmad	Non-Independent Executive Director	Malaysian	No.2, Montana Melawati, Desa Melawati, 53100 Kuala Lumpur, Malaysia

AUDIT COMMITTEE

Name	Designation	Directorship
Nik Fazila Binti Nik Mohamed Shihabuddin	Chairman	Independent Non-Executive Director
Dato' Abdul Mutalib Bin Alias	Member	Independent Non-Executive Director
Datuk Syed Azmi Bin Syed Othman	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

GOVERNANCE, RISK AND INTEGRITY COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datin Nona Binti Salleh	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Dato' Abdul Mutalib Bin Alias	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Abdul Mutalib Bin Alias	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Datuk Syed Azmi Bin Syed Othman	Member	Independent Non-Executive Director

TENDER COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datuk Syed Azmi Bin Syed Othman	Chairman	Independent Non-Executive Director
Nik Fazila Binti Nik Mohamed Shihabuddin	Member	Independent Non-Executive Director
Datin Nona Binti Salleh	Member	Independent Non-Executive Director

INVESTMENT COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datin Nona Binti Salleh	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Nik Fazila Binti Nik Mohamed Shihabuddin	Member	Independent Non-Executive Director

KEY SENIOR MANAGEMENT OF THE TRUSTEE-MANAGER

<u>Name</u>	<u>Designation</u>	<u>Nationality</u>	<u>Address</u>
Malik Parvez Ahmad Bin Nazir Ahmad	Chief Executive Officer	Malaysian	No.2, Montana Melawati, Desa Melawati, 53100 Kuala Lumpur, Malaysia
Azmee Bin Nin	General Manager (Highway Operations)	Malaysian	11A, Jalan Subang Permai U6/1, Desa Subang Permai, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Mukholisah Binti Mohd Majid	Financial Controller	Malaysian	1423, Jalan TBK 7/3-1, Kepayang Heights, Taman Bukit Kepayang, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES OF THE TRUSTEE-MANAGER	:	Nurdiana Binti Kamarudin LS0009805 (SSM PC No. 202108000224) No. 33, Jalan 4/14, Garden Heights, Bandar Tasik Puteri, 48020 Rawang, Selangor Darul Ehsan, Malaysia	
		Leong Shiak Wan MAICSA 7012855 (SSM PC No. 202008002757) c/o Boardroom Corporate Services Sdn Bhd 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	
		Zuriati Binti Yaacob LS0009971 (SSM PC No. 202008003191) c/o Boardroom Corporate Services Sdn Bhd 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	
SELLING UNITHOLDER	:	Projek Lintasan Kota Holdings Sdn Bhd 12th Floor Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young PLT Level 23A Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia Tel. No.: +603 7495 8000	
		Partner-in-charge 1: Najihah Binti Khalid Professional qualification: Association of Chartered Certified Accountants (ACCA) (MIA membership No.: 32919)	
		Partner-in-charge 2: Ahmad Zahirudin Bin Abdul Rahim Professional qualification: Institute of Chartered Accountants in England and Wales (ICAEW) (MIA membership No.: 15121)	
PRINCIPAL ADVISER, MANAGING UNDERWRITER AND LEAD BOOKRUNNER	:	AmInvestment Bank Berhad Level 22, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia Tel. No.: +603 2036 2633	
JOINT UNDERWRITERS <i>(in alphabetical order)</i>	:	AmInvestment Bank Berhad Level 22, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia Tel. No.: +603 2036 2633	CIMB Investment Bank Berhad 17 th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia Tel. No.: +603 2261 8888

1. CORPORATE DIRECTORY (Cont'd)

	Maybank Investment Bank Berhad 32 nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur, Malaysia Tel. No.: +603 2059 1888	RHB Investment Bank Berhad Level 13, Tower 3, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur, Malaysia Tel. No.: +603 9287 3888
JOINT BOOKRUNNERS <i>(in alphabetical order)</i>	AmInvestment Bank Berhad Level 22, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia Tel. No.: +603 2036 2633	CIMB Investment Bank Berhad 17 th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia Tel. No.: +603 2261 8888
	Maybank Investment Bank Berhad 32 nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur, Malaysia Tel. No.: +603 2059 1888	
LEGAL ADVISERS	<i>To the Trustee-Manager</i>	<i>To the Lead Bookrunner, Joint Bookrunners, Managing Underwriter and Joint Underwriters</i>
	Kadir, Andri & Partners Suite A-38-8, Level 38 Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur, Malaysia Tel. No.: +603 2780 2888	Rahmat Lim & Partners Suite 33.01, Level 33, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia Tel. No.: +603 2299 3888 Fax: +603 2287 1616
INDEPENDENT MARKET RESEARCHER	Frost & Sullivan GIC Malaysia Sdn Bhd Level 6.06, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel. No.: +603 2023 2000 Fax: +603 2023 2100 Name of signing partner: Narciso Podda (Director, Business & Financial Services) <i>(See Section 8 of this Prospectus for the profile of the firm and signing partner)</i>	
INDEPENDENT VALUER	KPMG Corporate Advisory Sdn Bhd Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel. No.: +603 7721 3388 Fax: +603 7721 7677 <i>(See Section 19 of this Prospectus for the profile of the firm and signing partner)</i>	

1. CORPORATE DIRECTORY (Cont'd)

- TRAFFIC CONSULTANT** : **Perunding Trafik Klasik Sdn Bhd**
L13A-01-02, Level 13A, PJX-HM Shah Tower
16A Persiaran Barat,
46050 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No.: +603 7932 3266
Fax: +603 7932 3261
(See Section 18 of this Prospectus for the profile of the firm and signing partner)
- TAXATION ADVISER** : **Ernst & Young Tax Consultants Sdn Bhd**
Level 23A, Menara Milenium
Jalan Damaniela, Pusat Bandar Damansara
50490, Kuala Lumpur, Malaysia
Tel No.: +603 7495 8000
Fax: +603 2095 5332
Partner-in-charge: Farah Rosley
- UNIT REGISTRAR** : **Boardroom Share Registrars Sdn. Bhd**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel No: +603 7890 4700
Fax: +603 7890 4670
- ISSUING HOUSE** : **Malaysian Issuing House Sdn. Bhd**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel No: +603 7890 4700
Fax: +603 7890 4680
- SHARIAH ADVISER** : **Amanie Advisors Sdn Bhd**
Level 13A-2
Menara Tokio Marine,
189, Jln Tun Razak,
50400 Kuala Lumpur, Malaysia
Tel. No.: +603 2161 0260
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Islamic business trust

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

- (i) The SC has, via its letter dated 17 November 2023, approved the application by Prolintas Managers for a CMSL for the regulated activity of fund management in relation to asset management restricted to business trust subject to fulfilment of the conditions as stipulated therein.

Consequential to the approval, the SC also approved the individual appointments of Prolintas Managers, including the licensed director, chief executive, responsible person for compliance and the Capital Markets Services Representative's Licence for the regulated activity of fund management in relation to asset management restricted to business trust ("**CMSRL**").

Upon fulfilment of the conditions stipulated by the SC in the letter dated 17 November 2023, the SC has on 7 December 2023 granted the CMSL to Prolintas Managers and the CMSRL to Dato' Mohammad Azlan Bin Abdullah and Malik Parvez Ahmad Bin Nazir Ahmad.

- (ii) The SC has, via its letter dated 1 December 2023, approved the following:
- (A) The establishment and listing of Prolintas Infra BT, an Islamic business trust, on the Main Market of Bursa Securities under Section 214(1) of the CMSA, subject to the conditions below:

No	Details of conditions imposed	Status of compliance
(a)	Prolintas Managers to get an approval from the SC for it to be licensed for fund management in relation to asset management, restricted to business trust, pertaining to the registration of Prolintas Infra BT; and	Complied
(b)	AmlInvestment Bank and Prolintas Managers to fully comply with the requirements of the BT Guidelines and Prospectus Guidelines pertaining to the establishment and operation of Prolintas Infra BT as a business trust as well as the implementation of the Listing.	To be complied

- (B) The SC has also, via the same letter, approved the resultant unitholding structure of Prolintas Infra BT under the Bumiputera equity requirement for public listed companies pursuant to the Listing. The effects of the Listing on the unitholding structure of Prolintas Infra BT are as follows:

Category of Unitholders	After the IPO	
	No. of Units	% of total Units in issue
Bumiputera		
- Bumiputera investors to be approved by MITI	(¹)137,500,000	12.50
- Bumiputera public investors via balloting	(¹)13,750,000	1.25
Total Bumiputera	151,250,000	13.75
Non-Bumiputera	948,750,000	86.25
Total Malaysian	1,100,000,000	100.0
Foreigners	-	-
Total	1,100,000,000	100.0

Note:

- (1) Assuming all Units allocated to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting are fully subscribed.

2. INTRODUCTION (Cont'd)

- (iii) Upon fulfilling the terms and conditions stipulated by the SC in the letter dated 1 December 2023, the SC has, via its letter dated 11 December 2023, approved the registration of Prolintas Infra BT under Section 256K(2) of the CMSA.
- (iv) The MITI has, via its letter dated 13 December 2023, stated that it has taken note and has no objection for Prolintas Infra BT to implement the Listing. The MITI also noted that 137,500,000 Units, representing 12.50% of total Units of the Trust are Units allocated for Bumiputera investors approved by MITI. Therefore, Prolintas Infra BT will be in compliance with the 12.5% Bumiputera equity requirement.
- (v) Bursa Securities has, via its letter dated 7 February 2024, approved the admission of Prolintas Infra BT to the Official List of the Main Market and for the listing and quotation for 1,100,000,000 Units under the "Business Trust" sector of the Main Market of Bursa Securities. The conditions imposed by Bursa Securities and the status of compliance are as follows:

<u>Details of condition imposed</u>	<u>Status of compliance</u>
Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, Prolintas Infra BT is advised to include the Stock Code, Stock Short Name and ISIN code upon making the announcement on timetable for the IPO;	To be complied
Make an immediate announcement upon the closing date of the offer that the IPO of Prolintas Infra BT is subject to stabilisation action; and	To be complied
To furnish Bursa Securities a copy of the schedule of distribution showing compliance to the unit spread requirements based on the entire units of Prolintas Infra BT on the first day of Listing.	To be complied

2.2 RELIEFS AND VARIATION

Reliefs and variation from the BT Guidelines

- (i) The SC has, via its letter 1 December 2023, approved the reliefs sought by the Trustee-Manager from having to comply with certain requirements under the BT Guidelines. The details of the reliefs sought are as follows:

<u>Reference</u>	<u>Details of the reliefs granted</u>
Paragraphs 9.20 of the BT Guidelines	Relief to allow for the placement of IPO Units under the Institutional Offering to identified persons connected to the placement agents.
Paragraph 9.22(a) of the BT Guidelines	Relief to allow for the placement of IPO Units under the Institutional Offering, to identified funds managed or established by PNB, ASB, their subsidiaries and persons connected to them.

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2. INTRODUCTION (Cont'd)

2.3 MORATORIUM ON UNITS

In accordance with the BT Guidelines, the Units held by PLKH, being the moratorium provider, as at the date of the Listing will be placed under moratorium. In this respect, the Units that are subject to moratorium are set out below:

	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
	No. of Units	(1)%	No. of Units	(1)%
PLKH	631,300,000	57.4	561,000,000	51.0

Note:

(1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT upon Listing.

PLKH has fully accepted the moratorium. It is not allowed to sell, transfer or assign any part of its holding in the Units as at the date of the Listing for a period of six months from the date of Listing.

The above moratorium restrictions are specifically endorsed on the certificates representing the Units held by PLKH which are under moratorium to ensure that the Unit Registrar does not register any sale, transfer or assignment that contravenes such restriction.

The following persons are not allowed to sell, transfer or assign their entire shareholdings in respect of the following entities for a period of six months from the date of Listing:

- (i) the direct shareholders of PLKH, namely PNB and ASB, in respect of their respective shareholding in PLKH.

The above restrictions do not apply:

- (i) in respect of the Units that may be sold pursuant to the Over-allotment Option to be granted by the Over-allotment Option Provider to the Stabilising Manager; and
- (ii) to the transfer of the Units by the Over-allotment Option Provider as contemplated under the Unit Lending Agreement, provided that the restriction will apply to the Units returned to the Over-allotment Option Provider pursuant to the Unit Lending Agreement.

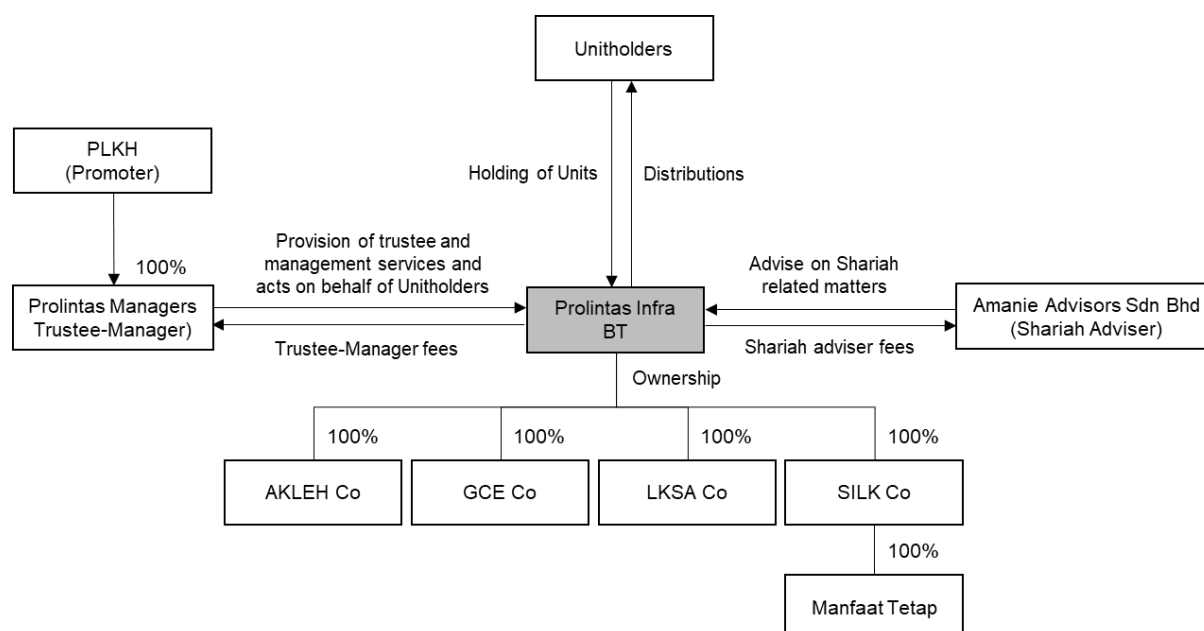
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3. PROSPECTUS SUMMARY

This Prospectus Summary is only a summary of the salient information on the IPO and the Prolintas Infra BT Group. It does not contain all the information that may be important to you. Investors should read and understand the whole Prospectus prior to deciding on whether to invest in the Units. There are fees and expenses involved and investors are advised to consider them before investing in Prolintas Infra BT.

3.1 OVERVIEW OF PROLINTAS INFRA BT

Prolintas Infra Business Trust is an Islamic business trust constituted under the laws of Malaysia under the Trust Deed and registered with the SC on 11 December 2023 and is managed by Prolintas Managers, the Trustee-Manager. The following diagram illustrates the relationship between Prolintas Infra BT, the Trustee-Manager, the Shariah Adviser and the Unitholders upon the Listing:



(I) SUMMARY OF PROLINTAS INFRA BT

Deed and governing law : Deed dated 11 December 2023 governed by the laws of Malaysia

Total Issue Size : 1,100,000,000 Units

Investment Policy and Objectives : The objectives of the Trust are to provide Unitholders with stable Distributions per Unit with the potential for sustainable long term growth of such Distributions.

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3. PROSPECTUS SUMMARY (Cont'd)

Key investment strategies : (i) Organic growth through proactive management

The Trustee-Manager will focus on organic growth of the Highways with value-added services such as petrol stations, convenience stores and electric vehicle charging stations along the Highways.

The Trustee-Manager is also focused on realising cost efficiencies within the Trust Group. The Trustee-Manager also intends to focus on strengthening internal processes and systems to improve the utilisation of resources and reduce costs in order to achieve sustainable long-term growth.

(ii) Capital and risk management

The Trustee-Manager targets to optimise returns to investors while ensuring financial prudence. To achieve this goal, the Trustee-Manager intends to optimise the capital structure and cost of capital of the Trust Group. The optimal capital structure may comprise an appropriate combination of debt and equity in funding acquisitions of other highways into the Trust.

(iii) Strategic growth via the acquisition of income-generating highways

The Trustee-Manager intends to source and selectively acquire future highway assets with the objective of delivering strong returns to Unitholders.

Currently, the Promoter, PLKH, is managing and operating two highways, DASH and SUKE which commenced operations in October 2022 and September 2022, respectively. Prolintas Infra BT has been granted the right of first refusal over potential future acquisitions of income-generating highway assets from the Promoter pursuant to the terms of the SBA. This gives Prolintas Infra BT priority access to the Promoter's assets, providing a potential expansion of its portfolio. The injection of DASH and SUKE to the Trust, if any, is expected to be within the medium to long term (i.e., beyond 5 years from Listing).

Permissible investments : Subject to the provisions of the Trust Deed, the Applicable Laws and Requirements and compliance on Shariah requirements, the Trust may only invest in the following investments, directly or indirectly, subject to the provisions of the BT Guidelines:

- (a) a Shariah-compliant portfolio of investments, namely, shares, units, securities, instruments, partnership interests, any other form of economic or participatory interests, and/or any other equity and/or ownership interests, in any corporation, business, firm, partnership, trust and/or other form of entity (incorporated or otherwise) which develops, operates and/or maintains tolled highways, and/or assets comprised in the business of the development, operation and/or maintenance of tolled highways, and other related businesses, assets, undertakings and/or activity which is associated with, ancillary to or incidental to the development, operation and/or maintenance of tolled highways;
- (b) cash, Islamic deposits and Islamic money market instruments; and/or

3. PROSPECTUS SUMMARY (Cont'd)

- (c) any other Shariah-compliant units, securities, instruments, partnership interests and/or any other form of economic or participatory interests, and/or investment products as may be permitted by the SC.

Distribution policy : **No inference should be made from any of the following statements as to the Trust Group's actual ability to pay distributions in future.**

For the Period Under Review and up to the LPD, the Concession Companies have not declared and/or paid dividends to its shareholder (i.e., PLKH) save as disclosed below and as disclosed in Section 15.4 of the Prospectus:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>From 1 January 2023 up to the LPD</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Dividends paid	-	⁽¹⁾ 27,000	⁽²⁾ 23,400	-

Notes:

- (1) A final single tier dividend of RM0.15 per share of GCE Co in respect of FYE 2020, declared on 21 June 2021 and paid on 29 June 2021.
- (2) A final single tier dividend of RM0.13 per share of GCE Co in respect of FYE 2021, declared on 17 May 2022 and paid on 29 June 2022.

Since the establishment of the Trust, there have not been any distributions made on the Units.

Upon Listing, it is the intention of the Trustee-Manager to provide its Unitholders with stable and sustainable distributions, which is reflective of its underlying financial performance. In that respect, the Trustee-Manager intends to distribute yearly distributions of at least 90% of the Trust Group's Distributable Amount. Based on Forecast Year 2024, the Distributable Amount for the Trust Group is forecasted to be approximately RM68.7 million, whereas 90% thereof is RM61.8 million. Nevertheless, for FYE 2024, the Trustee-Manager will distribute a total Distribution of RM70.0 million, which is further illustrated in Section 16.4 of this Prospectus. The total Distribution will be paid out in two tranches in FYE 2024 and in FYE 2025 respectively. Any proposed distributions as may be determined by the Trustee-Manager will take into consideration, the Trust and/or Trust Group's funding requirements, financial position, business prospects and expected financial performance, projected levels of capital expenditure and other investment plans, working capital requirements.

Further details of the Trust Group's distribution policy are set out in Section 15.4 of this Prospectus.

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3. PROSPECTUS SUMMARY (Cont'd)

Set out below the reconciliation of the Trust Group's PBT to proposed distributions for Forecast Year 2024:

	Forecast Year 2024
	(RM'000)
Profit before tax	23,069
Adjusted for:	
Add: Amortisation of highway development expenditure	47,201
Add: Unwinding discount in relation to lane widening on SILK and construction of Strathairlie Interchange on GCE	11,690
Less: Income tax paid	(13,198)
Less: Capital expenditure for upgrading and development works which is not funded by debt/Islamic financing (including lane widening on SILK and construction of Strathairlie Interchange on GCE)	(10,137)
Add: Listing expenses	10,080
Distributable Amount	68,705
Add: Utilisation of existing cash balance of the Trust Group	1,295
Distributions	70,000

3.2 PARTICULARS OF THE IPO AND PLAN OF DISTRIBUTION

The IPO : Up to 468,700,000 Units in Prolintas Infra BT comprising an Offer for Sale, representing up to about 42.61% of the total Units in issue.

Institutional Offering : Institutional Offering at the Institutional Price is payable in full upon allocation and determined by way of bookbuilding.

The Institutional Offering involves the offering of up to 422,949,000 IPO Units, representing up to about 38.45% of the total Units in issue, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus respectively, at the Institutional Price to the following persons:

- (i) up to 137,500,000 IPO Units, in aggregate, representing up to about 12.50% of the total Units in issue to Bumiputera investors approved by the MITI; and
- (ii) up to 285,449,000 IPO Units, in aggregate, representing up to about 25.95% of the total Units in issue to institutional and selected investors (other than Bumiputera investors approved by the MITI).

Further information on the Institutional Offering is set out in Section 4.3.1 of the Prospectus.

Retail Offering : Retail Offering at the Retail Price of RM0.95 per Unit is payable in full upon application. If the Final Retail Price is less than the Retail Price, the difference will be refunded to the investors.

3. PROSPECTUS SUMMARY (Cont'd)

The Retail Offering involves the offering of up to 45,751,000 IPO Units, representing about 4.16% of the total Units in issue, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, at the Retail Price to be allocated in the following manner:

- (i) **Allocation to the Eligible Persons**
18,251,000 IPO Units, representing about 1.66% of the total Units in issue, are reserved for application by the Eligible Persons.
- (ii) **Allocation via balloting to the Malaysian Public**
27,500,000 IPO Units, representing about 2.50% of the total Units in issue, are reserved for application by the Malaysian Public of which 13,750,000 Units have been set aside for application by Bumiputera citizens, individuals, companies, co-operatives, societies and institutions.

Further information on the Retail Offering is set out in Section 4.3.2 of the Prospectus.

Use of Proceeds : As Prolintas Infra BT will not be issuing any new Units for the IPO, the Trust will not receive any proceeds from the IPO. The estimated listing expenses (including expenses for the Pre-IPO Restructuring but excluding expenses related to the Offer for Sale by the Selling Unitholder) of approximately RM9.48 million to be incurred will be funded through internally generated funds of the Trust Group. Further information on the use of proceeds from the Offer for Sale is set out in Section 4.7 of the Prospectus.

Moratorium on Units : In accordance with the BT Guidelines, the Units held by PLKH, being the moratorium provider, as at the date of the Listing will be placed under moratorium. In this respect, the Units that are subject to moratorium are set out below:

	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
	No. of Units	⁽¹⁾%	No. of Units	⁽¹⁾%
PLKH	631,300,000	57.4	561,000,000	51.0

Note:

(1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT upon Listing.

PLKH has fully accepted the moratorium. It is not allowed to sell, transfer or assign any part of its holding in the Units as at the date of the Listing for a period of six months from the date of Listing.

The direct shareholders of PLKH, namely PNB and ASB, are not allowed to sell, transfer or assign their entire shareholdings in PLKH for a period of six months from the date of Listing.

Further information on the moratorium is set out in Section 2.3 of the Prospectus.

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3. PROSPECTUS SUMMARY *(Cont'd)*

3.3 INFORMATION ON PROLINTAS INFRA BT TRUST GROUP

The Trust had on 21 December 2023 completed the Pre-IPO Acquisition and formed the Trust Group. The Trust Group is principally involved in the:

- (i) construction, toll collection, operation and maintenance of the Highways; and
- (ii) provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience.

The summary of the Highways held by the Trust Group (through the Concession Companies) are as follows:

	<u>AKLEH</u>	<u>GCE</u>	<u>LKSA</u>	<u>SILK</u>
Date of Concession Agreement	16 May 1996	18 July 2000	27 November 2006	8 October 1997
Expiry of concession	15 May 2037	31 May 2062	31 July 2062	31 July 2062
Remaining tenure as at the LPD	13 years 3 months	38 years 4 months	38 years 6 months	38 years 6 months
Mainline length	7.4 km	25.0 km	14.7 km	37.0 km
Location	Kuala Lumpur	Selangor	Selangor	Selangor
Name of toll plaza(s)	▪ Datuk Keramat Toll Plaza	▪ Bukit Jelutong Toll Plaza ▪ Elmina Toll Plaza ▪ Lagong Toll Plaza	▪ Seri Muda Toll Plaza ▪ Alam Impian Toll Plaza	▪ Sungai Long Toll Plaza ▪ Bukit Kajang Toll Plaza ▪ Sungai Ramal Toll Plaza ▪ Sungai Balak Toll Plaza

Further details of the Trust Group's history and business are set out in Sections 6 and 7 of this Prospectus.

3.4 COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS

The Trust Group's competitive strengths and investment highlights are as follows:

- (i) **The Trust Group's average remaining concession period of approximately 32 years provides long-term visibility on future toll revenue and cash flow, translating into sustainable distribution for Unitholders**

The Trust Group comprises highway infrastructure assets that generate significant cashflows (i.e. toll revenue) with an average remaining concession period of approximately 32 years, as at the LPD. While the Trust Group has deposits, cash and bank balances of RM348.5 million as at 30 September 2023, the Trust Group's profits are impacted by non-cash expenses such as amortisation of HDE. A business trust structure allows the Trustee-Manager to distribute income to the Unitholders from the cashflow generated without being constrained by accounting profits.

- (ii) **The Trust Group's Highways are located in high traffic areas**

The Highways are strategically situated across Klang Valley serving almost half a million road users every day. Moving forward, population growth as well as the development of townships and corridors near the Highways will contribute to the increase in traffic for the Highways.

3. PROSPECTUS SUMMARY (Cont'd)

(iii) Opportunity to invest in highway concession business which has high barrier to entry

The Trust Group operates in a highly regulated environment requiring long-term concessions to be granted by the Government, which requires the operator to demonstrate amongst others financial strength and specific experience and capabilities. The Trust Group has secured exclusive rights to operate and maintain the Highways within their designated areas, which allows it to capitalise on the traffic volume and generate sustainable revenues without facing direct competition from other players.

(iv) The Trustee-Manager is led by qualified and experienced Board and senior management team from reputable Promoter with proven track record

The Trustee-Manager is led by accomplished board of directors and supported by an experienced senior management team. PLKH as the Promoter has a proven track record and extensive experience in both highway construction and highway management.

(v) Operational excellence through ISO-compliant management systems

The Highways have received numerous ISO certifications which are a global standard management system. The ISO certifications allow the Trust Group to standardise the operation of Highways by improving the consistency and efficiencies in operations, as well as describing the Trust Group's processes using business metrics.

(vi) Adoption of innovative technologies to enhance the performance of the Highways' operations

The Trust Group adopts innovative technologies to seek to enhance the operations of the Concession Companies and to improve customer experience, leveraging Artificial Intelligence (AI) and Internet of Things (IoT), online reporting systems and mobile application.

(vii) The Trust Group is committed to corporate sustainability and the implementation of initiatives that focuses on ESG

The Trust Group has a strategic focus in the area of corporate sustainability. The Highways has several initiatives that cuts across the subjects of Environmental stewardship, Social responsibility, and Governance, ethics, & compliance. The integration of such areas into the strategic decision-making and day-to-day operations of the Trust Group ensures steadfast alignment with the Sustainability Guide provided by Bursa Securities and the United Nations Development Goals.

Further details on the Trust Group's competitive strengths and investment highlights are set out in Section 7.2 of this Prospectus.

3.5 RISK FACTORS

An investment in the Units involves several risks, many of which are beyond the Trust Group's control. You should carefully consider all information contained in this Prospectus, including all the risk factors, before deciding to invest in the Units. A summary of the key risks faced by the Trust Group is set out below:

- (i) Expiration or early termination of the Concession Agreements will adversely affect the businesses and financial performance of the Trust Group.
- (ii) Traffic volumes, and thus toll revenues of the Highways, depends primarily on factors outside the control of the Trust Group.

3. PROSPECTUS SUMMARY (Cont'd)

- (iii) The Trust Group's expenses including capital expenditure and costs of operations and maintenance of the Highways, may be affected by events outside the Trust Group's control.
- (iv) Rapid traffic growth could result in increased traffic congestion and commuting times on the Highways, which may result in users using alternative routes or alternative forms of transportation.
- (v) The Trust Group's results may be affected by competing routes of comparable quality and developments relating to alternative modes of transportation.
- (vi) The Trust Group may face risks relating to non-compliance with laws, regulations and guidelines governing its business and operations.
- (vii) Toll rates are outside the Trust Group's control and compensation arrangements may not result in the relevant Concession Company receiving equal the amount of toll revenue lost as a result of the lower toll rates.
- (viii) The ability of the Trust Group to pay distributions may be adversely affected by its current or future financing agreements or any interest rate fluctuation.
- (ix) The loss of any key personnel or the Trust Group's inability to replace such individuals, could have a material adverse effect on the operations and prospects of the Trust Group.
- (x) The operations of the Highways may be affected by pandemics of infectious disease (such as COVID-19) or other health epidemics, natural disasters, terrorist attacks, armed conflicts and other events beyond the Trust Group's control.
- (xi) The Trust Group's operations are subject to Government regulation which may limit the activities of the Trust Group, result in high compliance costs and result in penalties being imposed for non-compliances.
- (xii) The actual performance of Prolintas Infra BT could differ materially from the forward-looking statements in this Prospectus and Profit and Cash Flows Forecast, which are based on a number of assumptions and subject to uncertainties and contingencies which are outside of the Trustee-Manager's control.

Please refer to Section 5 of this Prospectus for further details and the full list of risk factors relating to the business and operations of the Trust Group, the industry in which the Trust Group operates in, and investment in the Units and the Listing.

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3. PROSPECTUS SUMMARY (Cont'd)

3.6 PROMOTER AND SUBSTANTIAL UNITHOLDERS

The following table sets out the direct and indirect shareholdings of the Promoter and Substantial Unitholders of the Trust before and after the IPO:

Name	Nationality/ Country of Incorporation	Unitholding immediately prior to the IPO				After the IPO							
		Direct		Indirect		Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
		No. of Units	(1)%	No of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%
Promoter and Substantial Unitholder													
PLKH	Malaysia	1,100,000,000	100.0	-	-	631,300,000	57.4	-	-	561,000,000	51.0	-	-
Substantial Unitholders													
PNB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
ASB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
YPB	Malaysia	-	-	⁽⁴⁾ 1,100,000,000	100.0	-	-	⁽⁴⁾ 631,300,000	57.4	-	-	⁽⁴⁾ 561,000,000	51.0
LTH ⁽⁵⁾	Malaysia	-	-	-	-	60,000,000	5.5	-	-	60,000,000	5.5	-	-
AIIMAN ⁽⁵⁾	Malaysia	-	-	-	-	58,900,000	5.4	-	-	58,900,000	5.4	-	-
AHAM ⁽⁵⁾	Malaysia	-	-	-	-	11,100,000	1.0	⁽⁶⁾ 58,900,000	5.4	11,100,000	1.0	⁽⁶⁾ 58,900,000	5.4

Notes:

- (1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the Pre-IPO Acquisition.
- (2) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the IPO.
- (3) Deemed interested by virtue of the direct interest in PLKH pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of the direct interest in PNB pursuant to Section 8(4) of the Act.
- (5) LTH, AIIMAN and AHAM will emerge as Substantial Unitholders after the IPO pursuant to the respective cornerstone placement agreements entered into between the Trustee-Manager, the Selling Unitholder, the Lead Bookrunner, the Joint Bookrunners and the Cornerstone Investors.
- (6) Deemed interested by virtue of the direct interest in AIIMAN pursuant to Section 8(4) of the Act.

Further details of the Promoter and the Substantial Unitholders of the Trust are set out in Section 9 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.7 TRUSTEE-MANAGER, DIRECTORS AND KEY SENIOR MANAGEMENT

Prolintas Managers is the Trustee-Manager for Prolintas Infra BT and is responsible for safeguarding the interest of the Unitholders of Prolintas Infra BT and for carrying out Prolintas Infra BT's investment and financing strategies, alongside with the overall management of the Concession Companies and/or assets held on trust for the Unitholders.

Prolintas Managers is a wholly-owned subsidiary of PLKH. As at the LPD, the Directors and key senior management of the Trustee-Manager are as follows:

Name	Designation
<u>Directors</u>	
Dato' Ikmal Hijaz Bin Hashim	Non-Independent Non-Executive Chairman
Dato' Mohammad Azlan Bin Abdullah	Non-Independent Non-Executive Director
Dato' Abdul Mutalib Bin Alias	Independent Non-Executive Director
Datuk Syed Azmi Bin Syed Othman	Independent Non-Executive Director
Nik Fazi'a Binti Nik Mohamed Shihabuddin	Independent Non-Executive Director
Datin Nona Binti Salleh	Independent Non-Executive Director
Malik Parvez Ahmad Bin Nazir Ahmad	Non-Independent Executive Director
<u>Key senior management</u>	
Malik Parvez Ahmad Bin Nazir Ahmad	Chief Executive Officer
Azmee Bin Nin	General Manager (Highway Operations)
Mukholisah Binti Mohd Majid	Financial Controller

Further details of the Trustee-Manager, directors and key senior management are set out in Section 10 of this Prospectus.

3.8 SUMMARY OF FINANCIAL INFORMATION OF THE TRUST GROUP

All the entities included in the Trust Group have been under the common control of PLKH for the Period Under Review. The combined financial statements of the Trust Group have been prepared as if the Trust Group has operated as a single economic entity throughout the Period Under Review and have been prepared from the books and records maintained by each entity. The key financial information of the Trust Group for the Period Under Review are as follows:-

	<u>Audited</u>			<u>Unaudited</u>	<u>Audited</u>
	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	394,372	365,800	384,161	285,315	228,570
EBITDA ⁽¹⁾	307,979	259,452	268,857	203,216	165,349
PBT / (LBT)	6,699	26,028	(4,333)	(1,153)	(85,599)
Income tax credit/(expense)	745	⁽²⁾ 113,937	(9,228)	(8,445)	⁽³⁾ (171,352)
PAT/(LAT) attributable to:					
- The owners	9,934	142,649	(11,283)	(7,942)	(241,253)
- Non-controlling interest	(2,490)	(2,684)	(2,278)	(1,656)	(15,698)
Net cash flow from operating activities	46,662	80,504	236,271	216,452	78,697
Deposits, cash and bank balances	237,011	251,793	315,382	284,692	348,469
Key financial ratios:					
EBITDA margin ⁽⁴⁾ (%)	78.1	70.9	70.0	71.2	72.3
PBT margin ⁽⁵⁾ (%)	1.7	7.1	(1.1)	(0.4)	(37.4)
PAT margin ⁽⁶⁾ (%)	1.9	38.3	(3.5)	(3.4)	(112.4)

3. PROSPECTUS SUMMARY (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Current ratio ⁽⁷⁾ (times)	1.6	1.3	1.1	-	1.5
Gearing ratio ⁽⁸⁾ (times)	14.8	8.5	9.5	-	N/A
Interest coverage ratio ⁽⁹⁾ (times)	2.3	1.9	2.0	-	1.7

Notes:

- (1) Computed based on PBT/(LBT) plus (i) amortisation of HDE, (ii) impairment loss on HDE and (iii) finance cost, less (i) amortisation of deferred income and (ii) other income.
- (2) The increase in income tax credit in FYE 2021 was mainly due to a tax credit arising from SILK Co's carried forward unutilised business losses amounting to RM125.9 million.
- (3) The Trust Group recorded a higher tax expense in FPE 2023, which was mainly attributable to the reversal of deferred tax assets previously recognised of RM184.7 million arising from unutilised business losses from both LKSA Co and SILK Co due to insufficient future taxable profits which is projected based on the SCAs 2022.
- (4) Computed based on EBITDA divided by revenue.
- (5) Computed based on PBT/(LBT) divided by revenue.
- (6) Computed based on PAT/(LAT) divided by revenue.
- (7) Computed based on current assets divided by current liabilities.
- (8) Computed based on total financing / borrowings (including lease liabilities and accrued finance cost on Sukuk Mudharabah) over the total equity as at the end of the respective financial year.
- (9) Computed based on the EBITDA divided by the finance costs on financing / borrowings.

Further details on the Trust Group historical financial information are set out in Section 15 of this Prospectus.

3.9 PROFIT AND CASH FLOWS FORECAST

The Profit and Cash Flows Forecast reflects, amongst others, the financial effects arising from the Toll Restructuring, the Pre-IPO Reorganisation as well as the Proposals. The following is an extract from Section 16 of this Prospectus:

	Forecast Year 2024
	(RM'000)
Revenue	310,156
EBITDA ⁽¹⁾	206,990
PBT / (LBT)	23,069
Income tax (expense)	(14,791)
PAT/(LAT)	8,278
Net cash flow from operating activities	47,009

Key financial ratios:

EBITDA margin ⁽²⁾ (%)	66.7
PBT margin ⁽³⁾ (%)	7.4
PAT margin ⁽⁴⁾ (%)	2.7

Notes:

- (1) Computed based on PBT/(LBT) plus (i) amortisation of HDE, (ii) impairment loss on HDE and (iii) finance cost, less (i) amortisation of deferred income and (ii) other income.
- (2) Computed based on EBITDA divided by revenue.
- (3) Computed based on PBT/(LBT) divided by revenue.
- (4) Computed based on PAT/(LAT) divided by revenue.

Further details of the Profit and Cash Flows Forecast are set out in Section 16 as well as Annexures A (I) and (II) of this Prospectus. The actual performance of Prolintas Infra BT could differ materially from the forward-looking statements in this Prospectus and the Profit and Cash Flows Forecast, which are based on a number of assumptions and subject to uncertainties and contingencies which are outside of the Trustee-Manager's control. As the actual results may differ materially from the forecasts, investors are advised to read and understand the assumptions, uncertainties and contingencies underlying the Profit and Cash Flows Forecast as set out in Section 16.7 "Bases and Assumptions" of this Prospectus for further details. The Trust Group's ability to achieve the abovementioned Profit and Cash Flows Forecast is subject to events and circumstances assumed which may not occur as expected, or events and circumstances not anticipated which may arise.

3.10 NON-COMPLIANCES

3.10.1 Non-compliance with the Concession Agreements

Save as disclosed below, as at the LPD, the Trust Group is in compliance with and not in breach of the material terms of the Concession Agreements. Further details are set out in Section 7.21.1 of this Prospectus.

(i) Construction of Strathairlie Interchange on GCE

A diamond interchange known as Strathairlie Interchange which is required to be built on GCE not later than 2011 pursuant to the CA has not yet been built. As at the LPD, the MHA is aware of the said non-compliance and has been exchanging correspondence with GCE Co in relation to this matter since 2015. The MHA has confirmed that there is valid basis to enter into a supplemental CA with GCE Co for changes to the work programme and design configuration of the Strathairlie Interchange. The draft supplementary CA has been sent by GCE Co via email on 25 January 2023 and is currently still being reviewed by the MHA.

(ii) Upgrading works (lane widening) for SILK

Upgrading works (lane widening) from the UNITEN interchange to the Sungai Ramal Interchange on SILK which are required pursuant to the CA had not been implemented within the timeframe provided in the CA. At the time that PLKH completed the acquisition of SILK Co in 2017, it was noted that 51% of the upgrading works had been completed and the remaining 49% of works were to be undertaken in 3 stages, i.e. Phase 1, Phase 2 and Phase 3.

Phase 1 was completed in 2015 and Phase 2 of the upgrading works has commenced in 2021. SILK Co had, on 7 November 2022, submitted a revised construction work program to MHA for the remaining stages of Phase 2, which has been approved by the MHA. Under the revised construction work programme, Phase 2 is scheduled to be completed on 14 June 2025. As at the LPD, Phase 2 is in progress (currently at Stage 4 out of 5) and SILK Co has appointed the design consultant for Phase 3 on 22 August 2023. The construction work programme for Phase 3 works has yet to be approved by MHA.

3.10.2 Non-compliance with relevant laws, regulations, rules and requirements

Save for the non-compliances set out below (in respect of which the Board wishes to highlight the issues set out in sub-paragraphs (ii), (iii) and (iv) below are issues which collectively impact the highway operator industry), as at the LPD, the Trust Group is in compliance with the relevant laws, regulations, rules and requirements governing conduct of the business of the Trust Group. Further details are set out in Section 7.23 of this Prospectus.

(i) **Absence of advertisement licences**

The Concession Companies do not hold advertisement licenses issued by the relevant local authority for a total of 52 advertisement structures erected along the Highways, out of which 14 structures are owned by LKSA Co and 1 advertisement structure is owned by AKLEH Co. Historically, the local authorities had requested for the Concession Companies to apply for business license in which the first stage of the application is to be made to MHA.

As at the LPD, MHA's final approval has been obtained for 4 structures owned by LKSA Co. Conditional approval has been obtained for 9 structures owned by LKSA Co and 1 structure owned by AKLEH Co. As at the LPD, 1 structure owned by LKSA Co is currently undergoing an appeal to MHA to obtain approval.

The remaining 37 structures are owned by third party vendors, out of which 9 are still pending MHA approval and 3 are undergoing appeal to MHA to obtain approval.

That being said, the MHA had issued a letter dated 16 October 2023 to (among others) the Concession Companies informing of MHA's position that MHA approval for such advertisement structures is no longer subject to any condition that the relevant planning permissions and structure licences from the respective local authorities need to be obtained.

This is based on a letter dated 28 August 2023 issued by the Ministry of Works to all State governments, local authorities and district offices, informing that it is the position of the Ministry of Works that such advertisement structures fall under the purview of the Ministry of Works and are not within the jurisdiction of the respective local authorities and, therefore, the permissions and licences for such advertisement structures from local authorities are no longer required for the same. As at the LPD, none of the Concession Companies have received any notification from the respective local authorities on this matter.

(ii) **Outstanding land premium**

The MHA had forwarded to SILK Co a Notice 5A dated 2 July 2014 from the Pejabat Daerah/Tanah Hulu Langat ("**PDT Hulu Langat**") for the payment of RM6,958,011.00 being the cost of land premium and related costs for a specified area located at KM26.7 of SILK ("**Affected Area**"). The Notice 5A, which remains unpaid, has lapsed on 31 December 2021 and SILK Co has not received a fresh Notice 5A from PDT Hulu Langat as at the LPD.

SILK Co had entered into a licence agreement with Petronas Dagangan Berhad ("**PDB**"), pursuant to which PDB is responsible to bear the cost and expense of all necessary permits, approvals, rates, taxes, assessment, duties and impositions by relevant authorities. On 18 July 2023, SILK Co has, via its solicitors, issued a notice to PDB demanding that PDB makes the necessary arrangement to pay the "premiums" imposed in respect of the Affected Area. Further to a meeting between PDB and SILK Co, PDB issued a letter on 16 August 2023 to explain that the issue regarding payment of land premium for highway sites is being discussed on an industrial level by all oil companies with the MHA and Ministry of Works. As such, PDB has requested for more time to provide a response as until any decisions are made consensually between the relevant parties on the subject of land premium payments, PDB will not be able to respond to the SILK Co's demands.

(iii) Absence of planning permission and CCC

As at the LPD, a total of 35 buildings and structures along the Highways (including administration buildings, toll plazas, RSAs and lay-bys) do not have planning permission and have also not been issued with CCCs. The MHA has issued SKPL for all the Highways, which contains a number of confirmations from professional engineer and also the MHA, including that the highway / ancillary facility is safe for public use. In the past, in practice, the local authorities have accepted the SKPL in lieu of a CCC for the purposes of a business premise license application by the vendors operating in the RSAs of the Highways. However, the Concession Companies have noted that in recent years (2018-2019), the local authorities have begun to emphasise on such requirement.

The Concession Companies understand this matter to be a collective issue faced by all local highway concession companies. The Ministry of Works has, vide its letter dated 28 July 2023, confirmed that the issue of the requirement of planning permission and CCC for buildings and structures on existing highways including the Highways is an issue which is currently under discussion and engagement between the relevant parties (i.e., the highway concession companies, local authorities and the Ministry of Works). Meanwhile, the Ministry of Works has confirmed that the issuance of the SKPL for the Highways affirms that the Highways and its ancillary facilities have been completed in accordance with the requirements of the relevant Concession Agreements.

(iv) Absence of airspace permits for elevated parts of the Highways

Pursuant to the provisions of the Concession Agreements, the relevant Concession Company shall, as soon as practicable, inform the Government of the exact site and location of elevated parts of the Highways for the Government to procure the air space permits in accordance with Section 75A of the National Land Code. The issuance of air space permits is subject to the full land reservation of the relevant highways having been completed and gazetted. As at the LPD, the land reservation status of the Highways has only been partially completed. The land reservation process takes time as it is a complex task which involves separate engagements with multiple Federal and State government authorities and agencies.

3.11 FEES AND EXPENSES IN RESPECT OF THE TRUST

The Trustee-Manager is entitled under the Trust Deed to the following management Fees (exclusive of any applicable tax on service). The Trustee-Manager may elect to receive the Trustee-Manager's fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Trustee-Manager's fees are as summarised below:

Payable by Prolintas Infra BT	Amount payable
(i) Base Fee	The base fee (exclusive of any applicable tax on services) is a fixed fee of RM8.0 million per annum, which is subject to increase each year by such percentage representing the percentage increase (if any) in the Malaysia Composite Consumer Price Index.

3. PROSPECTUS SUMMARY (Cont'd)

Payable by Prolintas Infra BT	Amount payable
(ii) Performance Fee	The Trustee-Manager is entitled to receive a performance fee (exclusive of any applicable tax on services) of 10% per annum of the increase in DPU in a financial year as compared to the DPU in the preceding financial year. In the event that the actual DPU in a financial year is less than the DPU in the preceding financial year, such deficit shall be brought forward to the subsequent period(s) and shall be set off from any excess DPU before any Performance Fee can be paid.
(iii) Acquisition Fee	The acquisition fee of up to 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) (exclusive of any applicable tax on services) of the acquisition price.
(iv) Divestment Fee	A divestment fee of 0.5% (exclusive of any applicable tax on services) of the sale price.

Further details of the Trustee-Manager's fees are as set out in Section 10.6.1 of this Prospectus.

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4. DETAILS OF THE IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative times and/or dates:

Event	Time and/or Date
Opening of the Institutional Offering	6 March 2024
Issuance of the Prospectus/Opening of the Retail Offering	10.00 a.m., 6 March 2024
Closing of the Retail Offering	5.00 p.m., 12 March 2024
Closing of the Institutional Offering	12 March 2024
Price Determination Date	13 March 2024
Balloting of applications for the IPO Units under the Retail Offering	14 March 2024
Transfer of the IPO Units to successful applicants	22 March 2024
Listing	25 March 2024

In the event there is any change to the timetable, the notice of changes will be published on Bursa Securities' website and advertised in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

4.2 RATIONALE FOR BUSINESS TRUST STRUCTURE

The Trust Group comprises highway infrastructure assets that generate significant cashflows (i.e. toll revenue). While the Trust Group has deposits, cash and bank balances of RM348.5 million as at 30 September 2023, the Trust Group's profits are impacted by non-cash expenses such as amortisation of HDE. A business trust structure allows the Trustee-Manager to distribute income to the Unitholders from the cashflow generated by the business without being constrained by accounting profits.

The listing and quotation for the Units on the Main Market of Bursa Securities will enhance liquidity as compared to the illiquid nature of the underlying assets (i.e., the Highways held by the Concession Companies) and provide investors an opportunity to invest in a business trust which generally provides stable distribution of income and potential capital appreciation on investment in the Units.

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4. DETAILS OF THE IPO (Cont'd)

4.3 PARTICULARS OF THE IPO AND PLAN OF DISTRIBUTION

The IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, the IPO Units are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus.

The IPO consists of the Institutional Offering and the Retail Offering, totalling up to 468,700,000 IPO Units, representing up to about 42.61% of the total Units in issue.

4.3.1 Institutional Offering

Institutional Offering at the Institutional Price is payable in full upon allocation and determined by way of bookbuilding.

The Institutional Offering involves the offering of up to 422,949,000 IPO Units, representing up to about 38.45% of the total Units in issue, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus, at the Institutional Price to the following persons:

- (i) up to 137,500,000 IPO Units, in aggregate, representing up to about 12.50% of the total Units in issue to Bumiputera investors approved by the MITI; and
- (ii) up to 285,449,000 IPO Units, in aggregate, representing up to about 25.95% of the total Units in issue to institutional and selected investors (other than Bumiputera investors approved by the MITI).

As part of the Institutional Offering, on 14 February 2024, the Trustee-Manager and the Selling Unitholder, entered into a Master Cornerstone Placement Agreement with the Lead Bookrunner, the Joint Bookrunners and the Cornerstone Investors where the Cornerstone Investors have agreed to acquire, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of 299,850,000 IPO Units, representing approximately 27.3% of the issued Unit capital at RM0.95 per IPO Unit or the Institutional Price, whichever is lower.

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

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4. DETAILS OF THE IPO (Cont'd)

4.3.2 Retail Offering

Retail Offering at the Retail Price of RM0.95 per Unit is payable in full upon application. If the Final Retail Price is less than the Retail Price, the difference will be refunded to the investors.

The Retail Offering involves the offering of up to 45,751,000 IPO Units, representing about 4.16% of the total Units in issue, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) Allocation to the Eligible Persons

18,251,000 IPO Units, representing about 1.66% of the total Units in issue, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons⁽¹⁾	No. of Eligible Persons	Aggregate no. of Units allocated
The Directors and key senior management of Prolintas Managers ⁽²⁾	9	1,650,000
Eligible employees of the Trust Group ⁽³⁾	Up to 336	3,871,000
Persons who have contributed to the success of the Trust Group ⁽⁴⁾	Up to 464	12,730,000
Total	809	18,251,000

Notes:

- (1) Subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus, all the Eligible Persons are eligible to apply for any amount of Excess Units (as defined below) made available to the Eligible Persons over and above their pre-determined allocation.
- (2) The criteria for allocation to the Directors and key senior management are based on, amongst others, their respective roles and responsibilities in, and contribution to the Trust Group and they collectively will be allocated a total of 1,650,000 Units as follows:

Name	No. of Units allocated
Directors	
Dato' Ikmal Hijaz Bin Hashim (Non-Independent Non-Executive Chairman)	300,000
Dato' Abdul Mutalib Bin Alias (Independent Non-Executive Director)	250,000
Datuk Syed Azmi Bin Syed Othman (Independent Non-Executive Director)	250,000
Nik Fazila Binti Nik Mohamed Shihabuddin (Independent Non-Executive Director)	250,000
Datin Nona Binti Salleh (Independent Non-Executive Director)	250,000
Dato' Mohammad Azlan Bin Abdullah (Non-Independent Non-Executive Director)	100,000

4. DETAILS OF THE IPO (Cont'd)

	<u>Name</u>	<u>No. of Units allocated</u>
	Key Senior Management	
	Malik Parvez Ahmad Bin Nazir Ahmad (Non-Independent Executive Director / Chief Executive Officer)	100,000
	Azmee Bin Nin (General Manager (Highway Operations))	80,000
	Mukholisah Binti Mohd Majid (Financial Controller)	70,000
(3)	The allocation to the eligible employees of the Trust Group is to be made to full-time confirmed employees of the Trust Group based on length of service, performance, job grade and their past contributions to the Trust Group leading up to the Listing.	
(4)	Persons who have contributed to the success of the Trust Group include the directors and employees of the PLKH Group. The criteria for allocation is based on, amongst others, their contributions to the success of the Trust Group, length of service, performance, and job grade.	

(ii) Allocation via balloting to the Malaysian Public

27,500,000 IPO Units, representing about 2.50% of the total Units in issue, are reserved for application by the Malaysian Public of which 13,750,000 Units have been set aside for application by Bumiputera citizens, individuals, companies, co-operatives, societies and institutions. Any Units not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering.

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4. DETAILS OF THE IPO (Cont'd)

In summary, the IPO Units will be allocated subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus, in the following manner:

Category	Offer for Sale	
	No. of Units	% of total Units in issue
Retail Offering:		
Eligible Persons:		
- The Directors and key senior management of the Trustee-Manager	1,650,000	0.15
- Eligible employees of the Trust Group	3,871,000	0.35
- Persons who have contributed to the success of the Trust Group	12,730,000	1.16
Sub-total	18,251,000	1.66
Malaysian Public (via balloting)		
- Bumiputera	13,750,000	1.25
- Non-Bumiputera	13,750,000	1.25
Sub-total	45,751,000	4.16
Institutional Offering:		
- Private placement to Bumiputera investors approved by the MITI	137,500,000	12.50
- Private placement to other institutional and selected investors	285,449,000	25.95
Sub-total	422,949,000	38.45
Total	468,700,000	42.61

The completion of the Retail Offering and the Institutional Offering are inter-conditional. The IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.3.4 of this Prospectus.

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4. DETAILS OF THE IPO (Cont'd)

4.3.3 Clawback and reallocation

The Institutional Offering and the Retail Offering will be subject to the following clawback and reallocation provisions:

- (i) if the IPO Units allocated to Bumiputera investors approved by the MITI (“**MITI Tranche**”) are under-subscribed, such IPO Units which are not taken up will be allocated to other Malaysian institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for the IPO Units by the Malaysian Public under the Retail Offering, the IPO Units will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering, and thereafter to the Malaysian Public under the Retail Offering;

- (ii) if the IPO Units allocated to the Eligible Persons are under-subscribed, such IPO Units may be allocated to the other institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Joint Bookrunners and Trustee-Manager;
- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, the IPO Units may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to item (ii) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, the IPO Units may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

The IPO Units not taken up by the Eligible Persons (“**Excess Units**”) will be made available for application by the other Eligible Persons who have applied for Excess Units over and above their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

- (a) firstly, allocation on a pro-rata basis to the Directors and eligible employees of the Trust Group who have applied for the Excess Units based on the number of Excess Units applied for;
- (b) secondly, allocation of any surplus Excess Units after (a) above on a pro-rata basis to persons who have contributed to the success of the Trust Group who have applied for the Excess Units based on the number of Excess Units applied for; and
- (c) thirdly, to minimise odd lots.

4. DETAILS OF THE IPO (Cont'd)

The Board reserves the right to allot Excess Units applied in such manner as it may deem fit and expedient in the best interest of the Trust Group, subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in items (a) to (c) above is achieved. The Board also reserves the right to accept or reject any application for Excess Units, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Units thereafter, such balance will be made available for clawback and reallocation as described in item (ii) above. Any IPO Units under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Joint Underwriters, subject to the clawback and reallocation provisions.

To the best of the knowledge and belief of the Trustee-Manager, save for LTH and ALLMAN, there is no person who intends to subscribe for more than 5.0% of the IPO Units.

4.3.4 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under the IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of IPO Units will be the number of Units required to be held by the public Unitholders to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, Prolintas Infra BT is required to have a minimum of 25.0% of Units held by at least 1,000 public Unitholders, each holding not less than 100 Units at the point of the Listing.

If the above requirement is not met, we may not be able to proceed with the Listing. See Section 5.3.4 of this Prospectus for details in the event there is a delay in or termination of the Listing.

4.3.5 Over-allotment Option

The Over-allotment Option Provider may grant an Over-allotment Option to the Stabilising Manager (on behalf of the placement manager(s)) and may together with the Trustee-Manager appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at its absolute discretion, over-allot the Units (on behalf of the placement manager(s)) and subsequently, effect transactions to stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market.

Such transactions consist of bids or purchases to peg, fix or maintain the price of the Units. If the Stabilising Manager creates a short position in the Units in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing Units in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Over-allotment Option Provider at any time, within 30 days from the date of the Listing, to purchase from the Over-allotment Option Provider up to an aggregate of 70,300,000 Units, representing up to about 6.39% of the total number of Units offered, solely for purposes of covering over-allotments of the Units (if any).

4. DETAILS OF THE IPO (Cont'd)

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the placement manager(s)) enter into the Unit Lending Agreement with the Over-allotment Option Provider to borrow up to an aggregate of 70,300,000 Units to cover the over-allotments. Any Units that may be borrowed by the Stabilising Manager under the Unit Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Provider either through the purchase of Units in the open market by the Stabilising Manager in the conduct of the stabilisation activities or deemed returned through the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of Units issued and is not intended to constitute an offer for sale of the Units by the Over-allotment Option Provider under the IPO.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of Units that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action shall not exceed an aggregate of 70,300,000 Units, representing up to about 6.39% of the total number of IPO Units offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake such stabilising action. Such stabilising actions may commence on or after the commencement of trading of the Units on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earlier of: (i) the date falling 30 days from the commencement of trading of the Units on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought on the Main Market of Bursa Securities an aggregate of 70,300,000 Units, representing up to about 6.39% of the total number of IPO Units offered to undertake the stabilisation action.

Neither Prolintas Infra BT, the Trustee-Manager, the Over-allotment Option Provider nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of Units. In addition, neither Prolintas Infra BT, the Trustee-Manager, the Over-allotment Option Provider nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

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4. DETAILS OF THE IPO (Cont'd)

4.4 SELLING UNITHOLDER

The IPO Units to be offered by the Selling Unitholder and their respective direct Unitholdings before and after the IPO and their material relationship with the Trust Group within the past three years are as follows:

Name	Material relationship with the Trust Group	Unitholding immediately prior to the IPO		Units offered pursuant to the Offer for Sale		Unitholding after the IPO assuming the Over-allotment Option is not exercised		Over-allotment Option		Unitholding after the IPO assuming the Over-allotment Option is fully exercised	
		No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾
PLKH	Promoter and Substantial Unitholder	1,100,000,000	100.0	468,700,000	42.6	631,300,000	57.4	70,300,000	6.4	561,000,000	51.0

Notes:

(1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the Pre-IPO Acquisition.

(2) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the IPO.

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4. DETAILS OF THE IPO (Cont'd)

4.5 BASIS OF ARRIVING AT THE PRICE OF THE IPO UNITS AND REFUND MECHANISM

4.5.1 Retail Price

The Retail Price was determined and agreed upon between the Directors and the Selling Unitholder in consultation with the Joint Bookrunners, after taking into consideration the following factors:

- (i) the forecast distribution yield of Prolintas Infra BT;
- (ii) the future prospects of Prolintas Infra BT;
- (iii) Prolintas Infra BT's competitive strengths as outlined in Section 7.2 of this Prospectus;
- (iv) the overview and future outlook of the highway industry in which Prolintas Infra BT operates in, as described in the IMR Report in Section 8 of this Prospectus; and
- (v) the prevailing market conditions including market performance of key global indices and companies involved in similar business listed on the stock exchange and current market trends as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:

- (i) the Retail Price; or
- (ii) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. See Section 4.5.3 of this Prospectus for details of the refund mechanism.

The Final Retail Price and the Institutional Price will be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for the IPO Units.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Units they would be prepared to acquire and the price they would be prepared to pay for IPO Units in respect of the Institutional Offering. This bookbuilding process will commence on 6 March 2024 and will end on 12 March 2024 or such other dates as the Trustee-Manager and the Joint Bookrunners may decide at their absolute discretion. Upon completion of the bookbuilding process, the Institutional Price will be fixed by the Directors and the Selling Unitholder in consultation with the Joint Bookrunners on the Price Determination Date.

4.5.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made:

4. DETAILS OF THE IPO (Cont'd)

- (i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or
- (ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 21.9 of this Prospectus.

4.5.4 Expected market capitalisation

Based on the Retail Price and the listing of 1,100,000,000 Units, the total market capitalisation of Prolintas Infra BT upon the Listing would be approximately RM1,045 million.

You should note that the market price of Units upon the Listing is subject to the vagaries of market forces and other uncertainties. You are also reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.

4.6 DILUTION

Dilution is the amount by which the price paid by retail, institutional and selected investors for the Units exceeds the Trust Group's pro forma consolidated NA per Unit after the IPO. The following table illustrates the dilution effect on the Trust Group's pro forma consolidated NA as at 30 September 2023 on a per Unit basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

		<u>RM</u>
Final Retail Price / Institutional Price	A	0.95
Pro forma consolidated NA per Unit as at 30 September 2023, after adjusting the Pre-IPO Restructuring but before adjusting for the Listing	B	0.55
Pro forma consolidated NA per Unit as at 30 September 2023, after adjusting the Pre-IPO Restructuring and the expenses in relation to the Listing	C	0.54
(Decrease) in consolidated NA per Unit to the existing Unitholders	C – B	(0.01)
Dilution in pro forma consolidated NA per Unit to retail/institutional and selected investors	A – C	0.41
Dilution in pro forma consolidated NA per Unit to retail/institutional and selected investors as a percentage to the Retail Price/Institutional Price	(A – C) / A	43.2%

Save for the Pre-IPO Restructuring as disclosed in Section 6.1.8 of this Prospectus, none of the Substantial Unitholders, the Directors, the key senior management or persons connected to them had acquired, obtained the right to acquire and/or subscribed for the Units in Prolintas Infra BT since its inception up to the LPD.

4. DETAILS OF THE IPO (Cont'd)

4.7 USE OF PROCEEDS

As Prolintas Infra BT will not be issuing any new Units for the IPO, the Trust will not receive any proceeds from the IPO. The total gross proceeds from the Offer for Sale based on the Institutional Price of up to approximately RM445.3 million will accrue entirely to the Selling Unitholder. The Selling Unitholder will bear its own expenses including, but not limited to, the placement fee and underwriting fee in relation to the Offer for Sale which is estimated to be approximately up to RM10.2 million.

The estimated listing expenses (including expenses for the Pre-IPO Restructuring but excluding expenses related to the Offer for Sale by the Selling Unitholder) of approximately RM9.48 million to be incurred will be funded through internally generated funds of the Trust Group. The expenses are anticipated to be fully settled within one month from the completion of the Listing. The breakdown of the estimated expenses in relation to the Pre-IPO Restructuring and Proposals is as follows:

Estimated listing expenses	(RM'000)
Professional fees ⁽¹⁾	8,450
Fees payable to authorities	640
Fees and expenses relating to printing of Prospectus, roadshow, investor relations and advertising	690
Miscellaneous expenses and contingencies	300
Total	10,080

Note:

(1) Includes the professional fees for, amongst others, the Principal Adviser, legal advisers, company secretaries, Reporting Accountants, IMR, internal controls consultant, Issuing House and Unit Registrar.

4.8 BROKERAGE, COMMISSIONS AND OTHER FEES AND CHARGES

4.8.1 Expenses related to the Offer for Sale

All expenses related to the Offer for Sale including the brokerage fee, underwriting commission and the placement fee shall be borne by the Selling Unitholder.

(i) Brokerage fee

The Selling Unitholder will bear the brokerage fee relating to the IPO Units made available for application under the Retail Offering at the rate of 1.00% of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Lead Bookrunner and the Joint Bookrunners are entitled to charge brokerage to successful applicants under the Institutional Offering. For the avoidance of doubt, the brokerage commission under the Institutional Offering will not be payable by the Trust or the Selling Unitholder.

4. DETAILS OF THE IPO (Cont'd)

(ii) Underwriting commission

As stipulated under the Retail Underwriting Agreement, the Managing Underwriter and the Joint Underwriters have agreed to underwrite up to 45,751,000 IPO Units under the Retail Offering for a managing underwriting commission of 0.25% and an underwriting commission of up to 1.75% (exclusive of applicable tax) respectively of the Retail Price multiplied by the total number of IPO Units underwritten under the Retail Offering which shall be paid by the Selling Unitholder, in accordance with the terms of the Retail Underwriting Agreement.

(iii) Placement fee

The Selling Unitholder will pay the Lead Bookrunner and the Joint Bookrunners a lead bookrunner fee of 0.25% and placement fee and selling commission of up to 1.75% (exclusive of applicable tax) respectively of the Institutional Price multiplied by the number of IPO Units sold to institutional and selected investors in accordance with the terms of the Placement Agreement.

4.8.2 Fees and charges payable directly by Unitholders

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the purchase, sale and holding of their investments in Prolintas Infra BT or trading of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Bursa Securities clearing fee	0.03% of the transaction value, subject to a maximum of RM1,000.00 per transaction
(b)	Brokerage	A percentage of the transaction value prescribed by or negotiated with the ADAs, subject to a minimum of RM40.00 per transaction save for (i) online routed retail transactions, (ii) transactions executed in less than a board lot and (iii) transactions paid with cash upfront, for which the minimum brokerage fees are fully negotiable
(c)	Stamp duty	RM1.00 for every RM1,000.00 or fractional part of the transactional value, subject to a maximum of RM1,000.00 per transaction

4.9 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.9.1 Underwriting

The Trustee-Manager and Selling Unitholder have entered into the Retail Underwriting Agreement with the Managing Underwriter and the Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite up to 45,751,000 IPO Units under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.8.1(ii) of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

4. DETAILS OF THE IPO (Cont'd)

Unless waived by the Managing Underwriter upon consultation with, and on behalf of, the Joint Underwriters, the obligations of the Joint Underwriters to underwrite the underwritten Units is conditional upon:

- (i) the Joint Underwriters receiving a certificate in the form or substantially in the form agreed in the Retail Underwriting Agreement from the Trustee-Manager dated the date of registration of the Prospectus and next, from the Trustee-Manager, dated the closing date of the Retail Offering (“**Closing Date**”);
- (ii) the Joint Underwriters receiving a certificate in the form or substantially in the form agreed in the Retail Underwriting Agreement, from the Selling Unitholder dated the date of registration of the Prospectus and next, from the Selling Unitholder, dated the Closing Date;
- (iii) the Retail Underwriting Agreement has been duly stamped;
- (iv) the issue of the Prospectus not later than 1 calendar month after the date of the Retail Underwriting Agreement or such later date as the Managing Underwriter, acting for and on behalf of the Joint Underwriters, and the Trustee-Manager may from time to time agree in writing;
- (v) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC together with copies of all documents required under the CMSA;
- (vi) the delivery to each Joint Underwriter prior to the date of registration of the Prospectus with the SC of:
 - (a) a certified true copy by the authorised officers of the Trustee-Manager of all the relevant resolutions of the Directors and if applicable, its shareholders; and
 - (b) a certified true copy by the company secretary of the Selling Unitholder of all the relevant resolutions of its directors and if applicable, its shareholders,approving the Retail Underwriting Agreement, the Prospectus, the IPO, the Listing, authorising the execution of the Retail Underwriting Agreement and the issuance of the Prospectus, approving the allotment and issue and/or transfer of the IPO Units under the IPO, and confirming that the respective directors of the Trustee-Manager and the Selling Unitholder, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus;
- (vii) all the resolutions referred to in paragraph 4.9.1(vi) above remaining in full force and effect as at the Closing Date and none having been rescinded or revoked or varied;
- (viii) all the approvals in relation to the IPO and as contained in the resolutions referred to in paragraph 4.9.1(vi) above, unless otherwise waived, remaining in full force and effect as at the Closing Date and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with or otherwise waived by Bursa Securities or the SC as the case may be;

4. DETAILS OF THE IPO (Cont'd)

- (ix) the approval-in-principle of Bursa Securities for the Listing being obtained on terms acceptable to the Joint Underwriters and the approvals of the SC and Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (x) the execution and due stamping of the Placement Agreement, Master Cornerstone Placement Agreement and the individual cornerstone placement agreements and none of the Placement Agreement, Master Cornerstone Placement Agreement and the individual cornerstone placement agreements having been terminated or rescinded pursuant to the provisions thereof and such agreements remaining in full force and effect and no breach in respect of such agreements has occurred;
- (xi) the IPO has not been prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any jurisdiction within which IPO Units are offered and all consents, approvals, authorisations or other orders required by the Trustee- Manager and/or the Selling Unitholder under such laws for or in connection with the IPO and/or Listing have been obtained and are in force up to the Closing Date;
- (xii) the execution and due stamping of the Lock-Up Deeds and the undertakings contained in the Lock-Up Deeds remain in full force and effect and have not been breached;
- (xiii) the execution and due stamping of the Unit Lending Agreement and the same not having been terminated or rescinded pursuant to the provisions thereof;
- (xiv) the completion of the SBA in accordance with its terms;
- (xv) there not being, in the reasonable opinion of any 2 or more Joint Underwriters who have agreed to underwrite, in aggregate 50% or more of the total underwritten Units ("**Majority Joint Underwriters**"), on or prior to the Closing Date, any change or development likely to involve a prospective adverse and material change in the condition (financial, business, operations, profit forecasts, prospects or otherwise) of Prolintas Infra BT, the Trustee-Manager or the Selling Unitholder from that set out in the Prospectus;
- (xvi) the Majority Joint Underwriters having been reasonably satisfied that the Trustee-Manager and the Selling Unitholder have complied with and that the IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments, and/or supplements thereto unless otherwise waived or exempted by Bursa Securities and the SC;
- (xvii) there not having occurred on or prior to the Closing Date, any event or discovery of any material fact or circumstances or omission of any material facts or development rendering any representations, warranties and undertakings of the Trustee-Manager and/or the Selling Unitholder under the Retail Underwriting Agreement to be untrue, inaccurate, misleading or incorrect, or not complied with, in any respect;
- (xviii) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by the Trustee-Manager and/or the Selling Unitholder contained in the Retail Underwriting Agreement (unless so waived in accordance with the terms of the Retail Underwriting Agreement);

4. DETAILS OF THE IPO (Cont'd)

- (xix) each of the Retail Underwriting Agreement, the Placement Agreement, Lock-Up Deeds, the Trust Deed, the SBA, the Master Cornerstone Placement Agreement and each individual cornerstone placement agreement (collectively, the “**Transaction Documents**”) is in full force and effect (and not amended or supplemented), there shall not have occurred on or prior to the Closing Date any material breach or material non-compliance by any of the parties thereto of their obligations and agreements under the respective Transaction Documents (unless so waived in accordance with the terms of such agreements);
- (xx) no stop order or similar order has been issued by the SC or any court or other judicial, governmental or regulatory authority in relation to the IPO; and
- (xxi) the Majority Joint Underwriters having been reasonably satisfied that arrangements have been made by the Trustee-Manager and the Selling Unitholder to ensure payment of the expenses under the Retail Underwriting Agreement.

The Managing Underwriter may (upon consultation with, and on behalf of, the Joint Underwriters), in its sole discretion by notice in writing to Trustee-Manager and the Selling Unitholder setting out the grounds for such termination given at any time before the Listing Date, terminate, cancel and withdraw the Joint Underwriters' respective underwriting commitment upon the occurrence of any of the following:

- (i) there is any breach by the Selling Unitholder or the Trustee-Manager of any of the representations, warranties or undertakings contained in which is contained in any certificate under or in connection with the Retail Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within 7 days from receipt of the notice of such breach being given to the Trustee-Manager or the Selling Unitholder by the Managing Underwriter or by the Closing Date, whichever is the earlier; or
- (ii) there is a breach or failure on the part of the Trustee-Manager or the Selling Unitholder to perform any of its obligations contained in the Retail Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied within 7 days from receipt of the notice of such breach being given to the Trustee-Manager or the Selling Unitholder by the Managing Underwriter (upon consultation with, and on behalf of the Joint Underwriters) or by the Closing Date, whichever is the earlier;
- (iii) there is withholding of information of a material nature from the Joint Underwriters which is required to be disclosed pursuant to the Retail Underwriting Agreement which, in the reasonable opinion of the Managing Underwriter, would have a Material Adverse Effect, or materially and adversely affect the success of the IPO, or the distribution or the sale of the IPO Units issued or to be issued under the IPO; or
- (iv) in the event that the Listing does not take place by 1 April 2024 or is withdrawn or not procured or procured but subject to conditions not acceptable to the Managing Underwriter and provided the withdrawal or the imposition of the unacceptable conditions is not due to any breach or default on the part of any of the Joint Underwriters under the Retail Underwriting Agreement;
- (v) the Closing Date does not occur by 19 March 2024, subject to the extension of Closing Date which is approved by the Managing Underwriter; or

4. DETAILS OF THE IPO (Cont'd)

- (vi) the occurrence of any of the following events:
- (a) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Managing Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of the IPO Units or a material adverse effect on the Listing or the IPO. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - I. on or after the date of this Agreement; and
 - II. prior to the Listing Date,
 - lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least 3 consecutive Market Days or any other adverse change in the market conditions which the Managing Underwriter agrees to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition;
 - (b) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities (including those relating to taxation) which in the view of the Managing Underwriter has/likely to have a Material Adverse Effect or the effect of making any obligations under the Retail Underwriting Agreement incapable of performance in accordance with its terms or the effect of prejudicing the success of the IPO;
 - (c) there is a change or development in taxation in Malaysia materially and adversely affecting the Trustee-Manager, Prolintas Infra BT, the Trust Group, the IPO Units or the allotments and/or transfers thereof or an announcement of such change or development;
 - (d) any force majeure event which is any event or series of events beyond the reasonable control of the parties hereto including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes and/or volcanic eruptions), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents or the occurrence of any other calamity or crisis, epidemic, pandemic or outbreak of infectious disease, the escalation of the current pandemic (which includes, but is not limited to, COVID-19 pandemic), the imposition of lockdowns or similar measures to control the spread of such epidemic, pandemic or outbreak of infectious disease, which in the view of the Managing Underwriter as or is likely to have the effect of making any material part of the Retail Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the underwritten Units;

4. DETAILS OF THE IPO (Cont'd)

- (e) any imposition of moratorium, suspension or restriction on trading of securities on Bursa Securities or any moratorium on banking activities or foreign exchange rating or securities settlement or clearing services in or affecting Malaysia for 3 consecutive Market Days or more;
- (f) the trading in units, shares or securities generally on Bursa Securities has been limited or suspended or minimum prices have been established on Bursa Securities;
- (g) any government requisition or occurrence of any other nature whatsoever which in the view of the Managing Underwriter is likely to have a Material Adverse Effect or a material adverse effect on the success of the IPO;
- (h) the Institutional Offering and/or the Retail Offering is/are stopped or delayed by the Trustee-Manager or the Selling Unitholder or any governmental, statutory or regulatory body having authority, jurisdiction or control over any party under the Retail Underwriting Agreement for any reason whatsoever (unless such delay has been approved by the Managing Underwriter);
- (i) any of the approvals referred to in paragraph 4.9.1 (vi) above being revoked or otherwise not remaining in full force and effect;
- (j) any commencement of legal proceedings, formal investigations, enquiries or action against the Trustee-Manager, Prolintas Infra BT, the Trust Group or any of their directors or executive officers, which would have or is likely to have a Material Adverse Effect or in the sole opinion of the Managing Underwriter, make it impracticable to market the Initial Public Offering or to enforce contracts to issue, allot and/or transfer the IPO Units or has the effect of preventing the Listing;
- (vii) there is any change or development or event that has a Material Adverse Effect;
- (viii) if the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the opinion of the Managing Underwriter, impracticable to market the IPO or to enforce contracts to issue, allot and/or transfer the IPO Units or has the effect of preventing the Listing; or
- (ix) any statements contained in the Prospectus and the Application Forms (“**IPO Documents**”) has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if any of the IPO Documents were to be issued at that time, constitute a material omission therefrom;
- (x) the Selling Unitholder or the Trustee-Manager, as applicable, is prohibited by any applicable laws or regulations from issuing or selling the IPO Units pursuant to the terms of the IPO Documents, the Placement Agreement and the Retail Underwriting Agreement;
- (xi) any one of the Transaction Documents (i) having been terminated or rescinded in accordance with its terms thereof; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a Material Adverse Effect; or
- (xii) the SBA having been terminated or rescinded in accordance with the terms thereof.

4. DETAILS OF THE IPO (Cont'd)

“Material Adverse Effect” means in the reasonable opinion of the Majority Joint Underwriters, any event or change, or any development involving a material adverse effect or change or any development that will or is likely to materially and adversely affect or prejudice whether individually or in the aggregate, and whether or not arising in the ordinary course of business on, any of the following:

- (a) the condition (financial or otherwise), general affairs, contractual commitments, management, unitholders' equity, liquidity, prospects, earnings, business, undertakings, assets, liabilities, properties or results of operations of Prolintas Infra BT or the Trust Group (including the Highways);
- (b) the ability of Prolintas Infra BT or the Trust Group to conduct its businesses and to own or lease its assets and properties as described in the Prospectus;
- (c) the ability of the Trustee-Manager and the Selling Unitholder to perform their respective obligations under or with respect to, or to consummate, the transactions to which it is a party as contemplated by the Prospectus or the Transaction Documents; or
- (d) the IPO including but not limited to the success of the IPO and the distribution or sale of the IPO Units pursuant to the IPO.

4.9.2 Placement

The Trustee-Manager and the Selling Unitholder expect to enter into the Placement Agreement with the Lead Bookrunner and the Joint Bookrunners in relation to the placement of up to 422,949,000 IPO Units under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.5 of this Prospectus, respectively. The Trustee-Manager and the Selling Unitholder will be requested to give various representations, warranties and undertakings, and to indemnify the Lead Bookrunner and the Joint Bookrunners against certain liabilities in connection with the IPO.

4.9.3 Lock-up arrangement

- (i) Trustee-Manager

The Trustee-Manager has agreed that, for a period beginning from the date of the lock-up deed until the date falling 6 months after the date of the Listing (**“Lock-Up Period”**), it shall not and will procure that its subsidiaries, affiliates, nominees and/or trustees holding Units on trust for or on the Trustee-Manager's behalf shall not, without the prior written consent of each of the Joint Bookrunners, directly or indirectly, conditionally or unconditionally:

- (a) issue, allot, offer, sell, contract to sell, assign, grant any option to purchase, grant security over, encumber, pledge, mortgage, charge, lend, create, subscribe for, hypothecate, transfer or otherwise dispose or agree to dispose of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in any Units (or any securities convertible into or exchangeable or exercisable for, or that represent the rights to receive or are substantially similar to the Units) or contracting to do so whether any such transaction is to be settled by delivery of Units or such other securities, in case or otherwise;

4. DETAILS OF THE IPO (Cont'd)

- (b) enter into any swap, hedge, derivative or any other arrangement or agreement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of or incidents of ownership of any Units (or any securities convertible into or exchangeable or exercisable for, or that represent the right to receive or are substantially similar to the Units) whether such swap, hedge or transaction is to be settled by delivery of Units or other securities, in cash or otherwise;
- (c) deposit any Units (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Units or that represent the right to receive or are substantially similar to, the Units) in any depository receipt facility whether any such transaction described above is to be settled by delivery of the Units or such other securities, in cash or otherwise;
- (d) do or announce any intention to do any of the above or an offering or sale of any Units or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Units or that represent the right to receive or are substantially similar to, such Units (or any interest therein or in respect thereof);
- (e) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Units; or
- (f) enter into or effect any transaction which is designed or which may reasonably be expected to result or have the same economic effect as any of the transactions described in paragraphs (a) to (e) above;

and such restriction shall apply to all Units (or any interest therein) held by the Trustee-Manager at the date of Listing.

The restrictions in Section 4.9.3(i) above do not apply to (1) the issuance of the Units to be offered under the IPO; (2) the Units issued to the Trustee-Manager in payment of any Trustee-Manager's fee pursuant to the Trust Deed; or (3) the transfer, sale or disposal of the Units to a custodian, trustee, wholly-owned subsidiary or nominee for the Trustee-Manager ("**Permitted Transferee**") provided that the Trustee-Manager procures that the Permitted Transferee executes and delivers to the Joint Bookrunners a written undertaking to the effect that the Permitted Transferee recognises and will comply with the restrictions set forth in the lock-up deed to remain in effect for the remainder of the Lock-up Period, and if any time prior to the expiration of the restrictions on transfer, any Permitted Transferee that is a wholly-owned subsidiary will cease to be a wholly-owned subsidiary of the Trustee-Manager, such wholly-owned subsidiary shall, before such cessation, transfer any Units held by it to the Trustee-Manager or another Permitted Transferee which has delivered a written undertaking to the effect that it recognises and will comply with the restrictions to remain in effect for the remainder of the Lock-up Period.

(ii) Selling Unitholder

The Selling Unitholder has agreed that, for a period beginning from the date of the lock-up deed until the date falling 6 months after the date of the Listing ("**Lock-Up Period**"), it shall not and will procure that its subsidiaries, affiliates, nominees and/or trustees holding Units on trust for or on the Trustee-Manager's behalf shall not, without the prior written consent of each of the Joint Bookrunners, directly or indirectly, conditionally or unconditionally:

4. DETAILS OF THE IPO (Cont'd)

- (a) offer, sell, contract to sell, assign, grant any option to purchase, grant security over, encumber, pledge, mortgage, charge, lend, create, subscribe for, hypothecate, transfer or otherwise dispose or agree to dispose of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in any Units (or any securities convertible into or exchangeable or exercisable for, or that represent the rights to receive or are substantially similar to the Units) or contracting to do so whether any such transaction is to be settled by delivery of Units or such other securities, in case or otherwise;
- (b) enter into any swap, hedge, derivative or any other arrangement or agreement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of or incidents of ownership of any Units (or any securities convertible into or exchangeable or exercisable for, or that represent the right to receive or are substantially similar to the Units) whether such swap, hedge or transaction is to be settled by delivery of Units or other securities, in cash or otherwise;
- (c) deposit any Units (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Units or that represent the right to receive or are substantially similar to, the Units) in any depository receipt facility whether any such transaction described above is to be settled by delivery of the Units or such other securities, in cash or otherwise;
- (d) do or announce any intention to do any of the above or an offering or sale of any Units or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Units or that represent the right to receive or are substantially similar to, such Units (or any interest therein or in respect thereof);
- (e) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Units; or
- (f) enter into or effect any transaction which is designed or which may reasonably be expected to result or have the same economic effect as any of the transactions described in paragraphs (a) to (e) above;

and such restriction shall apply to all Units (or any interest therein) held by the Selling Unitholder at the date of Listing.

The restrictions in Section 4.9.3(ii) above do not apply to (1) the offer, transfer and sale of any Units by the Selling Unitholder under the IPO; or (2) the grant of the Over-Allotment Option pursuant to the Unit Lending Agreement and the transfer of up to an aggregate of 70,300,000 Units pursuant to the Over-Allotment Option provided that the restrictions shall apply to the Units returned pursuant to the Unit Lending Agreement.

4. DETAILS OF THE IPO (Cont'd)

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon the Listing, the Units will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of the IPO Units.

Beneficial owners of Units are required under the Rules of Bursa Depository to maintain the Units in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as Unitholders in respect of the number of Units credited to their respective securities accounts.

Transactions in Units under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Units sold and the buyer's CDS account being credited with the number of Units acquired. No transfer stamp duty is currently payable for Units that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Units held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of units listed on Bursa Securities is normally done in "board lots" of 100 Units. Investors who desire to trade less than 100 Units are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Units will commence trading on Bursa Securities about 10 Market Days after the close of the Institutional Offering. Subscribers of the Units will not be able to sell or otherwise deal in the Units (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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5. RISK FACTORS

An investment in the Units involves a number of risks. Prospective investors should rely on their own evaluation and carefully consider all the information contained in this Prospectus, including the risks described below before deciding to invest in the Units, as these may, among other things, adversely affect the trading price of the Units and the ability of Prolintas Infra BT to make distributions to Unitholders. If any of the risks described below actually occurs, the business, performance, financial condition, results of operations and prospects of Prolintas Infra BT could be negatively affected, the trading price of the Units could decline and investors may lose all or part of their investment.

A business trust is a hybrid structure combining elements of a company and a unit trust scheme (where the operation or management of the scheme and its property or assets is managed by a trustee-manager). It should be noted that business trusts levy certain fees, including management fees, performance fee, acquisition and divestment fees payable to the trustee-manager. Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors should also note that they may not get back their original investment.

5.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE TRUST GROUP

5.1.1 Expiration or early termination of the Concession Agreements

The Trust Group's concession rights to collect tolls from the Highways were granted by the Government under the respective Concession Agreements. The Trust Group's businesses and operations and hence, its financial performance, will be adversely affected if, notwithstanding the legality of the Concession Agreements, the Government were to terminate the Concession Agreements prior to the expiry of their respective terms. The Government may terminate the corresponding Concession Agreement if the relevant Concession Company does not perform its obligations in accordance with the terms of the Concession Agreement and fails to remedy the breach within the stipulated period of time after notification by the Government or via expropriation of a Concession Company if the Government considers such expropriation to be in the national interest. Save as disclosed in Section 7.21 of this Prospectus, as at the LPD, the Concession Companies are in compliance with the terms of the Concession Agreements. The revenue from toll collection contributed 76.8% and 93.9% of the total revenue of the Trust Group for FYE 2022 and FPE 2023 respectively. The toll collection revenue contribution for FYE 2022 and FPE 2023, and the concession expiry of each of the Highways are as follows:

Concession Companies	Toll collection revenue contribution for FYE 2022		Toll collection revenue contribution for FPE 2023		Expiry of concession pursuant to the SCAs 2022
	RM'000	%	RM'000	%	
AKLEH Co	33,204	11.2	23,848	11.1	15 May 2037
GCE Co	88,270	30.0	64,027	29.8	31 May 2062
LKSA Co	42,018	14.2	30,389	14.2	31 July 2062
SILK Co	131,676	44.6	96,463	44.9	31 July 2062
Total	295,168	100.0	214,727	100.0	

Upon the termination of the Concession Agreement, the relevant Concession Company will be required to transfer the Highway and all of its assets to the Government with compensation paid to the relevant Concession Company contingent upon which clause of the Concession Agreement was used as the basis of termination. For termination via Government expropriation, a specific formula for each Concession will be used to calculate compensation payable to the relevant Concession Company.

5. RISK FACTORS (Cont'd)

For termination pursuant to breaches of the Concession Agreement by the relevant Concession Company, compensation paid to the relevant Company (if any), will be when the value of completed works exceeds the amount owed to the Government by the relevant Concession Company. At the expiration of the Concession Agreement, the Concession Company is expected to be left with virtually no assets as the relevant Concession Company will be required to transfer the Highway and all of its assets to the Government with without compensation (which could lead to its liquidation), unless the relevant Concession Company acquires additional assets.

5.1.2 The volume of traffic on the Highways depends primarily on factors outside of Prolintas Infra BT's control

The projections of traffic volumes on the Highways as set out under Section 18 "Traffic Consultant's Report" of this Prospectus were prepared by the Traffic Consultant in its expert capacity as traffic consultant for the Proposals. These projections were made subject to certain bases and assumptions and represent the independent assessments of the Traffic Consultant prepared using such analytical methods and models as were considered appropriate in its best professional judgment and experience based on all material and relevant reference and resources available to the best of its knowledge and belief.

There can be no assurance that the bases and assumptions used in developing these projections will prove to be accurate. The level of traffic on a given highway is influenced heavily by its integration into other parts of the local road system and other road networks. It should also be noted that traffic volumes, and thus toll revenues of the Highways, may be affected by a number of factors including:

- toll rates;
- the level of commercial, industrial and residential development in areas served by the Highways;
- the quality and proximity of alternative routes;
- fuel prices;
- interconnections between the Highways and adjoining road systems;
- development of alternative modes of transport;
- traffic control regulations (e.g. measures to promote the use of public transportation, restrictions on entry of heavy vehicles into the city during peak hours, movement control restrictions, etc.);
- the growth in the number of vehicles;
- the affordability of automobiles to Malaysian consumers, including the availability of financing;
- changes in working trends such as increase in remote working practices; and
- general economic conditions.

Most of these factors are outside of the control of the Trust Group. Adverse trends affecting any of these factors could have a material adverse effect on traffic volumes, and in turn on the business, operations, financial conditions and prospects of the Trust Group. This may include the recognition of impairment of highway development expenditure and goodwill recognised by the Trust Group.

Further, changes in the Trust Group's traffic volume will impact its toll collection revenue and consequently, its Distributable Amount to Unitholders. For illustrative purposes, an increase / decrease in traffic volume of 2.50% in Forecast Year 2024 would increase / decrease:

- the toll collection revenue by RM7.64 million; and
- the Distributable Amount by RM 6.89 million.

5. RISK FACTORS (Cont'd)

5.1.3 The Trust Group's expenses including capital expenditure and costs of operations and maintenance of the Trust Group's Highways, may be affected by events outside the Trust Group's control

As an operator of tolled highways, the Trust Group is responsible at its own cost for the operation and maintenance of the Highways throughout the operating concession period. The continuing repair and maintenance of any highway involves significant expenditure which may be affected by events outside the control of the Trust Group. In addition, traffic flows may potentially be affected as certain maintenance works may require traffic diversions or other traffic management protocols to be implemented. There may also be capital costs in implementing any system changes likely to be necessitated by proposals by the Government for new toll collection arrangements affecting tolled highways in Malaysia, the cost of which may be borne solely by the concession company. Cost overruns may also occur due to engineering requirements, land acquisition cost, adverse site conditions, increases in prices of raw materials and delays in the implementation of the works.

Factors which may lead to increased operating costs and capital expenditures include standards of maintenance or road safety applicable to the Highways prescribed by the MHA or other relevant regulatory authorities becoming more stringent and increases in the cost of materials, labour and supplies. Additionally, if traffic volume is higher than anticipated, or the conditions of the Highways deteriorate earlier than anticipated, the Trust Group may need to increase the frequency of maintenance works. Increases in operating costs may reduce the profits of the Trust Group and could adversely affect the business, operations, financial condition and prospects of the Trust Group. This may include the recognition of impairment of highway development expenditure and goodwill recognised by the Trust Group.

There can be no assurance that significant costs will not be involved or that the revenues and/or cash flow generated from the operation of the Highways and earnings and financial position of the Trust Group may not be adversely affected.

5.1.4 Rapid traffic growth could result in increased congestion and travel times on the Highways which result in users using alternative routes

Factors such as population growth or increase in the level of development in the areas served by the Highways may lead to an increase in traffic on the Highways. Increased traffic could result in increased traffic congestion and commuting times on the Highways, in particular during peak travelling hours. If the travel times on the Highways are no less than competing routes which do not impose tolls, motorists may choose to drive on such alternative routes or opt for an alternative form of transportation such as public transportation. If the number of users of the Highways decline, this would negatively impact the toll collection of the Trust Group, which would adversely affect Prolintas Infra BT's business, operations and financial performance.

In addition, there are limits to the number of vehicles that can efficiently use the Highways in any given period. As the traffic volume on the Highways approaches their respective capacity limits, increase in costs or decline in traffic growth could occur. There is no assurance that the traffic growth of the Highways in the future will not adversely affect the effectiveness of the Highways. In future, the Trust Group may need to undertake carriageway lane additions or extensions if traffic volume approaches capacity limits in particular areas and such extensions would require significant capital expenditure to be undertaken by the Trust Group.

5. RISK FACTORS (Cont'd)

5.1.5 The Trust Group's results of operations may be affected by competing roads and alternative modes of transportation

The Trust Group's results may in the future be affected by competing routes of comparable quality and alternative modes of transportation. At present, the Highways compete with, amongst others, routes such as Jalan Ampang (being the competing route to AKLEH) and New Klang Valley Expressway (being an alternative route to GCE). The future Putrajaya Bangi Expressway is expected to be an alternative route to SILK, in addition to present alternative toll-free routes.

Although the Trust Group believes that there are significant practical and commercial barriers to effective direct competition with its Highways, there can be no assurance that existing roads or modes of transportation will not significantly improve their services or reduce their charges, or that alternative roads will not be built which may charge lower tolls or provide more direct access to locations served by the Highways, which may adversely affect the results of operations of the Trust Group.

The Trust Group's business may also be adversely affected by developments relating to other modes of transportation in Malaysia, such as the development and construction of the Mass Rapid Transit (MRT) rail system network, with the MRT3 Circle Line which is the final piece to complete Kuala Lumpur's urban rail network, with phase 1 estimated to be open in 2028 subject to land acquisition process, and phase 2 estimated to be open in 2030. The development of such alternative modes of transportation could reduce traffic volume on the Highways.

5.1.6 The Trust Group may face risks relating to non-compliance with laws, regulations and guidelines governing the business and operations of the Trust Group

As disclosed in Section 7.23 of this Prospectus, the Trust Group has highlighted the following non-compliance with the relevant laws, regulations, rules and requirements governing conduct of the business of the Trust Group:

(i) **A number of buildings and structures along the Highways did not obtain planning permission and have not been issued with CCCs**

As at the LPD, the Trust Group has not obtained planning permission for a total of 35 buildings and structures along the Highways (including administration buildings, toll plazas, RSAs and lay-bys). These buildings and structures have also not been issued with CCCs.

The MHA has issued SKPL for all the Highways. The SKPL, among others, contains a confirmation from a professional engineer that the highway / ancillary facility (i.e. administration buildings, toll plazas, RSAs and lay-bys) has been examined and the relevant highway / facility has been constructed according to standards, specifications and designs (*piawaian, spesifikasi dan reka bentuk*) which have been approved by MHA and high quality engineering practices (*amalan kejuruteraan yang bermutu tinggi*); and that the highway / ancillary facility is safe for public use. The SKPL also contains a confirmation by MHA that the relevant portion of the highway / facility is suitable and safe to be open for public use (*sesuai dan selamat dibuka untuk kegunaan awam*) subject to certain conditions (including for example, the conduct of sound tests).

5. RISK FACTORS (Cont'd)

In the past, in practice, the local authorities have accepted the SKPL in lieu of a CCC for the purposes of a business premise license application by the vendors operating in the RSAs of the Highways. However, the Concession Companies have noted that in recent years (2018-2019), the local authorities have begun to emphasise on the requirement for planning permission and CCC for the construction of new structures on the Highways including for the construction of the Elmina Northbound Petrol Station on GCE, in respect of which GCE Co has duly obtained planning permission on 28 June 2023 from Majlis Bandaraya Shah Alam.

The Concession Companies understand this matter to be a collective issue faced by all local highway concession companies and an industry wide risk. Notwithstanding the recent emphasis taken by the local authorities on the requirement for planning permission and CCCs for construction of new structures on the Highways, the Ministry of Works has, vide its letter dated 28 July 2023, confirmed that the issue of the requirement of planning permission and CCC for buildings and structures on existing highways including the Highways is an issue which is currently under discussion and engagement between the relevant parties (i.e., the highway concession companies, local authorities and the Ministry of Works). Meanwhile, the Ministry of Works has confirmed that the issuance of the SKPL for the Highways affirms that the Highways and its ancillary facilities have been completed in accordance with the requirements of the relevant Concession Agreements.

In the event that the local authorities require existing structures on the Highways to obtain a CCC, notwithstanding that the business operations of the Trust Group will not be disrupted, we estimate that approximately RM13.1 million is required to procure the issuance of the relevant planning permissions and CCCs for the 35 buildings and structures and it would take approximately three years to complete the rectification process.

In respect of Shah Alam Urban Park which is a marquee tent located along LKSA (which is not covered under the SKPL issued by MHA for LKSA), LKSA Co is in the process of applying for planning permission and the requisite CCC from Majlis Bandaraya Shah Alam. It should be noted that PHSSB has been granted a lease by the Federal Land Commissioner in respect of the area known as Shah Alam Urban Park. PHSSB has sub-leased the area at Shah Alam Urban Park to a third-party operator, which is currently using the location as an event space. The planning permission application was made to Majlis Bandaraya Shah Alam on 25 July 2023 and is currently pending approval.

As at the LPD, the Concession Companies have not received any notice of enforcement or faced any enforcement action from any local authorities for the lack of planning permission and/or CCCs in respect of their buildings and structures on their Highways. However, there is no assurance that the Trust Group will not be subject to enforcement actions by the relevant authorities, including cessation, relocation and/or the imposition of monetary penalties. The potential maximum penalty to be imposed by the relevant authorities, if any, for 35 buildings and structures is estimated at approximately RM26.3 million or 18.0% of the profit from operations of the Trust Group for the FYE 2022. The potential maximum penalty, if any, and cost to rectify is approximately RM39.4 million or 27.0% of the Trust Group's profit from operations for the FYE 2022.

5. RISK FACTORS (Cont'd)

5.1.7 Toll rates in respect of the Highways are outside the Trust Group's control and compensation arrangements may not result in the relevant Concession Company receiving equal the amount of toll revenue lost as a result of the lower toll rates

The Trust Group derives substantially all of its revenue from toll collection from vehicles using the Highways. The present toll structures which are applicable to the Highways as disclosed in Section 7.1 of this Prospectus have been approved under the respective Concession Agreements as amended by the SCAs 2022 by the Government.

Separately, the Government has also, in the past, imposed toll rates lower than the agreed toll rates for a variety of reasons including economic difficulties and negative consumer perceptions of increases in toll rates especially after hikes in fuel prices. The Government has also, from time to time, announced waivers or discounts on toll rates during festive periods and special events such as the federal election to reduce the costs of travel for road users. Although the Government is required under the Concession Agreements to compensate the relevant Concession Company if the Government-imposed toll rates in any period are lower than those agreed pursuant to the terms of the Concession Agreements, these compensation arrangements may not result in the relevant Concession Company receiving equal the amount of toll revenue lost as a result of the lower toll rates. Furthermore, any non-cash incentives that may form part of the Government's compensation may also adversely affect the toll revenues and cash flows of the Trust Group.

There can be no assurance that the Government, will not seek to alter the form, substance, timing or level of compensation payable under the Concession Agreements. Should such event occur, revenue and cash flow generated from the operation of the Highways may be adversely affected.

5.1.8 The Trust Group's takaful coverage may be inadequate to insure against all potential risks relating to the operation and maintenance of the Highways

The Trust Group maintains various takaful policies covering, amongst others, all-risks takaful (insurance) on equipment, fire and allied perils, material damage on the Highways and loss of revenue and/or cash flow generated from the operation of the Highways. As at the LPD, the Trust Group's various takaful policies provide it with coverage of up to about RM4.41 billion in aggregate. As at the LPD, the Trust Group's total assets were about RM2.18 billion. All the Trust Group's takaful policies are subject to exclusions and limitations of liability with respect to amounts and the insured events.

Although the Trust Group shall at all times maintain takaful (insurance) in accordance with the terms of the Concession Agreements and industry standards to protect against certain risks, not all risks are insurable or economically not feasible to insure such as war risk, terrorist acts and losses caused by contamination or other environmental breaches. Furthermore, the Trust Group's takaful coverage may not adequately protect it from the key risks associated with the Trust Group's business. In the event certain risks occur, or if there is a total or partial loss of the Highway(s), there can be no assurance that the proceeds of the applicable takaful policies will be available or adequate to cover lost revenues, increased expenses or the cost of repair or replacement.

Furthermore, there is no assurance that the Trust Group will be able to continue to maintain its existing takaful coverage or obtain takaful policies on economically viable terms or acceptable premiums.

5. RISK FACTORS (Cont'd)

5.1.9 The Trust Group may be subject to legal proceedings arising from its business operations

The Trust Group may from time to time become subject to various claims and lawsuits, as a result of, among other things, traffic accidents, environmental concerns and disputes relating to land acquisitions. These lawsuits may involve mass tort or other class action type of litigation brought by special interest groups (such as environmental activists) or by communities that are affected by the Trust Group's construction or other operational activities (such as noise pollution caused by traffic along the Highways).

Legal proceedings may be time consuming and it may be difficult to assess and/or quantify the possible losses, damages or expenses arising from such proceedings. Although the Trust Group's takaful policies provide it with coverage for liabilities incurred from proceedings involving traffic accidents, if the Trust Group is unsuccessful in pursuing or defending other types of lawsuits and/or claims, it may incur substantial costs and face significant liabilities. In addition, there may also be adverse publicity associated with complaints, investigations, litigation proceedings and regulatory orders affecting the Trust Group's reputation.

Save as disclosed in Section 20.4 of this Prospectus, the Trust Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on its financial position or profitability. There can be no assurance that currently pending or future lawsuits, if determined adversely against the Trust Group, would not have a material adverse effect on the Trust Group and its business.

5.1.10 The Trust Group will depend on external financing and its ability to service its debt obligations and/or pay distributions may be adversely affected by its current or future financing agreements or any interest rate fluctuation

The Trust Group has secured financing facilities of up to RM2,700 million from BPMB as part of the Islamic Financing. For the avoidance of doubt, any additional financing above RM2,700 million is subject to the approval of BPMB and where there is recourse to the Trust and the Concession Companies, it would be further subject to the approval of the Government.

The Trust Group's Islamic Financing is on a floating rate basis, and in the future, the cost of the Trust Group's financing will continue to be subject to floating interest rates. Please refer to Section 15.2.12 of this Prospectus on liquidity and capital resources. Increase in interest rates could significantly affect the Trust Group's financial condition and results of operations. The interest rates of the Trust Group's borrowings could be subject to changes based on the cost of funds of the lender, which could be subject to renegotiation on a periodic basis. If the interest rates for the Trust Group's existing or future borrowings increase significantly, its cost of funds will increase, which may adversely impact its results of operations, planned capital expenditures and cash flows. This may also lead to an inability by the Trust Group to service its financing obligations, leading to an event of default.

For illustrative purposes, assuming the entire Islamic Financing of RM2,700 million is drawn, an increase / decrease in profit rates of 25 basis points would increase / decrease annual finance cost by RM6.75 million.

The Trust Group may also require additional financing in the future. There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to the Trust Group, or at all. Therefore, the business growth, financial condition, results of operations and prospects of the Trust Group may be adversely affected.

5. RISK FACTORS *(Cont'd)*

5.1.11 The Promoter has significant influence over the outcome of proposed transactions and/or corporate matters due to its controlling interest

Immediately following the completion of the IPO assuming the Over-allotment Option is fully exercised and the IPO is fully placed out, the Promoter will own in aggregate 51.0% of the total Units in issue. The interests of the Promoter may differ from the interest of the Trust Group or the interests of the Trust Group's other Unitholders and the Promoter may be able to exercise significant influence over the vote of the Units. The Promoter could also have significant influence in determining the outcome of any corporate transaction or other matters submitted to the Unitholders for approval, including mergers, consolidations and the sale of all or substantially all of the Trust Group's assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. There can be no assurance that the interests of the Promoter will be aligned with those of the other Unitholders. In respect of related party transactions including the potential acquisitions by Prolintas Infra BT of DASH and SUKE highways pursuant to the right of first refusal granted by PLKH and other recurring related party transactions, such as the provision of management services, corporate shared services, turnkey contract services and/or consultancy services by PLKH or its subsidiaries (i.e. PCSSSB, PHSSB and Turnpike), there will inevitably be a conflict of interest between PLKH and those of the other non-interested Unitholders. Nevertheless, the Trustee-Manager shall ensure adherence to the relevant guidelines governing related party transactions and conflicts of interests including the Listing Requirements, whereby among others, PLKH as an interested Unitholder and any interested Director(s) will be required to abstain from voting and procure persons connected to them to abstain from voting in respect of such transactions. Furthermore, an independent adviser will be engaged if required under the Listing Requirements to advise the non-interested Unitholders on the fairness of such transactions.

5.1.12 The Trustee-Manager may not be able to implement its investment or corporate strategies

The Trustee-Manager's strategies focus on three main areas: managing the underlying assets of the Trust, managing the Trust's acquisitions and managing the Trust's capital structure to maximise distributions. There is no assurance that the Trustee-Manager will be able to implement these strategies successfully or that it will be able to expand the Trust's portfolio at any specified rate or to any specified size or to maintain distributions at projected levels.

The Trustee-Manager's ability to successfully implement its investment strategies or expand the Trust's portfolio will depend on, amongst other factors, its ability to identify suitable investment opportunities that meet its investment criteria and to obtain the necessary funding on favourable terms. There can be no assurance that the Trustee-Manager will be able to successfully implement its investment strategies on terms favourable to the Trust and/or within the intended time frame.

The Trustee-Manager may not be able to implement its strategy for growth via the acquisition of income-generating highways as the pool of highway assets available for future acquisition may not be easily sourced or commercially viable for acquisition whether due to the financial capacity of the Trust or otherwise. Even if the Trustee-Manager is able to acquire new highway assets, there is no assurance that the Trust will achieve the desired return on such acquisitions or investments. The Trustee-Manager's failure to effectively implement its strategy or as planned, due to any of these factors, may have a material adverse effect on the Trust Group's business, financial condition, results of operations and the Trust's ability to make distributions to Unitholders. Factors that may affect this risk may include, but are not limited to, changes in the regulatory environment in Malaysia for operators of tolled highways, and general economic conditions.

5. RISK FACTORS (Cont'd)

5.1.13 The Trustee-Manager and the Trust Group depend on certain key personnel

The performance of the Trust Group, depends, in part, upon the Trustee-Manager's ability to develop the business plan and corporate strategies of Prolintas Infra BT, provide resources and identify the appropriate group of personnel to operate the Trust Group's business. In particular, the Trust Group relies on the expertise and experience of the Trustee-Manager, its directors and key senior management as set out in Sections 10.4 and 10.5 of this Prospectus. The loss of any key personnel or the Trust Group's inability to replace these individuals, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Trust Group.

5.1.14 The Trustee-Manager may only be removed by a resolution of not less than two-thirds of voting rights of Unitholders

Under the Trust Deed and the CMSA, save for the removal of the Trustee-Manager by the SC, a resolution to remove the Trustee-Manager and to appoint a replacement trustee-manager is passed when it is passed by Unitholders holding in aggregate not less than two-thirds of the voting rights of all the Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting. Accordingly, a Unitholder who owns or controls more than 50% but less than two-thirds of the voting rights of the Units may not be able to remove the Trustee-Manager. Correspondingly, a Unitholder who owns or controls not less than one-thirds of the Units will have the ability to block any resolution to remove the Trustee-Manager. Pursuant to the SCAs 2022, the Promoter has given an undertaking to the Government that PLKH, PNB, and any unit trust managed by PNB and/or its subsidiary shall maintain at least 33% unitholdings in the Trust at all times.

5.1.15 The directors of the Trustee-Manager are not subject to any removal, replacement or resignation by way of any resolution of the Unitholders

Pursuant to the Trust Deed, the directors on the board of the Trustee-Manager shall not be subject to any removal, replacement or resignation by way of any resolution of the Unitholders. Any removal, replacement and/or resignation of a director of the Trustee-Manager shall be subject to and in accordance with the constitution of the Trustee-Manager, the Listing Requirements and Applicable Laws and Requirements.

Accordingly, the Unitholders are unable to remove any director of the Trustee-Manager. Under the Act, the directors of the Trustee-Manager, which is a private company, may be removed before the expiration of the director's period of office, subject to the constitution of the Trustee-Manager by ordinary resolution of its shareholder(s) (i.e. the Promoter).

5.2 RISKS RELATING TO THE INDUSTRY IN WHICH THE TRUST GROUP OPERATES IN

5.2.1 The operations of the Highways may be affected by pandemics of infectious disease (such as COVID-19) or other health epidemics, natural disasters, terrorist attacks, armed conflicts and other events beyond the Trust Group's control

The Trust Group may face disruptions to the operation of the Highways due to unforeseen external factors such as health epidemics, pandemics (such as the COVID-19 pandemic), natural disasters, acts of God, fire, flooding, civil commotion, sabotage, economic sanctions, industrial action, insufficient electricity supply and other calamities or events beyond the control of the Trust Group. In such events, the business, financial condition, results of operations and prospects of the Trust Group will be adversely affected.

5. RISK FACTORS (Cont'd)

At the end of 2021, the Trust Group had encountered disruptions due to floods on certain sections of LKSA and access to GCE was restricted for approximately 18 hours as result of flash floods in the Klang Valley due to the heavy rain since the early evening of 17 December 2021 that lasted over 24 hours throughout Selangor. If natural disasters or other catastrophic events occur, this could negatively affect the flow of traffic to or on the Highways. The traffic volume at GCE was recorded at 99,365 and 57,368 respectively on 18 and 19 December 2021, lower than average daily traffic of 113,872 on the first 17 days of December 2021. Meanwhile, the traffic volume at LKSA was recorded at 58,869 and 16,779 respectively on 18 and 19 December 2021, lower than average daily traffic of 62,352 on the first 17 days of December 2021. These interruptions in GCE and LKSA led to a reduction in the Trust Group's toll revenues for the affected period. In addition, catastrophic events could also cause damage to the Highways themselves and/or disrupt traffic flows to or on the Highways. Although the Trust Group expects at all times to maintain takaful (insurance) in accordance with the Concession Agreements and industry standards to protect against certain risks, if the disruption or damage sustained by any of the Highways is material and continues for a protracted period of time, toll revenue generated could decrease significantly or the expense of operating, maintaining or restoring the Highways could increase significantly to the extent that the financial performance of the Trust Group is adversely affected.

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets. Given the uncertainties as to the development of the COVID-19 pandemic, it is difficult to predict how long such conditions will exist and the extent to which the Trust Group may be affected by such conditions. In 2020 and 2021, traffic volumes on the Highways were reduced due to movement control restrictions imposed by the Government in response to the Covid-19 pandemic.

As the COVID-19 pandemic is ongoing as at the LPD and is still evolving, there is no assurance that we will not in the future experience more severe disruptions in the event that more stringent measures are imposed or if the COVID-19 pandemic becomes more severe or protracted due to various reasons including the introduction of new variants. There is no assurance that the COVID-19 pandemic will not worsen resulting in the re-imposition of lockdown and measures restricting mobility and travel, which could in turn cause a deterioration of the Trust Group's business, financial condition, results of operations and prospects.

5.2.2 The Trust Group's business and results of operations is exposed to political, economic and social conditions in Malaysia

The business, prospects, financial condition, results of operations and prospects of the Trust Group may be adversely affected by political, economic and social developments in Malaysia. Such political and social uncertainties are often beyond the Trust Group's control and include, but are not limited to, changes in political leadership, internal conflict, nationalisation, riots, expropriation, price and capital controls, sudden restrictive changes to government policies, introduction of new taxes on goods and services, introduction of new laws, as well as demonstrations, unemployment trends and other matters that influence continued and stable business operations and economic activity.

5. RISK FACTORS (Cont'd)

The Concession Companies have in the past experienced in Malaysia incidents of political and ethnic disturbances. There is no assurance that civil disturbances and political instability will not occur in the future. If these were to occur, such disturbances could lead to further political and economic instability as well as loss of confidence in investment in those countries and materially and adversely affect the Trust Group's business, financial condition, results of operations and prospects.

In addition, government intervention and significant changes in policies in Malaysia including inflation, wage and price controls, capital controls, interest rates controls and limitations on imports or exports, may adversely affect the Trust Group's business, financial condition, results of operations and/or prospects. Economic slow-downs and global market fluctuations may also have a material adverse effect on global economic conditions and investment sentiments. Such developments could adversely affect the Trust Group's business, lead to reduction in the usage of the Highways and adversely affect the business, financial condition, results of operations and prospects of the Trust Group.

5.2.3 The Trust Group's business is subject to Government regulation

The Trust Group's operations are subject to the jurisdiction of numerous Government agencies and is regulated by the Federal Road (Private Management) Act, 1984, rules and guidelines issued by the MHA, and as a listed entity, Prolintas Infra BT will be subject to the Listing Requirements, the BT Guidelines and related securities legislation, regulations and guidelines. These regulations and requirements may limit the activities of the Trust Group or result in high compliance costs. Furthermore, any non-compliance by the Trust Group with such regulations could result in penalties being imposed on the Trust Group. There can be no assurance that any future changes to the regulations affecting the Trust Group or the introduction of new legislation or regulations by the relevant authorities will not adversely affect the business, financial condition, results of operations and prospects of the Trust Group.

5.2.4 The Trust Group's business is exposed to environmental issues

The Trust Group's operations are subject to environmental legislation and regulations (including those which require compliance with conditions attached to environmental impact assessment reports for each of the Highways) imposed by the Department of Environment Malaysia. Notwithstanding that the Trust Group would need to comply with all regulations and licensing requirements, there can be no assurance that such legislation and regulation will not change to the extent that such changes will have a material adverse effect on the operations and financial position of the Trust Group. Breaching any of these regulations could also result in reputational damage and/or penalties for non-compliance which could adversely affect the business, financial condition, results of operations and prospects of the Trust Group.

5.2.5 The Trust Group's business is dependent on the application of technology including the *SmartTag* or *Touch n' Go* systems

The Trust Group collects tolls fully through an automated ETC system via third-party electronic payment systems, namely Touch 'n Go, SmartTAG and Touch 'n Go radio-frequency identification (RFID). As Touch n' Go Sdn Bhd is the sole provider of ETC services to all highways in Malaysia, the Trust Group as a whole is currently dependent upon Touch n' Go Sdn Bhd for its ETC services, pending the introduction of the open payment system which will allow road users to pay tolls not just using Touch n' Go Sdn Bhd's ETC system but also by way of debit and credit cards. AKLEH and GCE are among the highways identified by the Government which has commenced the implementation of open payment system in September 2023, after which, there will be reduced dependence on Touch & Go. If the Trust Group experiences system failures with respect to such electronic payment systems, this may adversely affect its ability to collect tolls efficiently and control payment leakage.

5. RISK FACTORS (Cont'd)

In addition, the Trust Group may, from time to time, be required to implement new technological developments or procure alternative technologies from existing systems. For instance, the Government has reiterated that it intends to introduce a multi-lane fast flow (MLFF) toll system in Malaysia by 2025 to reduce congestion at toll plazas. Although the details of the MLFF system have yet to be finalised, it is envisaged that the installation of the required systems will require the Trust Group to incur significant additional operational expenditure in the form of increased commission costs, handling fees and other yet to be determined cost mechanisms associated with demolishing toll plazas, refurbishing and reinstating roads after toll plaza demolition and installation of toll detection gantries.

With many uncertainties therein, there is no assurance that the commission rates and other fees to be paid by the Trust Group for MLFF implementation will be favourable to the Trust Group. Procuring and installing of new systems could result in disruption of traffic on the Highways. Additionally, any technical problems, delay or failure encountered in the implementation of new systems could result in a loss of revenue and/or cash flow generated from the operation of the Highways or result in adverse impact on the reputation of the Trust Group, impacting its ability to attract and/or retain highway users.

5.3 RISKS RELATING TO AN INVESTMENT IN THE UNITS AND LISTING

5.3.1 The Listing may not result in an active liquid market for the Units

There is no public market for the Units prior to the IPO and an active public market for the Units may not develop or be sustained after the IPO. There can be no assurance as to the liquidity of the market that may develop for the Units, the ability of holders to sell Units or the price at which holders would be able to sell the Units. Neither the Trustee-Manager nor the Promoter have an obligation to make a market for the Units or, if such a market does develop, sustain it.

5.3.2 Unit price and trading volume may be volatile

The market price of the Units may fluctuate as a result of, amongst other things, the following:

- general market, political and economic conditions;
- trading liquidity;
- differences in the actual financial and operating results of the Trust Group and those expected by investors and analysts;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general or shares of companies comparable to the Trust Group;
- perceived prospects of the Trust Group's business and the highway industry;
- adverse media reports regarding us or the Substantial Unitholders;
- changes in government policy, legislation or regulation;
- the ability of the Trustee-Manager to implement successfully its investment and growth strategies;
- actions by Unitholders; and
- general operational and business risks.

5. RISK FACTORS (Cont'd)

If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their market price, if at all. In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Units. Furthermore, if the trading volume of the Units is low, price fluctuation may be exacerbated. While locked up Unitholders are restricted from selling any of their Units for a period of six months following the Listing, the market price of the Units may also fluctuate if the existing Unitholders choose to sell the Units in the future. For further details on the moratorium and the lock-up arrangements, see Sections 2.3 and 4.9.3 of this Prospectus, respectively. Accordingly, there can be no assurance that the Units will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. The share price of many companies have experienced wide fluctuations which were not always related to the operating performance of those companies. There can be no assurance that the price and trading of the Units will not be subject to similar fluctuations.

5.3.3 The sale, or the possible sale, of a substantial number of the Units in the public market following the Listing could adversely affect the price of the Units

Following the Listing, we will have in issue 1,100,000,000 Units, assuming the Over-allotment Option is fully exercised, of which up to 468,700,000 Units, representing up to 42.6% of the total Units in issue, will be held by investors participating in the Listing, and not less than 561,000,000 Units, representing 51.0% of the total Units in issue will be held by the Promoter.

Save for the restrictions in relation to the moratoriums and the lock-up arrangements as set out in Sections 2.3 and 4.9.3 of this Prospectus, respectively, the Units sold in the Listing will be traded on the Main Market of Bursa Securities without restriction following the Listing.

The Promoter could dispose of some or all of the Units that it holds after the moratorium period pursuant to its own investment objectives. If the Promoter sells, or is perceived as intending to sell, a substantial amount of the Units that it holds, the market price for the Units could be adversely affected.

5.3.4 There may be a delay in, or termination of, the Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, the Listing:

- (i) the Managing Underwriter's or the Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement, or the Lead Bookrunner's or the Joint Bookrunners' exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;
- (ii) the Trust's inability to meet the minimum public shareholding spread requirement pursuant to Paragraph 3.06 of the Listing Requirements of having at least 25.0% of the total number of the Units for which the Listing is sought being in the hands of at least 1,000 public Unitholders holding at least 100 Units each at the point of the Listing as approved by Bursa Securities. See Section 4.3.4 of this Prospectus for details; or
- (iii) the revocation of the approvals from the relevant authorities for the Listing for whatever reason.

5. RISK FACTORS (Cont'd)

If the Listing is aborted, investors will not receive any IPO Units and the Selling Unitholder will return in full, without interest, all monies paid in respect of any application for the IPO Units.

5.3.5 The Trust may not be able to make distributions to Unitholders or the level of distributions may fall depending on the financial performance of the Trust Group

The Trust's distributions will be based on the Distributable Amount and not on whether the Trust makes an accounting profit or loss. If the Concession Companies held by the Trust do not generate sufficient cash flows or income, the Trust's ability to make distributions will be adversely affected.

In addition, Prolintas Infra BT will rely on, amongst others, the receipt of dividends, principal or profit/interest payments on shareholders' advances from the Subsidiaries in order to make distributions to Unitholders. The ability of the Subsidiaries to pay dividends, make profit/interest payments and repay shareholder advances may be affected by a number of factors including among other things:

- their respective businesses and financial positions;
- insufficient cash flows received from the Highways;
- applicable laws and regulations, which may restrict the payment of dividends by the Subsidiaries, such as the Act;
- operating losses incurred by the Subsidiaries in any financial year;
- changes in accounting standards, taxation laws and regulations, company laws and regulations relating thereto; and
- the terms of agreements to which they are, or may become, a party.

There can be no assurance that the level of distributions by Prolintas Infra BT to the Unitholders will be as forecasted, projected, and/or subsequently maintained. Any reduction in or elimination of payments of distributions could adversely affect the market price of the Units.

5.3.6 The actual performance of Prolintas Infra BT could differ materially from the forward-looking statements in this Prospectus and Profit and Cash Flows Forecast included in Section 16 of this Prospectus

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding the Trust Group's financial position, business strategies, prospects, plans and objectives of the Trust Group for future operations, are forward-looking statements. Such forward-looking statements are made based on numerous assumptions regarding the present and future business strategies of the Trustee-Manager and the environment in which Prolintas Infra BT will operate in the future. Such factors include, amongst others, general economic and business conditions, competition, the impact of new laws and regulations affecting the Trust Group's industry and government initiatives. No assurance is given that the assumptions will be realised and the actual distributions to Unitholders and/or yields will be as forecast.

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5. RISK FACTORS (Cont'd)

The forward-looking statements include, amongst others, the Profit and Cash Flows Forecast for Forecast Year 2024 as set out in Section 16 of this Prospectus. These forward-looking statements are based on a number of assumptions which are deemed to be reasonable as at the date of this Prospectus and subject to uncertainties and contingencies which are outside of the Trustee-Manager's control. As the actual results may differ materially from the forecasts, investors are advised to read and understand the assumptions, uncertainties and contingencies underlying the Profit and Cash Flows Forecast as set out in Section 16.7 "Bases and Assumptions" of this Prospectus for further details. The Trust Group's ability to achieve the abovementioned Profit and Cash Flows Forecast is subject to events and circumstances assumed which may not occur as expected, or events and circumstances not anticipated which may arise.

Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, including COVID-19 related factors, risks and challenges, that may cause the Trust Group's actual results, performance or achievements of the Trust Group, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. The inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by the advisers or the Trustee-Manager that the plans and objectives of Prolintas Infra BT will be achieved.

5.3.7 Business trusts may declare distributions without being limited to accounting profit, which may increase the risk of insolvency

Unlike corporations, the trustee-manager of a business trust has the right to declare distributions out of its cashflows (e.g. profits, income or other payment or returns), giving the business trust more flexibility than companies which are limited to distributing dividends out of accounting profit only. Therefore, even if a business trust has a net loss, it is possible to make distributions.

Although any declaration of a distribution by the Trustee-Manager must be signed by not less than 2 directors of the Trustee-Manager, must have been approved by Board (where the Board is satisfied that after making the distribution, the Trustee-Manager will continue to be able to fulfil, from the Assets, the liabilities of the Trust as and when these liabilities fall due), there can be no assurance that the judgment of the Board will prove correct or that circumstances will not differ from the expectations of the Board. Accordingly, there can be no assurance that the Trust will be able to meet its liabilities, as and when they fall due if frequent distributions are made, in particular where unforeseen circumstances occur, such as an interruption in Trust Group's business operations due to natural disaster or sudden changes in domestic or foreign economic circumstances, which will subject the Trust to the risk of insolvency.

5.3.8 Unitholders will experience a dilution of their interest in Prolintas Infra BT from the issuance of Units to the Trustee-Manager as payment of fees or if they do not participate in future equity financing

Where new Units, including Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager's fees, are issued, or if Unitholders do not or are not able to participate in future equity fund raising, such as rights issues or private placements, their proportionate interest in Prolintas Infra BT will be reduced. Further, in the event that further issues of Units are priced below the prevailing net asset value per Unit, the net asset value per existing Unit will be diluted.

5. RISK FACTORS *(Cont'd)*

5.3.9 The Units are not redeemable at the option of Unitholders

It is intended that Unitholders may only deal in their listed Units through trading on the Main Market of Bursa Securities. Unitholders have no right to redeem Units or require the redemption of Units by the Trustee-Manager while the Units are listed on the Main Market of Bursa Securities. It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities.

5.3.10 Unitholders will have no right to request the Trustee-Manager to transfer legal title of any of the Assets of Prolintas Infra BT to them

Unitholders' interests in the Assets of the Trust Group are proportionately linked to their unitholding in Prolintas Infra BT, so that their interest in such assets will change proportionately to their interest in the Units. Unitholders will have no right to request the Trustee-Manager to transfer legal title of any of the Assets to the Unitholders.

5.3.11 The rights of Prolintas Infra BT and the Unitholders to recover claims against the Trustee-Manager are limited

The Trust Deed excludes liability of the Trustee-Manager to Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith in the absence of wilful default, recklessness or negligence by the Trustee-Manager. In addition, the Trust Deed provides that the Trustee-Manager is entitled to be indemnified out of the Assets of the Trust against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the trust save where that such indemnities do not extend to liabilities caused by or arising from negligence, recklessness or willful act or omission or breach of trust on the part of the Trustee-Manager. As a result, the rights of the Trust and the Unitholders to recover claims against the Trustee-Manager are limited. Third parties may be unable to recover for claims brought against the Trustee-Manager as the Trustee-Manager is not an entity with significant assets with a current paid up capital of RM2.00.

5.3.12 The Trust Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts

The Trust Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting business trusts. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect business trusts in general or Prolintas Infra BT specifically and hence have a corresponding adverse effect on Unitholders.

5.3.13 There is no assurance that the Units will remain listed on Bursa Securities and/or not be suspended from trading

Although it is intended that the Units will remain listed on Bursa Securities, there is no guarantee of the continued listing of the Units. Among other factors, Prolintas Infra BT may not continue to satisfy the public spread requirements under the Listing Requirements. Accordingly, Unitholders will not be able to sell their Units through trading on Bursa Securities if the Units are no longer listed on Bursa Securities and/or are suspended from trading for an indefinite period.

6. INFORMATION ON THE TRUST GROUP

6.1 INFORMATION ON PROLINTAS INFRA BT

6.1.1 History and background

Prolintas Infra BT is an Islamic business trust constituted under the laws of Malaysia under the Trust Deed and registered with the SC on 11 December 2023. The Trust is managed by Prolintas Managers, the Trustee-Manager. Further details on the Trustee-Manager are set out in Section 10.1 of this Prospectus.

The Trust had on 21 December 2023 completed the Pre-IPO Acquisition and formed the Trust Group. Further details of the Pre-IPO Acquisition are set out in Section 6.1.8(i) below.

The Trust Group, through its subsidiaries, are principally involved in the construction, toll collection, operation and maintenance of the Highways (i.e. AKLEH, GCE, LKSA and SILK) and the provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience. Further details on the business overview of the Trust Group are set out in Section 7 of the Prospectus.

The Trust will be the first business trust to be listed on the Main Market of Bursa Securities, and provides investors the opportunity to invest in highway-related infrastructure assets via the IPO. The Listing is in accordance with the consensus achieved with the Government under the respective SCAs 2022.

As at the LPD, the Trust's issued unit capital is RM1,100,000,000 comprising 1,100,000,000 Units and there has been no change in issued Units of Prolintas Infra BT since its establishment date.

<u>Date of allotment</u>	<u>No. of Units</u>	<u>Consideration</u>	<u>Cumulative issued unit capital</u>
21 December 2023	1,100,000,000	Otherwise than cash	RM 1,100,000,000

As at the LPD, the Trust Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

As at the LPD, neither the Trust nor the Trust Group is involved in any bankruptcy, receivership or similar proceedings. During the last financial year and up to the LPD, there were no:

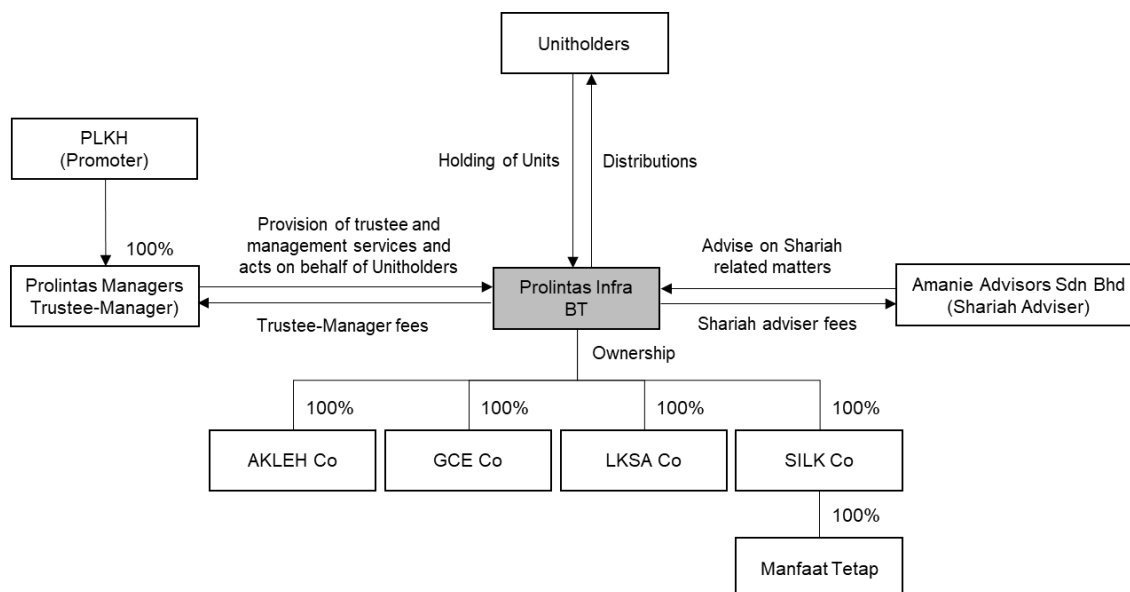
- (i) public take-over offers by third parties in respect of the Units; and
- (ii) public take-over offers by Prolintas Managers (acting in its capacity as trustee-manager of the Trust) in respect of the shares in another company or the units of another business trust.

As at the LPD, there are no material capital expenditures and divestitures by the Trustee-Manager acting on behalf of the Trust, save for the Pre-IPO Acquisition described in Section 6.1.8(i) of this Prospectus.

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6. INFORMATION ON THE TRUST GROUP (Cont'd)

The following diagram illustrates the relationship between Prolintas Infra BT, the Trustee-Manager, the Shariah Adviser and the Unitholders upon the Listing:



Pursuant to the Trust Deed, the Trustee-Manager shall hold the Assets (i.e. the Concession Companies) upon trust for the Unitholders and the Assets held shall be segregated from the general assets of the Trustee-Manager and any other trust managed by the Trustee-Manager.

6.1.2 Investment policy and objectives

The objectives of the Trust are to provide Unitholders with stable Distributions per Unit with the potential for sustainable long term growth of such Distributions.

The objectives are to be achieved by optimising the performance and enhancing the overall quality of a large and geographically diversified portfolio of Assets which are Shariah-compliant through various investment and business strategies.

Unless otherwise provided by the Applicable Laws and Requirements, any modification to the Trust Deed involving any change to the investment objectives set out in the Trust Deed thereof must be approved by Unitholders by way of a Special Resolution.

6.1.3 Key investment strategies

(i) Organic growth through proactive management

The Trustee-Manager will focus on organic growth of the Highways with value-added services such as petrol stations, convenience stores and electric vehicle charging stations along the Highways. The Trustee-Manager will ensure the Highway operations, management and maintenance meets the requirements outlined in the respective Concession Agreements whilst ensuring safety and comfort for road users.

The Trustee-Manager is also focused on realising cost efficiencies within the Trust Group. The ability to manage the costs associated with the Highways is critical to maintaining efficiency and healthy cash flow for the purposes of potential returns to the Unitholders. The Trustee-Manager also intends to focus on strengthening internal processes and systems to improve the utilisation of resources and reduce costs in order to achieve sustainable long-term growth.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

(ii) Capital and risk management

The Trustee-Manager targets to optimise returns to investors while ensuring financial prudence. To achieve this goal, the Trustee-Manager intends to optimise the capital structure and cost of capital of the Trust Group. The optimal capital structure may comprise an appropriate combination of debt and equity in funding acquisitions of other highways into the Trust. The Trustee-Manager's capital management strategy involves adopting and maintaining appropriate aggregate leverage levels to ensure optimal return to investors while maintaining flexibility in respect of future capital expenditures or acquisitions.

(iii) Strategic growth via the acquisition of income-generating highways

The Trustee-Manager intends to source and selectively acquire future highway assets with the objective of delivering strong returns to Unitholders. In realising the above strategy, the Trustee-Manager will take into consideration, amongst others, the following:

- track record of the target assets, including consistent and predictable traffic volume and toll revenue;
- positive free cash flow with sustainable distributable amount for Distributions;
- medium to long term growth potential of the target assets, which can contribute to sustained dividend growth, yield accretion, potential for future earnings and capital appreciation; and
- potential portfolio diversification of the Trust Group.

Currently, the Promoter, PLKH, is managing and operating two highways, DASH and SUKE which commenced operations in October 2022 and September 2022, respectively. Prolintas Infra BT has been granted the right of first refusal over potential future acquisitions of income-generating highway assets from the Promoter for as long as it remains a subsidiary of the Promoter pursuant to the terms of the SBA. This gives Prolintas Infra BT priority access to the Promoter's assets, providing a potential expansion of its portfolio. The injection of DASH and SUKE to the Trust, if any, is expected to be within the medium to long term (i.e., beyond 5 years from Listing), and is subject to the Trust's investment strategies and the considerations above.

The Trustee-Manager shall also consider sourcing and acquiring promising future highway assets in both domestic and international markets as and when such investment opportunities arise after considering the risks and merits associated with the investment. This strategic endeavour aims to maximise returns to Unitholders by leveraging lucrative opportunities within the highway industry.

The Trustee-Manager shall conduct rigorous financial analysis and due diligence that reflect various scenarios of asset performance considering, amongst others, economic factors, competitive influences, and demand and supply factors. The Trustee-Manager intends to assess characteristics such as traffic, stability of cash flows, which are key factors influencing future revenue and cash flow profiles.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

6.1.4 Permissible Investments and Investment Limits

Subject to the provisions of the Trust Deed, the Applicable Laws and Requirements and compliance on Shariah requirements, the Trust may only invest in the following investments, directly or indirectly, subject to the provisions of the BT Guidelines:

- (a) a Shariah-compliant portfolio of investments, namely, shares, units, securities, instruments, partnership interests, any other form of economic or participatory interests, and/or any other equity and/or ownership interests, in any corporation, business, firm, partnership, trust and/or other form of entity (incorporated or otherwise) which develops, operates and/or maintains tolled highways, and/or assets comprised in the business of the development, operation and/or maintenance of tolled highways, and other related businesses, assets, undertakings and/or activity which is associated with, ancillary to or incidental to the development, operation and/or maintenance of tolled highways;
- (b) cash, Islamic deposits and Islamic money market instruments; and/or
- (c) any other Shariah-compliant units, securities, instruments, partnership interests and/or any other form of economic or participatory interests, and/or investment products as may be permitted by the SC.

For the avoidance of doubt, the Trustee-Manager may use Islamic financial derivatives for the sole purpose of hedging the Trust's existing risk exposure.

In exercising its powers to make investments on behalf of the Trust, the Trustee-Manager shall ensure that the Trust complies with the BT Guidelines. Investments in Assets may be by way of direct ownership or through a shareholding by the Trust in a separate corporation. Investments in other assets are limited to such requirements as may be imposed by the BT Guidelines and CMSA.

6.1.5 Shariah Investment Guidelines

Without limiting the generality of the following provisions and to the extent that the following provisions do not contradict the Applicable Laws and Requirements and subject always to the provision of the BT Guidelines, the ICMPS Guidelines and the Listing Requirements, Prolintas Infra BT shall not, other than as provided in under permissible investments and its investment policy, at any time be involved in the following activities:

- (i) the extension of financing facilities or any other credit facility to any person other than to any corporation at least 20% of its issued share capital of which is owned by Prolintas Infra BT as part of the Assets (in which case then such financing or facility must be Shariah-compliant);
- (ii) financial services based on riba (interest);
- (iii) gambling and gaming;
- (iv) manufacture or sale of non-halal products or related products;
- (v) conventional insurance;
- (vi) entertainment activities that are non-permissible according to Shariah;
- (vii) manufacture or sale of tobacco-based products or related products;
- (viii) stockbroking or share trading in Shariah non-compliant securities;

6. INFORMATION ON THE TRUST GROUP (Cont'd)

- (ix) other activities deemed non-permissible according to Shariah; and
- (x) any other activity which does not comply with the BT Guidelines, the ICMPS Guidelines and where no waiver from the SC is obtained to exempt compliance with the relevant guidelines.

6.1.6 Distribution Policy

Subject to Applicable Laws and Requirements, the Trustee-Manager may, regardless whether there are any profits or losses, or retained earnings or accumulated losses within a given period, from time to time declare a distribution of profits, income or other payment or returns, whether in the nature of income or capital (“**Distribution**”) in cash to the Unitholders out of the Assets in respect of such periods, of such amounts and on such dates as it may think fit. Any declaration of a Distribution by the Trustee-Manager must be signed by not less than two directors of the Trustee-Manager, must have been approved by the board of directors of the Trustee-Manager where the board of directors is satisfied that after making the distribution, the Trustee-Manager will continue to be able to fulfil, from the trust property of the business trust, the liabilities of the Trust as and when these liabilities fall due.

Without prejudice to the generality of the foregoing, the Distribution shall be referenced to the Distributable Amount calculated by the Trustee-Manager based on the financial statements of the Trust for that financial year or distribution period as representing the consolidated profit (or, as the case may be, loss) before tax of the Trust for the financial year or the relevant distribution period, after adjusting for the following:

- (i) Deducting taxes payable or paid;
- (ii) Deducting repayment of any principal amount (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- (iii) Deducting capital expenditure for upgrading and development works for the highways (which is not funded by debt/Islamic financing);
- (iv) Adding depreciation, amortisation and impairment;
- (v) Deducting/adding, where applicable, non-cash adjustments such as deferred income, unrealised income or loss, including (without limitation) asset revaluation gains or losses; and
- (vi) Deducting/adding, where applicable, any other adjustments (which may include one-off or non-recurring items) as deemed appropriate by the Trustee-Manager in its sole discretion.

Any proposed Distributions as may be determined by the Trustee-Manager will take into consideration of the Trust’s funding requirements, financial position, business prospects and expected financial performance, projected levels of capital expenditure and other investment plans, liabilities and obligations, obligations and covenants to third parties (such as financiers) and working capital requirements.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

6.1.7 Valuation Policy

Pursuant to the provisions of the CMSA, the Trustee-Manager has a duty to ensure that the property or assets of the Trust are valued at regular intervals appropriate to the nature of the property or assets.

6.1.8 Pre-IPO Restructuring

To facilitate the Listing, the Promoter and the Trustee-Manager had undertaken the Pre-IPO Restructuring exercise as follows:

(i) Pre-IPO Acquisition

Prolintas Managers (on behalf of the Trust) had on 11 December 2023 entered into the SBA with PLKH to acquire the entire issued share capital of the respective Concession Companies for an aggregate purchase consideration of RM1,100 million. In conjunction with the Pre-IPO Acquisition, PLKH had acquired the remaining 10% equity interest in LKSA Co from PNB.

The purchase consideration was fully satisfied via the issuance of 1,100,000,000 new Units at an issue price of RM1.00 per Unit. The number of issued shares of the Concession Companies acquired by Prolintas Managers (on behalf of the Trust) are as follows:

<u>Concession Companies</u>	<u>No. of ordinary shares acquired</u>	<u>% acquired</u>
AKLEH Co	129,067,059	100.0
GCE Co	180,000,000	100.0
LKSA Co	5,000,000	100.0
SILK Co	220,000,000	100.0

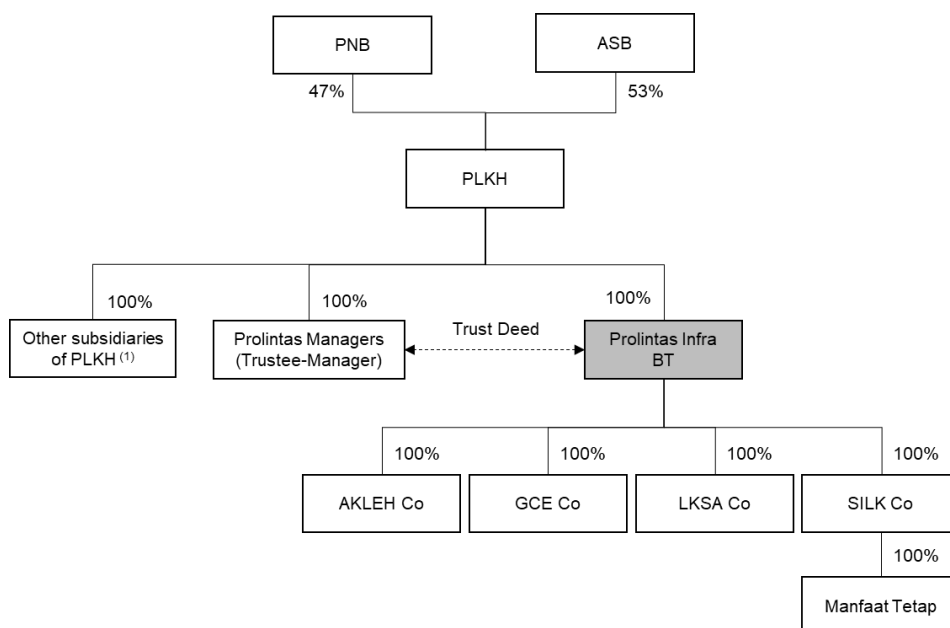
The aggregate purchase consideration of RM1,100 million for the Concession Companies was arrived at on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the indicative valuation range of RM1,140 million to RM1,286 million for 100.0% equity interest in the Concession Companies as ascribed by KPMG, being the Independent Valuer for the Pre-IPO Acquisition.

KPMG has adopted the income approach which is commonly known as the discounted cash flow method. The discounted cash flow method is an investment appraisal technique that takes into account both the time value of money and future net cash flows of the Concession Companies over a fixed period of time.

Upon completion of the Pre-IPO Acquisition on 21 December 2023, Prolintas Infra BT holds the entire issued share capital in the Concession Companies, thereby forming the Trust Group.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

The group structure of the Trust Group as at the LPD is as follows:



Note:

(1) Other subsidiaries of PLKH and their respective principal activities as at the LPD are as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>
Projek Lintasan Damansara-Shah Alam Sdn Bhd	Provision of operation, maintenance and toll collection services for DASH
PCSSSB	Provision of management services
PHSSB	Provision of commercial management services for the highways
Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd	Provision of operation, maintenance and toll collection services for SUKE
Turnpike	Provision of assets management, consulting services, project management services, highway maintenance, repair works and toll management services

(a) Salient terms of the SBA

The SBA was entered into on 11 December 2023 between Prolintas Managers (on behalf of Prolintas Infra BT), as purchaser, and PLKH, as seller in connection with the Pre-IPO Acquisition.

Pursuant to the SBA, Prolintas Managers acquired the entire issued and paid-up share capital of all of the Concession Companies for an aggregate purchase consideration of RM1,100 million, which will be fully satisfied via the issuance of 1,100,000,000 new Units at an issue price of RM1.00 per Unit.

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

The conditions precedent of the SBA were as follows:

- (aa) the grant of the approval of the SC;
- (bb) the grant of the approval of the Government for the transfers of all of the shares in the Concession Companies to Prolintas Managers; and
- (cc) the requisite consents of the relevant bank lenders and/or debt securities holders of PLKH and the Concession Companies, or evidence that Prolintas Managers has secured the Islamic Financing;

on or before 31 December 2023 (or such other date as may be mutually agreed between the parties).

The SBA contained typical covenants, representations and warranties that are customary in respect of sale and purchase transactions of such nature which include (among others) the following:

- (i) warranties as to legal and beneficial ownership of the assets sold and purchased, including that there is no claim that has been made by any person over or affecting such assets; that PLKH is entitled to sell and transfer the entire issued and paid-up share capital of all of the Concession Companies to Prolintas Managers on the terms of the SBA on the completion date; and that PLKH has (and/or on the completion date shall have) good and marketable title to all of the assets sold and purchased, which on transfer shall be free from and not subject to any encumbrance or claim of any kind (excepting only liens arising in the ordinary course of trading);
- (ii) other than the contracts and engagements entered into the ordinary and proper course of the business conducted by PLKH and/or the Concession Companies as of the completion date, which remained to be performed by PLKH as of the completion date, there are no other contracts or undertakings relating to such business which are material or which Prolintas Managers would require to enable it to carry on such business in the same manner as previously carried on by PLKH;
- (iii) save as otherwise disclosed, PLKH is not engaged (in connection with the business conducted by PLKH's and/or the Concession Companies as of the completion date) in any legal proceedings;
- (iv) all necessary licences and consents for the proper carrying on of the business conducted by PLKH's and/or the Concession Companies as of the completion date have been obtained, and there is no breach of any of their terms and conditions;
- (v) in respect of the Concession Companies and their respective assets, businesses and affairs, PLKH provides warranties to Prolintas Managers in respect of (among others):

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (A) the proper and due maintenance of the corporate status, records and filings of the Concession Companies;
- (B) the correctness of the details pertaining to the share and loan capital of the Concession Companies;
- (C) the proper maintenance and audit of accounts and financial statements;
- (D) the financing and/or credit facilities of the Concession Companies;
- (E) the status of licences, concessions and permits; material contracts; and litigation;
- (F) the good standing of the Concession Companies and their affairs;
- (G) encumbrances over assets;
- (H) tax matters; and
- (I) no material adverse changes to the Concession Companies, their businesses, and/or their financial and/or trading positions.

In addition, PLKH has agreed to indemnify Prolintas Managers against losses incurred:

- (AA) in respect of its shareholding in GCE Co, in connection with any arbitral award made against GCE Co in the arbitration matter between GCE Co and KL-Kuala Selangor Expressway Bhd. (LATAR) (as disclosed in Section 20.4 of this Prospectus);
- (BB) in respect of its shareholding in any Concession Company, in connection with any prior non-compliance by such Concession Company with any requirement to possess any planning permission, building permission, development approval, certificate of completion and compliance, certification of fitness and/or the equivalent, in relation to any landed property, building and/or structure which such Concession Company owns, holds and/or uses.

There are no contractual limitations of liability clauses in the SBA to restrict claims that may be made by Prolintas Managers against PLKH in respect of the warranties and indemnities, whether as to time and/or quantum. The usual limitation periods imposed by Malaysian law shall apply, and claims would be subject to the usual application of the determinations of quantum of damages as prescribed by Malaysian law.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

The parties have also agreed that for so long as Prolintas Managers is a subsidiary of PLKH, and Prolintas Managers is the Trustee-Manager, in the event that PLKH wishes to dispose of any interest in any tolled highway business or subsidiary of PLKH, PLKH shall first offer to dispose of the same to the Prolintas Managers for the benefit of Prolintas Infra BT. PLKH may dispose of the same to a third party only after the parties have failed to agree on the purchase consideration and terms and conditions for such disposal within six months from the date of the said offer, provided that any such disposal to the third party shall be at a purchase consideration and terms and conditions which are not more favourable than those offered by PLKH to Prolintas Managers.

The SBA was completed on 21 December 2023.

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6. INFORMATION ON THE TRUST GROUP (Cont'd)

(ii) Islamic Financing

In connection with the Listing, Prolintas Managers (on behalf of Prolintas Infra BT) had on 11 December 2023 entered into a financing facility agreement with BPMB to raise up to RM2,700 million of Islamic financing for the following purposes:

Utilisation of proceeds from the Islamic Financing		RM 'million
(i)	Refinancing of the existing debts of the Concession Companies, including the repayment of any amount due to the related parties	⁽¹⁾ Up to 2,400.0
(ii)	Capital expenditure in relation to the construction of a new interchange for GCE and lane widening for SILK	⁽²⁾ Up to 300.0
Total debt proceeds		Up to 2,700.0

Notes:

(1) On 21 December 2023, Prolintas Managers (on behalf of Prolintas Infra BT) had raised RM2,326.3 million via the Islamic Financing primarily for the full payment of the existing debts of the Concession Companies, including the payment of amounts due to PLKH Group and PNB. The aggregate outstanding debt of the Concession Companies that has been paid as at 21 December 2023 and 22 December 2023 respectively is as follows:

Concession Companies	Description	Lender/ Sukuk holders / related parties	Purpose(s) of the financial assistance	Payment amount RM 'million
AKLEH Co	Net amount due to holding and related companies	PLKH and Turnpike	(i) Advance from PLKH in relation to interest payment (ii) Management fees to PLKH (iii) Toll management and repair and maintenance work fees to Turnpike (iv) Reimbursable claims from related parties in relation to general expenses	24.4
	Sub total			24.4
GCE Co	Tawarruq financing facility	BPMB	Settlement of previous syndicated term financing	508.9
	Net amount due to holding and related companies	PLKH	Management fees to PLKH	2.4
	Sub total			511.3

6. INFORMATION ON THE TRUST GROUP (Cont'd)

Concession Companies	Description	Lender/ Sukuk holders / related parties	Purpose(s) of the financial assistance	Payment amount RM 'million
LKSA Co	Sukuk Mudharabah (principal and profit)	PNB	(i) Settlement of outstanding obligations for bridging term financing (ii) Financing of construction cost for LKSA (iii) Working capital requirement	832.4
	Syndicated business financing facility	Bank Islam Malaysia Berhad	Redemption of senior Sukuk	208.8
	Syndicated business financing facility	Affin Bank Berhad	Redemption of senior Sukuk	33.3
	Net amount due to holding and related companies	PLKH, PHSSB and Turnpike	(i) Advance from PLKH in relation to Sukuk Ijarah profit payment (ii) Management fees to PLKH (iii) Toll management and repair and maintenance work fees to Turnpike (iv) Reimbursable claims from related parties in relation to general expenses (v) Revenue sharing for highway ancillary facilities management to PHSSB	88.7
	Sub total			1,163.2
SILK Co	Sukuk Mudharabah (principal and profit) (via Manfaat Tetap)	PLKH	Part settlement of Al-Bai' Bithaman Ajil Islamic Debt Securities	619.7
	Net amount due to holding and related companies	PLKH and Turnpike	(i) SILK Phase 2 lane widening works to Turnpike (ii) Management fees to PLKH (iii) Reimbursable claims from related parties in relation to general expenses	1.0
	Sub total			620.7
	Grand total			2,319.6

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6. INFORMATION ON THE TRUST GROUP (Cont'd)

- (2) The estimated breakdown for the allocation for capital expenditure is as follows:

Concession Company	Description of utilisation	Estimated timeframe for utilisation from Islamic Financing	Allocation RM 'million
SILK Co	Lane widening works		
	- Phase 2	Within 60 months	103.2
	- Phase 3	Within 60 months	147.3
GCE Co	Construction of Strathairlie Interchange	Within 60 months	49.5
Total			(a)300.0

Note:

- (a) As at the LPD, the total aggregate estimated capital expenditure is approximately RM422.8 million, subject to, amongst others, any material changes to the design, works to be undertaken and/or prices of services and supplies. Any shortfall from the amount raised for the capital expenditure will be funded via internally generated funds of the Trust Group.

The Islamic Financing allows the Trust Group:

- (i) to pay all existing debts of the Concession Companies (including amounts lent by PLKH and PNB) in light of the revised cashflow profile and tenure arising from the Toll Restructuring; and
- (ii) to finance future capital expenditure requirement of GCE Co and SILK Co per the CA obligations (as further elaborated in Section 7.27 of this Prospectus).

(a) Salient terms of the Islamic Financing

The salient terms of the Islamic Financing are set out as follows:

- (i) The Islamic Financing is obtained by the Trustee-Manager on behalf of Prolintas Infra BT.
- (ii) The total amount of financing is up to RM2,700 million made up of:
 - (A) Tawarruq 1 facility of up to RM2,400 million; and
 - (B) Tawarruq 2 facility of up to RM300 million.

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (iii) The term of the Islamic Financing is up to 24 years from the date of first disbursement.
- (iv) The purpose of the Islamic Financing is as follows:
 - (A) Tawarruq 1 (limit of RM2,400 million) is to fully refinance the then existing debts of the Concession Companies including amounts due to related parties, to finance and reimburse the fees and expenses related to the facility, as detailed in note (1) of Section 6.1.8(ii) of this Prospectus; and
 - (B) Tawarruq 2 (limit of RM300 million) is to part finance the capital expenditure referred to in note (2) of Section 6.1.8(ii) of this Prospectus.

If the whole or any part of the facility is not utilised by the expiry of the availability period of the facility, any unutilised balance shall be cancelled.

- (v) The security for the Islamic Financing include the following:
 - (A) first party first ranking legal debenture incorporating a fixed and floating charge over all present and future assets;
 - (B) first party first ranking legal assignment and charge over certain specified designated accounts;
 - (C) third party first ranking legal assignment and charge by over specified revenue accounts of the respective Concession Companies;
 - (D) first party first ranking legal assignment and charge over all rights, interest, title and benefits under the agreements entered into by the Trustee-Manager with the Concession Companies for the purpose of, inter alia, the refinancing utilising Tawarruq 1;
 - (E) a deed of subordination subordinating all present and future advances and loans or financings from the Trustee-Manager's shareholders except for financings to be determined in the deed of subordination;
 - (F) Letter of Undertaking from PLKH, undertaking that for so long as any of the Concession Agreements is in force and effect:
 - (aa) PLKH shall at all times throughout the tenure of the facility hold 100% of the ordinary shares of the Trustee-Manager; and

6. INFORMATION ON THE TRUST GROUP (Cont'd)

- (bb) PLKH, PNB, any unit trust fund managed by PNB and/or its subsidiary, shall at all times throughout the tenure of the facility hold in aggregate more than 33% of all units of Prolintas Infra BT then in issue.
- (G) first party first ranking assignment and charge over all rights, interest, title, and benefits under the SBA;
- (H) third party first ranking legal assignment over all rights, title, interest and benefits under the Concession Agreements, in respect of the following:
 - (aa) the proceeds of the toll collection;
 - (bb) the rights on the portion of ancillary income which are permitted to be assigned under the terms of the Concession Agreements;
 - (cc) the rights to any cash payments from the Government to compensate for any reduction in toll rate and/or abolishment of toll rate; and
 - (dd) all rights, interest and title in respect of the amount payable by the Government as a result of early termination of the Concession Agreements;
- (I) first party first ranking legal charge over the Trustee-Manager's entire shareholding in the Concession Companies;
- (J) third party first ranking legal assignment and charge over the Concession Companies' operating accounts; and
- (vi) The circumstances under which BPMB may declare an event of default include (among others) any of the following:
 - (A) the Trustee-Manager fails to make any payment under the Islamic Financing, on its due date or upon demand from BPMB, or any other amount owing, due and payable under the facility agreement or the security documents;
 - (B) the Trustee-Manager or any security party fails to observe or perform any of its respective obligations under the letter of offer, the facility agreement, or the security documents or under any other undertaking or arrangement in connection therewith, in any material respect;
 - (C) any representation, warranty or statement which is made by the Trustee-Manager and/or the security party or any of its shareholders under the facility agreement or the security documents to which it is a party, proves to be incorrect in any material respect at the time it was made or acknowledged to have been made;

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (D) any provision of the facility agreement or the security documents, is or becomes, for any reason, illegal, invalid or unenforceable in any way;
- (E) the Trustee-Manager transfers or disposes of, or threatens to transfer or dispose of, a substantial part of its business or assets and the result of any of the foregoing may, in the opinion of BPMB, adversely affect the Trustee-Manager's financial condition or its ability to observe or perform its obligations under the facility agreement or the security documents;
- (F) the Trustee-Manager and/or any security party, changes or threatens to change the nature or scope of its business, ceases or threatens to cease to carry on all or substantial part of its business, or any governmental authority expropriates or threatens to expropriate all or part of their assets, and the result of any of foregoing may, in the opinion of BPMB, adversely affect their financial condition or their ability to observe or perform their obligations under the facility agreement or the security documents;
- (G) (aa) if:
 - (1) any other indebtedness of the Trustee-Manager and/or any of its subsidiaries becomes owing, due and payable or capable of being declared due and payable prior to its maturity;
 - (2) any guarantee of the Trustee-Manager and/or any of its subsidiaries is not discharged at maturity or when called;
 - (3) the Trustee-Manager and/or any of its subsidiaries goes into default under, or commits a breach of, any instrument or agreement relating to any such indebtedness or guarantee; or
 - (4) any security created to secure any of the indebtedness falling within paragraphs (a)(vi)(G)(aa)(1) to (3) becomes enforceable; or
- (bb) any breach by the Trustee-Manager or any of its subsidiaries of the terms and conditions, stipulations and agreements contained in any other agreement or arrangement between the Trustee-Manager or any of its subsidiaries with BPMB or any other banks.
- (H) an encumbrancer takes possession of, or a trustee or administrative or other receiver or similar officer is appointed in respect of, all or any substantial part of the business or assets of the Trustee-Manager and/or the Prolintas Infra BT and/or any security party;

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (I) the Trustee-Manager and/or the Prolintas Infra BT and/or any security party is deemed or becomes unable to pay its debts as they fall due;
- (J) the Trustee-Manager suspends or threatens to suspend making payments with respect to all or any class of its debts and the result of any of the foregoing may, in the opinion of BPMB, adversely affect its financial condition or its ability to observe or perform its obligations under the facility agreement or the security documents;
- (K) the Trustee-Manager and/or Prolintas Infra BT and/or any security party convenes a meeting of its creditors, or proposes or makes any arrangement, assignment or composition, for the benefit of its creditors or a petition is presented for making an administration order against or for winding up of the Trustee-Manager and/or Prolintas Infra BT and/or any of its corporate shareholders and/or any security party;
- (L) any legal proceedings, suit or action shall be instituted against the Trustee-Manager or any security party, and BPMB is of the opinion that such legal proceedings shall have a material adverse effect on the Trustee-Manager or such security party;
- (M) the Trustee-Manager and/or any security party shall fail to satisfy any judgement passed against the Trustee-Manager or such security party by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law;
- (N) any law is brought into effect which purports to render ineffective or invalid any provision of the facility agreement or any of the security documents or which would prevent the Trustee-Manager or any security party from performing any of their respective obligations thereunder;
- (O) any part of the Highways (including the road widening for SILK and new interchange for GCE) ("**Project**") or any structures thereon is damaged or destroyed and the result, whether by reason of the takaful or insurance over the Project or structure proving to be invalid or unenforceable or for any other reason is, in the determination of BPMB, adversely to affect the financial condition of the Trustee-Manager or the Trustee-Manager's ability to observe or perform its obligations under the facility agreement or any of the security documents;
- (P) there is an abandonment and a non-completion of the Project;
- (Q) the Trustee-Manager shall fail upon it becoming aware to inform BPMB of any director or shareholder or any of the director's or shareholder's parents, spouse or children becoming a director, officer or employee of BPMB;

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (R) if in the opinion of BPMB, the business or affairs of the Trustee-Manager are not carried out or conducted satisfactorily in accordance with sound financial or business standards or practices, or if any of the Trustee-Manager's accounts with BPMB are not operated satisfactorily;
- (S) any licence, authorisation, approval, consent, order, exemption, registration, filing or notarisation referred to in the facility agreement is revoked or withheld or modified or is otherwise not granted or fails to remain in full force and effect;
- (T) any or a substantial part of the property, undertaking, rights, revenue or assets of the Trustee-Manager and/or the Prolintas Infra BT and/or any of the Concession Companies shall be condemned, seized or otherwise appropriated or nationalised;
- (U) the Trustee-Manager or the security party enters into, or proposes to enter into, or is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspension of payments generally;
- (V) the Trustee-Manager does any act or omits to do any act in relation to the facility agreement or the security documents or in respect of the transactions contemplated thereby, the result of which has or is likely to have a material adverse effect or in the opinion of BPMB shall prejudice the ability of the Trustee-Manager or any security party to perform any of their respective obligations under any other undertaking or arrangement entered into in connection with the facility agreement or the security documents in accordance with the terms and/or conditions thereof;
- (W) any of the Project documents being terminated and such termination would be likely to have a material adverse effect;
- (X) there arises any dispute between the shareholders of the Trustee-Manager and such dispute would be likely to have a material adverse effect;
- (Y) if:
 - (aa) any agreement or instrument to which the Trustee-Manager or any security party is a party or pursuant to which the Trustee-Manager or such security party derives any rights or benefits is terminated, revoked, suspended or becomes invalid or unenforceable for any reason whatsoever, or any party thereto defaults under such agreement or instrument, or any event occurs which gives rise to a right to any party thereto to terminate or revoke such agreement or instrument, and the same would have a material adverse effect; or

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (bb) any Project document is or is, in the opinion of BPMB, likely to be, breached, revoked, suspended or terminated or becomes invalid or unenforceable for any reason whatsoever, or any party thereto defaults under such agreement, or any event occurs which gives rise to a right to any party thereto to terminate or revoke any Project documents;
- (Z) if in the reasonable opinion of BPMB, the Trustee-Manager is not carrying on the Trustee-Manager's business and affairs in accordance with sound and prudent financial standards and practices;
- (AA) any other event or series of events whether related or not has or have occurred which in the opinion of BPMB could or might affect or prejudice the ability or willingness of the Trustee-Manager or where applicable, of any security party to comply with all or any of its respective obligations under the facility agreement or the security documents;
- (BB) any occurrence of an event of default or termination by either party under the respective Concession Agreements;
- (CC) any change of unitholding in Prolintas Infra BT which results in a breach of the undertaking contained in the Letter of Undertaking from PLKH;
- (DD) PLKH ceases to be an associate company of PNB and/or subsidiary of Amanah Saham Nasional Berhad, directly or indirectly;
- (EE) the Trustee-Manager and/or any of the Concession Companies enters into a scheme of arrangement or any other corporate rescue mechanism or such a scheme has been instituted against the Trustee-Manager and/or any of the Concession Companies; or
- (FF) if there is any fraud or misrepresentation on the part of the Trustee-Manager and/or any security party.
- (vii) If BPMB has declared an event of default, then:
 - (A) the secured amounts shall become immediately owing, due and payable together with any other amounts then payable under the facility agreement;
 - (B) any amount paid by the Trustee-Manager under the letter of offer shall not be refunded to the Trustee-Manager;

6. INFORMATION ON THE TRUST GROUP *(Cont'd)*

- (C) BPMB shall have the right not to allow any further utilisation or disbursement of the Islamic Financing, and/or to treat the Islamic Financing as terminated and/or cancelled; or
- (D) BPMB shall be entitled but not obligated to enforce the security created in favour of the security agent, and to exercise all its rights under the facility agreement and/or the security documents, in law and in equity
- (viii) The terms of the facility agreement and the security documents for the Islamic Financing are governed by Malaysian laws.

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6. INFORMATION ON THE TRUST GROUP (Cont'd)

(iii) Pre-IPO Reorganisation

For the Period Under Review and up to 31 December 2023, AKLEH Co, GCE Co and LKSA Co had outsourced majority of O&M services for their respective Highways to Turnpike, a wholly-owned subsidiary of PLKH. The O&M Services include, amongst others, the following:

- (a) **Routine maintenance services** with periodically scheduled maintenance services and/or works required in respect of the respective Highways including landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance and security maintenance.
- (b) **Ad-hoc repair works maintenance services** and/or works in respect of the Highways which are not periodically scheduled.
- (c) **Toll operation services**, including operation, management and maintenance services and/or works in respect of toll equipment and collection of tolls at the respective highways.

Turnpike further sub-contracted part of the O&M services to external service providers via separate O&M contracts for certain O&M services, such as landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance, security, ad hoc repairs and the toll collections services.

As a way to reflect better organisational accountability, PLKH had undertaken an employee reorganisation exercise. The Pre-IPO Reorganisation involves the transfer of relevant operational and technical employees performing the O&M services between Turnpike and the respective Concession Companies.

Details of the employees transferred as part of the Pre-IPO Reorganisation are as follows:

	AKLEH Co	GCE Co	LKSA Co	SILK Co	Total
Number of employees prior to the Pre-IPO Reorganisation	3	4	3	100	110
Number of operational and technical employees handling the O&M Services transferred from Turnpike and/or other Concession Companies	45	94	66	24	229
Total number of employees after the Pre-IPO Reorganisation	48	98	69	124	339

The above Pre-IPO Reorganisation exercise was effected on 1 January 2024. Further details on the employees under the Trust Group is set out in Section 7.16 of this Prospectus.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

Following the completion of the Pre-IPO Reorganisation, the existing O&M arrangements and agreements between AKLEH Co, GCE Co and LKSA Co and Turnpike have been mutually terminated. All O&M Services including liaison with relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

The Trust Group may still engage Turnpike to provide certain services to the Concession Companies as and when required, including:

- (i) turnkey contract services for highway upgrading and development works; and
- (ii) consultancy services for matters pertaining to civil and structure, mechanical, electrical and electronics, traffic and safety.

6.2 SUBSIDIARIES HELD BY THE TRUST

As at the LPD, the Trust has 5 subsidiaries and does not have any associates. The subsidiaries held by the Trust as at the LPD are as follows:

Name and company number	Date and country of incorporation	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Subsidiaries				
AKLEH Co 199401034585 (320268-A)	18 October 1994 (Malaysia)	129,067,059	100	To undertake the construction, operation, maintenance and toll collection of highway
GCE Co 199001010509 (202079-X)	4 August 1990 (Malaysia)	180,000,000	100	To undertake the construction, operation, maintenance and toll collection of highway
LKSA Co 200401015684 (654187-M)	28 May 2004 (Malaysia)	100,000,000	100	To undertake the construction, operation, maintenance and toll collection of highway
SILK Co 199501042016 (371220-V)	20 December 1995 (Malaysia)	220,000,000	100	To undertake the construction, operation, maintenance and toll collection of highway
Subsidiary of SILK Co				
Manfaat Tetap 200701031331 (789358-A)	21 September 2007 (Malaysia)	5	100	Dormant ⁽¹⁾

Note:

- (1) Manfaat Tetap is a special purpose vehicle set up to facilitate the issuance of Sukuk Mudharabah. The Sukuk Mudharabah has been redeemed on 22 December 2023 as part of the Islamic Financing and thereafter, Manfaat Tetap is dormant as at the LPD.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

Further details of the subsidiaries held by the Trust as at the LPD are set out below:

6.2.1 Projek Lintasan Kota Sdn Bhd (AKLEH Co)

AKLEH Co was incorporated in Malaysia under the Companies Act, 1965 on 18 October 1994 and is deemed registered under the Act as a private limited company under its present name.

AKLEH Co is principally engaged in undertaking the construction, toll collection, operation and maintenance of highway. The principal place of business of AKLEH Co is at Lot PT 1091, Jalan Datuk Keramat, 50400 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. On 16 May 1996, AKLEH Co had signed the CA with the Government for the construction, operation and maintenance of AKLEH. Subsequently, to facilitate the Listing, AKLEH Co had entered into the SCA 2022 with the Government to, amongst others, restructure the toll rates and extend the concession period. Further details on the salient terms of the CA in respect of AKLEH are set out in Annexure B of this Prospectus.

As at the LPD, the issued share capital of AKLEH Co is RM129,067,059 comprising 129,067,059 ordinary shares. There has been no change in the issued share capital of AKLEH Co during the past three years and up to the LPD.

AKLEH Co is a wholly-owned subsidiary of the Trust. As at the LPD, AKLEH Co does not have any subsidiary, associate or joint venture.

6.2.2 Prolintas Expressway Sdn Bhd (GCE Co)

GCE Co was incorporated in Malaysia under the Companies Act, 1965 on 4 August 1990 and is deemed registered under the Act as a private limited company under the name Guthrie Corridor Expressway Sdn Bhd. GCE Co was then acquired by PLKH on 23 July 2007 and subsequently changed its name to Prolintas Expressway Sdn Bhd on 21 August 2007.

GCE Co is principally engaged in undertaking the construction, toll collection, operation and maintenance of highway. The principal place of business of GCE Co is at Plaza Tol Elmina, KM 14.4, Guthrie Corridor Expressway, 40700 Sungai Buloh, Selangor. On 18 July 2000, GCE Co had signed the GCE CA with the Government for the construction, operation and maintenance of GCE. Subsequently, to facilitate the Listing, GCE Co had entered into the SCA 2022 with the Government to, amongst others, restructure the toll rates and extend the concession period. Further details on the salient terms of CA in respect of GCE are set out in Annexure B of this Prospectus.

As at the LPD, the issued share capital of GCE Co is RM180,000,000 comprising 180,000,000 ordinary shares. There has been no change in the issued share capital of GCE Co during the past three years and up to the LPD.

GCE Co is a wholly-owned subsidiary of the Trust. As at the LPD, GCE Co does not have any subsidiary, associate or joint venture.

6.2.3 Projek Lintasan Shah Alam Sdn Bhd (LKSA Co)

LKSA Co was incorporated in Malaysia under the Companies Act, 1965 on 28 May 2004 and is deemed registered under the Act as a private limited company under its present name.

6. INFORMATION ON THE TRUST GROUP (Cont'd)

LKSA Co is principally engaged in undertaking the construction, toll collection, operation and maintenance of highway. The principal place of business of LKSA Co is at Plaza Tol Alam Impian, KM 0.5A, Lebuhraya Kemuning Shah Alam, Seksyen 35, 40700 Shah Alam, Selangor. On 27 November 2006, LKSA Co had signed the CA with the Government for the construction, operation and maintenance of LKSA. Subsequently, to facilitate the Listing, LKSA Co had entered into the SCA 2022 with the Government to, amongst others, restructure the toll rates and extend the concession period. Further details on the salient terms of CA in respect of LKSA are set out in Annexure B of this Prospectus.

As at the LPD, the issued share capital of LKSA Co is RM100,000,000 comprising 100,000,000 ordinary shares. Save for the new issued share capital of RM95,000,000 comprising 95,000,000 ordinary shares issued on 19 January 2024, there has been no change in the issued share capital of LKSA Co during the past three years and up to the LPD.

LKSA Co is a wholly-owned subsidiary of the Trust. As at the LPD, LKSA Co does not have any subsidiary, associate or joint venture.

6.2.4 Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (SILK Co)

SILK Co was incorporated in Malaysia under the Companies Act, 1965 on 20 December 1995 and is deemed registered under the Act as a private limited company under its present name. On 18 January 2017, PNB had acquired SILK Co from SILK Holdings Berhad and subsequently novated the concession to PLKH on 27 April 2017. Under the novation agreement, PNB, SILK Co and SILK Holdings Berhad agreed that PLKH shall assume responsibility as if PLKH was the original party to the Share Purchase Agreement in place of PNB. On 28 April 2018, PLKH acquired SILK Co.

SILK Co is principally engaged in undertaking the construction, toll collection, operation and maintenance of highway. The principal place of business of SILK Co is at Plaza Tol Sungai Balak, KM 28.3A, Lebuhraya Kajang Silk, 43000 Kajang, Selangor. On 8 October 1997, SILK Co had signed the CA with the Government for the construction, operation and maintenance of SILK. Subsequently, to facilitate the Listing, SILK Co had entered into the SCA 2022 with the Government to, amongst others, restructure the toll rates and extend the concession period. Further details on the salient terms of the CA in respect of SILK are set out in Annexure B of this Prospectus.

As at the LPD, the issued share capital of SILK Co is RM220,000,000 comprising 220,000,000 ordinary shares. There has been no change in the issued share capital of SILK Co for the past three years and up to the LPD.

SILK Co is a wholly-owned subsidiary of the Trust and has one wholly-owned subsidiary, Manfaat Tetap which was previously established to facilitate the issuance of Sukuk Mudharabah. SILK Co has no associates. After the completion of the Islamic Financing, Manfaat Tetap will be a dormant company.

Please refer to Section 7 of this Prospectus for further details on the businesses and the operations of the Concession Companies.

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7. BUSINESS OVERVIEW

7.1 OVERVIEW

The Trust Group is principally involved in the:

- (i) construction, toll collection, operation and maintenance of the Highways; and
- (ii) provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience.

The summary of the Highways held by the Trust Group (through the Concession Companies) are as follows:

	AKLEH	GCE⁽¹⁾	LKSA	SILK⁽²⁾
Date of Concession Agreement	16 May 1996	18 July 2000	27 November 2006	8 October 1997
Expiry of concession	15 May 2037	31 May 2062	31 July 2062	31 July 2062
Remaining tenure as at the LPD	13 years 3 months	38 years 4 months	38 years 6 months	38 years 6 months
Mainline length	7.4 km	25.0 km	14.7 km	37.0 km
Location	Kuala Lumpur	Selangor	Selangor	Selangor
Name of toll plaza(s)	<ul style="list-style-type: none"> ▪ Datuk Keramat Toll Plaza 	<ul style="list-style-type: none"> ▪ Bukit Jelutong Toll Plaza ▪ Elmina Toll Plaza ▪ Lagong Toll Plaza 	<ul style="list-style-type: none"> ▪ Seri Muda Toll Plaza ▪ Alam Impian Toll Plaza 	<ul style="list-style-type: none"> ▪ Sungai Long Toll Plaza ▪ Bukit Kajang Toll Plaza ▪ Sungai Ramal Toll Plaza ▪ Sungai Balak Toll Plaza

Notes:

- (1) GCE Co was acquired by PLKH on 23 July 2007 from Kumpulan Guthrie Berhad.
- (2) On 18 January 2017, PNB had acquired SILK Co from SILK Holdings Berhad and subsequently novated the concession to PLKH on 27 April 2017. Under the novation agreement, PNB, SILK Co and SILK Holdings Berhad agreed that PLKH shall assume responsibility as if PLKH was the original party to the Share Purchase Agreement in place of PNB. On 28 April 2018, PLKH acquired SILK Co.

7. BUSINESS OVERVIEW (Cont'd)

Below is a map showing the Highways held by the Trust Group:



The Highways are strategically located within the Klang Valley and have benefited from the economic activity centred in the region. The Klang Valley, which comprises of Kuala Lumpur and its adjoining towns in Selangor, is the focus region for approved domestic investments. Klang Valley has close proximity to Port Klang which aided exports and trade in this area. Based on the IMR Report, the total industry revenue based on toll collection and compensation received from the Government for the urban highways in the Klang Valley (excluding the Setiawangsa-Pantai Expressway (SPE) and the New Klang Valley Expressway (NKVE)) is RM2.3 billion in 2021. Based on the Trust Group's revenue of RM340.3 million from toll collection and compensation received from the Government, the Trust Group captures a market share of 14.9% of the total industry revenue in 2021.

The Highways generated RM295.2 million and RM214.7 million in revenue from toll collection, representing 76.8% and 93.9% of the Trust Group's total revenue in FYE 2022 and FPE 2023 respectively. A total of RM83.7 million and RM10.5 million, representing 21.8% and 4.6% is derived from toll compensation received from the Government in accordance with the respective Concession Agreements and the balance of RM5.3 million and RM3.4 million, representing 1.4% and 1.5% which is derived from non-toll revenue and construction revenue for FYE 2022 and FPE 2023 respectively.

7.1.1 Overview of the Trust Group's concessions

In Malaysia, the design, construction and operation of highways are undertaken by private companies which are granted a concession by the Government. During the period of the concession these private companies or concessionaires have the exclusive right to collect tolls from motorists using the highways, recovering the costs of constructing and operating the new road systems. At the end of the concession period (if not further extended), the ownership and operations of the highways are transferred back to the Government. Accordingly, the highway concessions granted by the Government are based on a "build-operate-transfer" model.

The CAs of the Highways are under the purview of the Ministry of Works (*Kementerian Kerja Raya*), through its agency, the MHA (*Lembaga Lebuhraya Malaysia*). Highway concessions are principally regulated by the Federal Roads Act, 1959 (Revised 1989) and the Federal Roads (Private Management) Act, 1984. The terms and requirements for each highway concession are set out in the individual Concession Agreement of the respective Highways. Please refer to Section 7.23 of this Prospectus for details on the regulations of privatised highways.

As the Trust Group has four Highways under its portfolio, there are four separate Concession Agreements governing the Trust Group's operation and maintenance of the respective Highways. Additionally, there are also supplemental concession agreements, outlining specific amendments made to the terms of the Concession Agreements. As at the LPD, save as disclosed in Section 7.21.1 below, each of the respective Concession Companies (since its incorporation and/or acquisition by the Promoter, as the case may be) has complied with the obligations under the respective Concession Agreements. Please refer to Annexure B of this Prospectus for the salient terms of the respective Concession Agreements.

(i) General scope of the Concession Agreements

The Concession Agreements outline a number of significant aspects which include the Concession Companies' obligations to construct and maintain the Highways and their permitted business activities.

As part of the obligations under the Concession Agreements aside from the construction of the mainline of the Highways, the Concession Agreements also provide for upgrading works to be undertaken by the Concession Companies. Additionally, the Concession Agreements prescribe the technical framework including the key performance indicators set by the MHA, under the purview of the Ministry of Works. Pursuant to the SCAs 2022, the key performance indicators include maintenance, reporting and auditing, which are required to be submitted to MHA within the stipulated time. Such key performance indicators will be effective following the effective date of the SCAs 2022, being 9 January 2024. The Concession Agreements also provide for the submission of reports in the areas of maintenance (C&S and E&E), toll collection as well as traffic and safety.

The Concession Companies' obligations extend to ancillary facilities related to the Highways which include, amongst others, lay-bys and RSAs. Upon the expiration or termination of the Concession Agreements, the Highways (including the related ancillary facilities), the right to operate the Highways and related assets, as well as other assets of the Concession Companies, will be transferred to the Government.

During the period of the concession, the Concession Companies have the exclusive right to demand, collect and retain tolls for its own benefit from the users of the Highways.

The Government agrees to grant or procure to be granted to the Concession Companies the leases, licenses and permits to land, waterways, roads and any surfaces or air space required for the construction, operation and maintenance of the Highways. The Government shall grant to the Concession Companies throughout the concession period the exclusive right and licence to enter upon and occupy all land within the concession area required by the Concession Companies for the purposes of the concessions. The Concession Companies shall bear any premium, assessment, rent, taxes, or other costs, expenses and charges that may be payable in respect of all or any land within the concession area.

(ii) Maintenance

During the concession period, the respective Concession Companies are required to maintain the Highways and Highway assets such as pavement, structures, culverts, drainage, slopes and buildings as well as lighting and toll collection systems, in good condition and in accordance with the latest guidelines established by MHA. The details of maintenance are further elaborated in Section 7.6.2 of this Prospectus.

(iii) Ancillary facilities

In addition to the Highways, the Concession Companies are required through the respective Concession Agreements to design, construct, manage, operate and maintain ancillary facilities along the Highways. These ancillary facilities include lay-bys as well as RSAs. The RSAs provide food and beverage stalls, retail outlets, public washrooms, and parking lots, amongst others.

The lay-bys and RSAs are to be upgraded and refurbished as per the Concession Agreement every few years. The Concession Companies may enter into contractual arrangements with third parties for the operation and maintenance of the ancillary facilities. The Concession Companies may charge rental or the have a revenue sharing for any business activities by third parties conducted on the premises of the ancillary facilities.

7.1.2 Toll rates

The Highways use an open system for toll collection, i.e. payment of fixed toll rates based on the class of their vehicles at each toll plaza they pass through, irrespective of distance travelled. Road users do not need to pay tolls upon entering or leaving the Highways, but rather, road users pay the toll upon reaching any toll plaza along the Highways.

The toll rates that the Concession Companies charge for different classes of vehicles are as stipulated in the respective Concession Agreements. The different classes of vehicles are set out below:

Vehicle class	Description
Class 1	Vehicles with two axles and three or four wheels (excluding taxis and buses)
Class 2	Vehicles with two axles and five or six wheels (excluding buses)
Class 3	Vehicles with three or more axles (excluding buses)
Class 4	Taxis
Class 5	Buses

7. BUSINESS OVERVIEW (Cont'd)

There are certain types of vehicles that receive exemptions from paying tolls, including registered service vehicles for maintenance and patrol services, exceptional vehicles such as those driven or carrying the Yang di-Pertuan Agong, the Rulers of the States of Malaysia, Yang Di-Pertuan Negeri, high ranking personnel and as well as military convoys (with two or more exceptional vehicles), and emergency vehicles.

The Government retains the right to change the toll rates. In the past, the Government has on a number of occasions, changed the toll rates that the Concession Companies are permitted to charge, thus imposing toll rates which were lower than the agreed toll rates.

To facilitate the Listing, on 12 October 2022, the Government had entered into separate SCAs 2022 with the respective Concession Companies to, amongst others, restructure the toll rates and extend the toll concession periods as follows:

(i) Restructuring of toll rates

Gazetted toll rates of each Highway prior to SCA 2022 (before the Toll Restructuring)

Highways	Gazetted toll rates before the Toll Restructuring (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.50	7.00	10.50	1.80	1.50
GCE	1.90	3.80	5.70	0.90	1.40
LKSA (Seri Muda)	1.70	3.40	5.10	0.90	1.20
LKSA (Alam Impian)	0.90	1.80	2.70	0.90	0.60
SILK	1.80	3.60	5.40	0.90	1.00

New agreed toll rates of each Highway based on SCA 2022 (after the Toll Restructuring)

Highways	New agreed toll rates based on SCAs 2022 from 2023 ⁽¹⁾ to 2032 (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.13	7.00	10.50	1.53	1.28
GCE	1.75	3.80	5.70	0.83	1.29
LKSA (Seri Muda)	1.56	3.40	5.10	0.83	1.10
LKSA (Alam Impian)	0.83	1.80	2.70	0.83	0.55
SILK	1.66	3.60	5.40	0.83	0.92

Note:

(1) The toll rates were gazetted on 20 October 2022.

7. **BUSINESS OVERVIEW** (Cont'd)

New agreed toll rates based on SCAs 2022 from 2033 to 2042 (RM)

Highways	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH ⁽¹⁾	2.13	7.00	10.50	1.53	1.28
GCE	2.59	5.20	7.80	1.23	1.91
LKSA (Seri Muda)	2.31	6.00	9.00	1.23	1.63
LKSA (Alam Impian)	1.23	3.00	4.50	1.23	0.81
SILK	2.15	4.80	7.20	1.07	1.19

Note:

(1) AKLEH's concession period will be ending on 15 May 2037.

New agreed toll rates based on SCAs 2022 from 2043 to 2062 (RM)

Highways	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	-	-	-	-	-
GCE	3.40	7.00	10.50	1.70	2.83
LKSA (Seri Muda)	3.42	9.40	14.10	1.82	2.41
LKSA (Alam Impian)	1.82	4.80	7.20	1.82	1.21
SILK	2.30	4.80	7.20	1.20	1.54

(ii) Restructuring of concession periods

To compensate for the restructured toll rates to be received by the four Highways pursuant to the Toll Restructuring, the concession periods for the respective Highways shall be extended as follows:

Highways	Concession expiry before the Toll Restructuring	New concession expiry date after the Toll Restructuring based on SCAs 2022	Extension of concession period
AKLEH	15 May 2029	15 May 2037	Extension of 8 years
GCE	31 May 2036	31 May 2062	Extension of 26 years
LKSA	31 July 2047	31 July 2062	Extension of 15 years
SILK	31 July 2037	31 July 2062	Extension of 25 years

Pursuant to the respective SCAs 2022, the Government will not provide any compensation to the Concession Companies for the reduction of toll rates set out above effective from 1 January 2023. For the avoidance of doubt, in the future, if the Government were to impose or gazette toll rates lower than those as provided for under the SCA 2022, the Government will compensate the Concession Companies based on the compensation mechanism as set out in the respective SCAs 2022.

7. BUSINESS OVERVIEW (Cont'd)

7.1.3 Traffic volume

The Concession Companies submits the traffic volume of the Highways to MHA on a weekly, monthly and annual basis. However, only the annual traffic volume for each of the Highways are certified by MHA. The traffic volume is based on the number of toll transactions, regardless of the class of the vehicle, recorded by all toll plazas operated under Trust Group.

The table below sets out the traffic volume passing through the Highways by class:

	Class 1		Class 2		Class 3		Class 4		Class 5		Total volume ('mil)
	Volume ('mil)	%	Volume ('mil)	%	Volume ('mil)	%	Volume ('mil)	%	Volume ('mil)	%	
FYE 2020	112.1	93.7	4.2	3.5	2.5	2.1	0.5	0.4	0.4	0.3	119.7
FYE 2021	101.9	93.3	4.3	3.9	2.3	2.1	0.4	0.4	0.3	0.3	109.3
FYE 2022	148.8	94.0	5.4	3.4	3.0	1.9	0.6	0.4	0.5	0.3	158.2
FPE 2023	116.9	94.0	4.2	3.4	2.4	1.9	0.4	0.3	0.5	0.4	124.4

The table below sets out the y-o-y change in annual total traffic volume of the Highways for the Periods Under Review:

Period Under Review	Traffic volume (million)	Increase / (decrease) from previous year (%)
FYE 2020	119.7	-
FYE 2021	109.3	(8.7)
FYE 2022	158.2	44.7
FPE 2023	124.4	-

The low traffic volumes recorded in FYE 2020 and FYE 2021 were primarily due to MCOs to control the spread of COVID-19. In FYE 2022, the traffic volume recovered as Malaysia transitioned into the endemic phase in April 2022. Please refer to Section 7.20(i) of this Prospectus for further details on the impact of COVID-19 and MCO.

Further breakdown of traffic volumes by the respective Highways are set out in Section 7.5 of this Prospectus.

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7.1.4 Revenue segments of the Trust Group

(i) Toll revenue

Toll collection revenue

During the concession period, the Concession Companies retain the exclusive right to demand, collect and retain toll from selected classes of vehicles. The toll collection is recognised at the point in time when the toll is chargeable for the usage of the Highways based on toll rates as per the Concession Agreements for each class of vehicle.

Government compensation

Government compensation represents revenue received from the Government for the imposition of revised toll rates lower than those as provided for in the Concession Agreements over the period in respect of which the compensation relates.

Pursuant to the Concession Agreement, the Government may impose toll rates lower than the agreed toll rates but must compensate the Concession Companies for any resulting shortfall. In general, Government compensation is calculated based upon the difference between toll receipts collected by the Concession Companies using the Government-imposed revised toll rates and the toll revenue the Concession Companies would have collected if the Concession Companies had been permitted to charge the agreed toll rates based on the Concession Agreements.

(ii) Non-toll revenue

Non-toll revenue represents revenue sharing not limited to advertising billboards, space rental for telecommunication towers and rental from stall operators in RSAs.

(iii) Construction revenue (upgrading and development works)

Construction revenues are stated as required under IC 12, whereby the Trust Group contracts a private operator to develop, upgrade, operate and maintain the infrastructure assets. It is measured by using the input method based on MFRS 15. This revenue is then net off with the construction costs incurred in accordance with IC 12, and such assets and its cost are recognised as a concession intangible asset by the Trust Group.

For the avoidance of doubt, in respect of lane widening, construction of interchanges and road and pavement resurfacing which were previously provided for, the subsequent utilisation of such provisions will not result in the recognition of construction revenue.

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7. BUSINESS OVERVIEW (Cont'd)

The Trust Group's revenue breakdown by business activity for the Period Under Review is set out below:

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Toll revenue	388,192	98.4	340,314	93.1	378,842	98.6	225,206	98.5
- Toll collection	228,947	58.0	209,092	57.2	295,168	76.8	214,727	93.9
- Government compensation	159,245	40.4	131,222	35.9	83,674	21.8	10,479	4.6
Non-toll revenue	1,860	0.5	1,589	0.4	1,855	0.5	1,133	0.5
- Rental and sundry income	1,860	0.5	1,589	0.4	1,855	0.5	1,133	0.5
Construction revenue	4,320	1.1	23,897	6.5	3,464	0.9	2,231	1.0
- Upgrading and development works relating to the Highways	4,320	1.1	23,897	6.5	3,464	0.9	2,231	1.0
Total	394,372	100.0	365,800	100.0	384,161	100.0	228,570	100.0

Pursuant to the respective SCAs 2022, toll rates had been reduced effective from 1 January 2023. Further details on the Toll Restructuring, which entailed the restructuring of toll rates as well as restructuring of concession periods are set out in Sections 7.1.2 (i) and (ii) of the Prospectus. Please refer to Section 15.1 of this Prospectus for the historical combined financial information of the Trust Group for the Period Under Review.

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7. BUSINESS OVERVIEW (Cont'd)

7.2 COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS

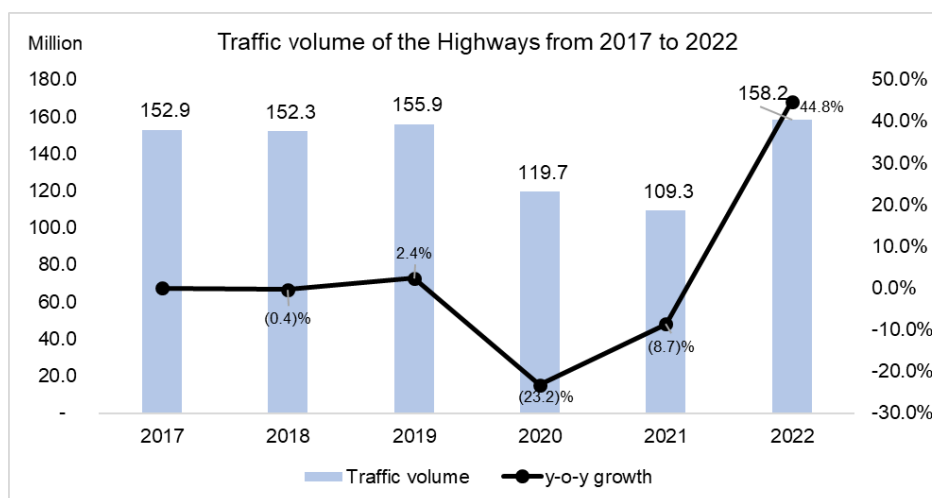
The Trust Group's competitive strengths and investment highlights are as follows:

7.2.1 The Trust Group's average remaining concession period of approximately 32 years provides long-term visibility on future toll revenue and cash flow, translating into sustainable distribution for Unitholders

The Trust Group comprises highway infrastructure assets that generate significant cashflows (i.e. toll revenue) with an average remaining concession period of approximately 32 years as at the LPD. While the Trust Group has deposits, cash and bank balances of RM348.5 million as at 30 September 2023, the Trust Group's profits are impacted by non-cash expenses such as amortisation of HDE. Consequently, a business trust structure allows the Trustee-Manager to distribute income to the Unitholders from the cashflow generated by the business without being constrained by accounting profits.

During the Period Under Review, the Trust Group recorded EBITDA of RM308.0 million, RM259.5 million, RM268.9 million and RM165.3 million with EBITDA margins of 78.1%, 70.9%, 70.0% and 72.3% in FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The EBITDA is calculated by profit before tax and subsequently adjusted for non-cash items such as finance costs, amortisation and impairment of HDE, as well as amortisation of deferred income and other income. This demonstrates the Trust Group's ability to generate cash profits after excluding non-cash income, depreciation, amortisation expenses as well as taxation items.

Further, in view that the Highways are essential infrastructure, the AADT volume remained relatively sustained even during the peak of the COVID-19 pandemic in FYE 2020 and FYE 2021, when the Government implemented strict movement restriction orders to curb the spread of the virus:



As Malaysia transitioned into the endemic phase in April 2022, the traffic volume for FYE 2022 rebounded significantly and surpassed the traffic volume in FYE 2019, i.e. prior to the onset of the COVID-19 pandemic, underscoring the resilience of the traffic volume. Premised on the above, the Trust Group's operations remained highly resilient across economic cycles due to the essential nature of highway operations. This mitigates the impact of economic fluctuations and provides assurance on the long-term stability in terms of income stream as well as distribution to Unitholders.

7. BUSINESS OVERVIEW (Cont'd)

Furthermore, the respective CAs and SCAs comprehensively outline all future toll rate hikes for the Highways (excluding AKLEH) throughout the remaining concession period. The future rate hikes coupled with the extended concession period and the demonstrated sustained traffic volume offers long-term visibility to the Trust Group's future income stream.

The Trustee-Manager intends to distribute yearly distributions of at least 90% of the Trust Group's Distributable Amount. For FYE 2024, the Trustee-Manager will distribute a total Distribution of RM70.0 million. As such, the forecasted DPU for FYE 2024 stands at 6.36 sen per Unit, resulting in a distribution yield of approximately 6.7% based on the Retail Price of RM0.95.

7.2.2 The Trust Group's Highways are located in high traffic areas

The Highways are strategically situated across Klang Valley. These Highways play a crucial role by either providing an alternative route to the highly congested public roads or enhancing the connectivity of urbanised townships, serving almost half a million road users every day as follows:

(i) AKLEH

AKLEH links Kuala Lumpur's eastern corridor to the city centre, as an alternative route to Jalan Ampang. It supports Ampang and Hulu Klang's rapid urbanisation, facilitating access between Kuala Lumpur – Jelatek / Setiawangsa – Middle Ring Road 2 and Ampang.

Furthermore, AKLEH connects to SUKE, which provides connectivity to over 60 residential areas in the Klang Valley including Sri Petaling, Sungai Besi, Cheras, Alam Damai and Ampang. The commencement of SUKE Phase 1 in September 2022 has extended AKLEH's reach to a broader spectrum of road users and expanded its coverage area. As a result, AKLEH witnessed a 5.8% increase in traffic volume subsequent to the opening of SUKE Phase 1.

<u>Stages</u>	<u>Duration</u>	<u>Average monthly traffic volume of AKLEH</u>
Prior to commencement of SUKE Phase 1 ⁽¹⁾	May 2022 to August 2022	1.20 million
Commencement of SUKE Phase 1	September 2022	1.24 million
After commencement of SUKE Phase 1	October 2022 to June 2023	1.26 million
After commencement of SUKE Phase 2 ⁽²⁾	July 2023 to August 2023	1.30 million

Notes:

- (1) SUKE Phase 1 refers to the opening of the stretch from Cheras-Kajang Interchange to Bukit Antarabangsa Interchange.
- (2) SUKE Phase 2 refers to the opening of the stretch from Sri Petaling and Bukit Jalil to Phase 1's Cheras-Kajang Interchange.

(ii) **GCE**

GCE allows for connectivity to nearby townships such as Shah Alam, Bukit Jelutong, Denai Alam, Elmina, Subang, Sungai Buloh and Rawang, facilitating convenient access to multiple destinations. Situated between Shah Alam and Rawang, GCE forms the western link of the Kuala Lumpur Outer Ring Road (“**KLORR**”) and complements the North-South Expressway (“**NSE**”) via the Kuala Lumpur-Kuala Selangor Expressway. KLORR functions as an orbital system of ring roads around the Greater Kuala Lumpur areas which provides connectivity between major towns, while NSE is the primary interstate travel route in West Peninsular Malaysia. Additionally, GCE is interlinked with the North-South Expressway Central Link (“**ELITE**”) and the upcoming West Coast Expressway (“**WCE**”), facilitating connections to the southern and northern states respectively.

Consequently, GCE acts as an alternative route to the New Klang Valley Expressway (“**NKVE**”), offering uninterrupted access to the northern states, bypassing traffic congestion on the NKVE.

(iii) **LKSA**

LKSA connects areas of Shah Alam and Kota Kemuning, serving as the primary link to Shah Alam Expressway (“**KESAS**”) in the south from Shah Alam and to Federal Highway Route 2 in the north from Kota Kemuning. This direct linkage enables road users in Shah Alam or Kota Kemuning to conveniently access KESAS or Federal Highway Route 2, eliminating the need for longer detours on public roads.

Furthermore, LKSA plays a pivotal role as the primary access point to the Alam Impian township. Without LKSA, Alam Impian will only be accessible via public roads. The presence of LKSA has not only facilitated accessibility but has also spurred urbanisation and catalysed the growth of Alam Impian.

(iv) **SILK**

SILK alleviates the traffic in the Kajang town centre, covers catchment areas around the Kajang and its vicinities such as Bangi, Sungai Ramal, Sungai Long and Semenyih and has emerged as the primary ring road of Kajang, enabling the local community to circumvent the congested public roads.

Other than alleviating the traffic condition within Kajang, SILK also serves as a vital link connecting the local community to neighbouring townships such as Sungai Besi, Puchong, Seri Kembangan and Cheras through a network of major highways including the NSE, Sungai Besi Highway (“**BESRAYA**”), Cheras-Kajang Expressway (“**GRAND SAGA**”), Kajang-Seremban Highway (“**LEKAS**”) and South Klang Valley Expressway (“**SKVE**”).

The annual traffic volume recorded in 2022 for AKLEH, GCE, LKSA, and SILK was 13.9 million, 43.0 million, 29.5 million and 71.8 million respectively, which adds up to a total traffic volume of 158.2 million. Meanwhile in 2021, the total traffic volume for AKLEH, GCE, LKSA, and SILK was 109.3 million. Based on the IMR Report, this attributes to a 15.7% market share by total traffic volume in 2021 for the urban highways in the Klang Valley (excluding the Setiawangsa-Pantai Expressway (SPE) and the New Klang Valley Expressway (NKVE)).

Moving forward, population growth as well as the development of townships and corridors near the Highways will contribute to the increase in traffic for the Highways. The development of Elmina and Lagong townships will directly impact GCE, Alam Impian township will directly impact LKSA whereas Balakong, Semenyih and Bandar Baru Bangi townships will directly impact SILK.

The opening of DASH and new development corridors along Jalan Shah Alam – Batu Arang and Sungai Buloh may further contribute to traffic at GCE. SUKE traffic inflow from Sungai Besi and adjoining areas heading towards the Kuala Lumpur City Centre area as well as areas such as Ampang and Gombak area may further add to the increase in traffic in AKLEH.

7.2.3 Opportunity to invest in highway concession business which has high barrier to entry

The Trust Group consists of highway infrastructure assets that operate in a highly regulated environment requiring long-term concessions to be granted by the Government. Additionally, the award of highway concessions by the Government to a highway operator requires the operator to demonstrate, amongst others:

- (i) its financial strength, due to the nature of highway concession businesses requiring high capital expenditure; and
- (ii) specific experience, capabilities and skillset relating to the construction, operation and maintenance of the highway assets.

Highway infrastructure assets are also considered as non-direct competing assets in nature. This is in view that highway concessions are normally only granted by the Government after elaborate consideration on the economics, social benefits, town planning and where the need for the highway connection is demonstrated.

By being awarded such concessions via the Concession Agreements, Prolintas Infra BT (through the Concession Companies) have secured exclusive rights to operate and maintain the Highways within their designated areas. This restricts competition within those specific areas. It is also highly unlikely for the Government to grant multiple concessions for the construction of multiple highways in the same area due to geographical constraints.

This allows Prolintas Infra BT to capitalise on the traffic volume and generate sustainable revenues without facing direct competition from other players. The absence of competing highway operators enables Prolintas Infra BT to establish its presence and effectively serve the transportation needs of the area, further solidifying its market dominance.

Furthermore, Prolintas Infra BT's exclusive right to build and operate the Highways is safeguarded by the respective CA and the Trust Deed (as the Trustee-Manager acts on behalf of the Trust). These agreements ensure that the Highways cannot be taken over by any third party without prior approval from the Government and the Trustee-Manager. Hence, this provides an avenue for Prolintas Infra BT's investors the opportunity to partake in a highway concession business which has high barriers to entry.

7.2.4 The Trustee-Manager is led by qualified and experienced Board and senior management team from reputable Promoter with proven track record in the industry

The Trustee-Manager is led by accomplished board of directors, which is made up of six individuals with a broad set of complementary knowledge and experiences in their respective fields and the infrastructure industry.

The Board is supported by an experienced senior management team comprising the Chief Executive Officer, Malik Parvez Ahmad Nazir Ahmad, the General Manager (Highway Operations), Azmee Nin, and the Financial Controller, Mukholisah Binti Mohd Majid, where they have a proven track record covering technical, operational, financial and commercial matters relating to highway infrastructure. The senior management team's expansive knowledge, dedication and expertise have been integral towards the Trust Group's established reputation and track record.

To ensure sustainable and accountable operations of the Highways, PLKH Group had initiated the transfer of relevant operational and technical employees responsible for the O&M services of the Highways between Turnpike to the respective Concession Companies effective on 1 January 2024. By leveraging the expertise and familiarity of these employees with the Highways, all stakeholders can be assured that the O&M services will be executed with utmost proficiency and knowledge.

The Board believes the management team has been, and will continue to be instrumental in cultivating a strong and positive working relationship with all of its stakeholders and to the Trust Group's overall performance.

In addition to the above, PLKH as the Promoter has a proven track record and extensive experience in both highway construction and highway management. Notably, PLKH's capabilities extend beyond construction of its own highways, including the construction of the first elevated highway in Malaysia (i.e. AKLEH) to also include sourcing, acquiring and managing highways over the years (i.e. GCE and SILK).

7.2.5 Operational excellence through ISO-compliant management systems

The Highways have received numerous ISO certifications such as ISO 9001:2015, ISO 39001:2012, ISO 37001:2016, ISO 14001:2015, and ISO 45001:2018 certifications. The ISO certifications is a global standard management system which effectively mitigates risks and enhances performance.

The certification for ISO 9001:2015 Quality Management System helps to ensure the Highways' operations are based on a number of quality management principles, including process management optimisation and continuous improvement. While seeking sustained success through the implementation of quality management, the Highways also integrate ISO14001:2015 Environmental Management System to manage its environmental aspects, fulfil compliance obligations which includes addressing and managing the risks and opportunities from an environmental aspect.

The Concession Companies also demonstrate their respective commitment to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as proactively improving performance through ISO 45001:2018. In addition, the Highways are certified with ISO 39001:2002, with the objective of reducing and preventing road fatalities and injuries using systematic and evidence-based interventions.

The certification for ISO 37001:2016, allows the Highways to prevent, detect and address bribery incidents by adopting the anti-bribery policy as prescribed by the standard. In addition, the Trust Group has established a dedicated Governance Risk & Integrity and Compliance committee. These measures allow the strengthening of integrity and governance within the Trust Group.

The ISO certifications allow the Trust Group to standardise the operation of Highways by improving the consistency and efficiencies in operations, as well as describing the Trust Group's processes using business metrics. The Trust Group believes the ISO-compliant management systems help to establish credibility and trust among the road users and other stakeholders toward the Trust Group.

7.2.6 Adoption of innovative technologies to enhance the performance of the Highways' operations

The Trust Group adopts innovative technologies to enhance the operations of the Concession Companies and to improve customer experience. The operations of the Highways are carried out in accordance with the guidelines set by the MHA and the Trust Group ultimately strives towards road users' satisfaction.

The Trust Group further utilises autonomous highway surface monitoring leveraging Artificial Intelligence ("AI") and Internet of Things (IoT) to analyse images captured by the scanning device in real-time to identify anomalies on the road surface such as potholes or foreign objects for rectification by the respective operation teams.

The Trust Group also employs an online reporting system during routine inspections that allow the relevant C&S and E&E teams to perform routine inspections and maintenance.

The Trust Group also utilises Prolintas Digital Assist, a mobile application that allows road users to request assistance via the mobile application which is capable of detecting the location of the requester via the Global Positioning System ("GPS"). For further explanation of each, kindly refer to Section 7.15 of this Prospectus.

7.2.7 The Trust Group is committed to corporate sustainability and the implementation of initiatives that focuses on ESG

Environmental stewardship

All Highways within the Trust Group have earned ISO 14001:2015 certification, signifying adherence to international environmental management standards that enable precise monitoring of environmental performance and compliance. The Trust Group's effort in fulfilling its environmental responsibilities include addressing climate change matters by reducing the carbon footprint in operations as well as resource and waste management matters. The Trust Group also ensures that it complies with Governmental environmental regulations, which is overseen by the Quality, Environment, Safety and Health (QESH) function of the Trust Group.

The Trust Group is addressing its climate impact through conducting Greenhouse Gas (GHG) assessment by observing the GHG Protocol framework. This assessment encompasses emissions from the Trust Group's corporate functions, operations, maintenance and construction activities. This can be segregated to Scope 1 emissions, which include emissions from its own vehicles, generators, air-conditioning systems, and fire extinguishers; Scope 2 emissions, relating to electricity usage in its operations; and Scope 3 emissions, covering a broader range of emissions, associated with its goods procurement, upstream energy related emissions, downstream emissions from RSAs, employee commuting and business travel. The Trust Group has implemented several initiatives under each of these scopes to reduce emissions as further detailed in Section 7.18 of the Prospectus.

Social responsibility

The Trust Group is dedicated to building strong connections with key stakeholders by investing in its workforce and nurturing partnerships with customers, communities and suppliers to create sustainable value.

The Trust Group's employee development strategy focuses on capacity, competency, and culture through training, communication, and engagement sessions. Workplace equality and diversity are priorities, and the Trust Group regularly review compensation packages to ensure competitiveness. During the pandemic, the Trust Group had provided essential support to local communities and engage in various community outreach initiatives, including education and social welfare programs.

7. BUSINESS OVERVIEW (Cont'd)

Additionally, the Trust Group emphasises providing employment and business opportunities to local communities, demonstrating a holistic commitment to corporate responsibility and community welfare.

Governance, ethics and compliance

The Trust Group is committed to strong corporate governance practices in line with MCCG standards, emphasising accountability, transparency, fairness, and responsibility. The Trust Group has implemented the following key policies:

- Organisational structure: Clear reporting lines to ensure transparency and accountability.
- Risk management framework: Integrating ISO 31000:2018 and Committee of Sponsoring Organisations (COSO) Risk Management standards, addressing strategic, operational, and sustainability-related risks.
- Regulatory compliance program: Systematic approach to identify, evaluate, and monitor contractual and statutory obligations across all entities.
- Anti-bribery and corruption policies: Ensuring compliance with Malaysian laws through policies and a whistleblowing mechanism.
- Anti-bribery and corruption framework: Robust internal controls against bribery and corruption, including sponsorship policy, charitable donations policy, supplier code of conduct, and integrity pact that culminates in the implementation of the ISO 37001 Anti-Bribery Management System (ABMS).

Further information on the Trust Group's ESG practices can be found in Section 7.18 of this Prospectus.

7.3 KEY ACHIEVEMENTS AND MILESTONES

The following table highlights key achievements and milestones of the Trust Group and the Promoter (where related to the Trust Group):

<u>Year</u>	<u>Achievement or milestones</u>
1995	<ul style="list-style-type: none">• PLKH was incorporated
1996	<ul style="list-style-type: none">• Concession Agreement was signed between AKLEH Co and the Government for AKLEH
2001	<ul style="list-style-type: none">• AKLEH was completed and opened for public use
2002	<ul style="list-style-type: none">• AKLEH Co first received ISO 9001:2015 certification in Quality Management System
2006	<ul style="list-style-type: none">• Concession Agreement was signed between LKSA Co and the Government for LKSA• PLKH acquired GCE Co from Kumpulan Guthrie Berhad
2008	<ul style="list-style-type: none">• 1st SCA signed between AKLEH Co and the Government for AKLEH
2010	<ul style="list-style-type: none">• 1st SCA signed between LKSA Co and the Government for LKSA and 1st SCA signed between GCE Co and the Government for GCE• LKSA was completed and opened for public use
2015	<ul style="list-style-type: none">• AKLEH phase 2 (upgrading works of AKLEH) was completed and opened for public use

7. BUSINESS OVERVIEW (Cont'd)

<u>Year</u>	<u>Achievement or milestones</u>
	<ul style="list-style-type: none">• AKLEH Co, GCE Co, and LKSA Co first received the ISO 14001:2004 certification in Environmental Management System• AKLEH Co, GCE Co, and LKSA Co first received the OHSAS 18001:2007 certification (subsequently replaced by ISO 45001:2018 in the year 2018) on Occupational Health and Safety Management Systems
2017	<ul style="list-style-type: none">• PLKH acquired SILK Co from SILK Holdings Berhad
2020	<ul style="list-style-type: none">• AKLEH Co and LKSA Co received the ISO 39001:2002 certification in Road Traffic Safety (RTS) Management Systems• AKLEH Co, GCE Co, LKSA Co and SILK Co received the ISO 37001:2016 certification in Anti-Bribery Management Systems for Provision of Highway Operation
2021	<ul style="list-style-type: none">• PLKH Group received Bronze in Innovation and Highway Safety Award from MHA• SILK Co first received the ISO 45001:2018 certification in Occupational Health and Safety Management Systems
2022	<ul style="list-style-type: none">• SCA 2022 was signed between AKLEH Co, GCE Co and LKSA Co (2nd SCA) and SILK Co (3rd SCA) and the Government for the Highways
2023	<ul style="list-style-type: none">• Establishment of Prolintas Infra BT pursuant to the Trust Deed• Completion of:<ul style="list-style-type: none">(i) Pre-IPO Acquisition, thereby forming the Trust Group(ii) Islamic Financing of up to RM 2,700 million through term financing
2024	<ul style="list-style-type: none">• Completion of the Pre-IPO Reorganisation• SCAs 2022 were effective

7.4 HIGHWAYS UNDER THE TRUST GROUP

The Highways which the Trust Group operates and maintains form part of the Kuala Lumpur Outer Ring Road System, a network of highways that serves as an orbital system of ring roads around the Greater Kuala Lumpur area.

7.4.1 Ampang – Kuala Lumpur Elevated Highway (AKLEH)

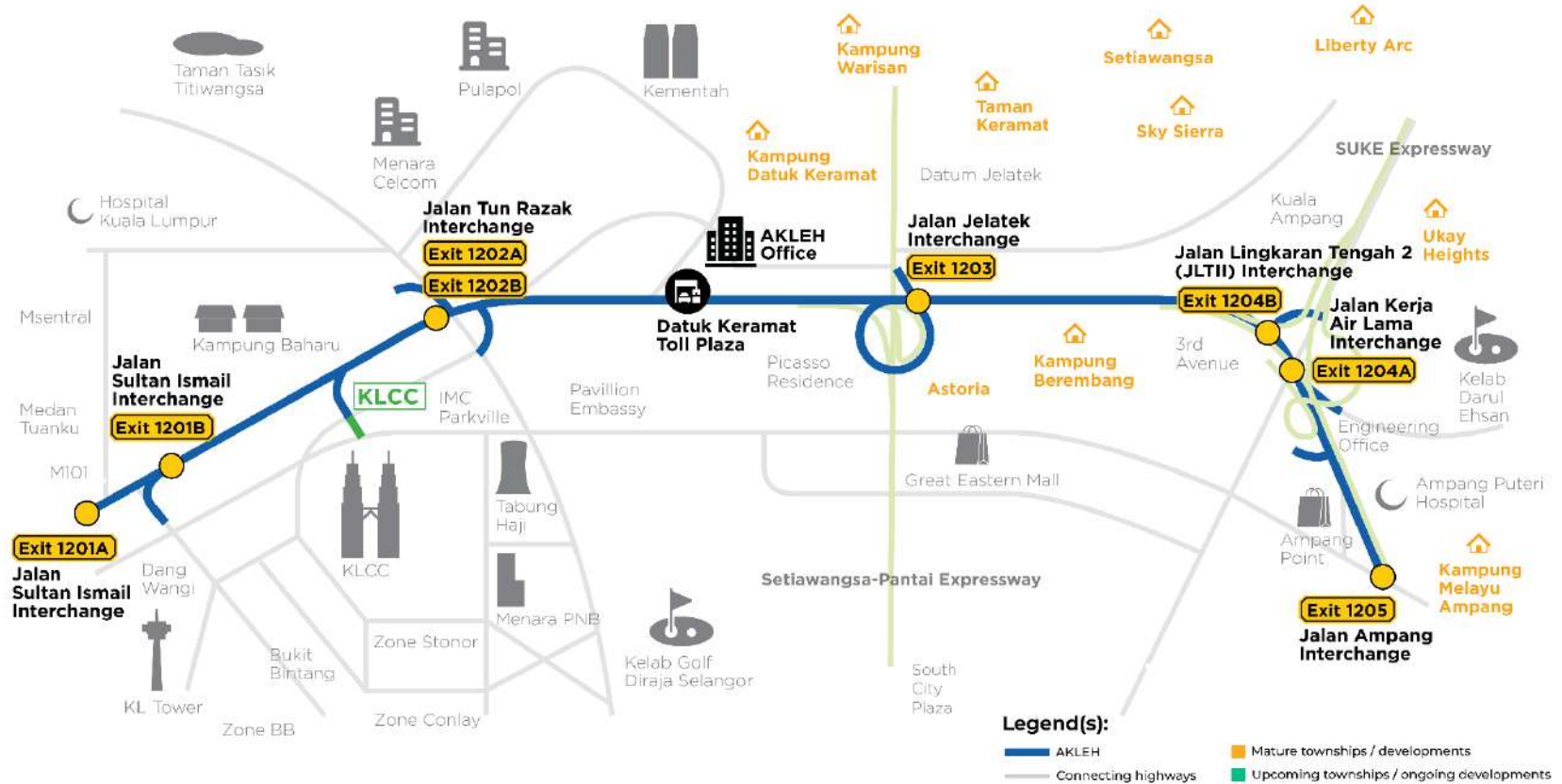
AKLEH spans 7.4km across Kuala Lumpur and starts from Jalan Sultan Ismail to the riverbanks of Sungai Klang and Sungai Ampang and ends at Taman Ampang Utama in Ampang. AKLEH consists of a dual three-lane highway from the Jalan Sultan Ismail interchange to the Jalan Lingkaran Tengah 2 interchange, and a dual two-lane highway from the Jalan Ampang interchange onwards.

AKLEH has one open system toll plaza namely the Datuk Keramat Toll Plaza, and five interchanges – Jalan Sultan Ismail, Jalan Tun Razak, Jalan Jelatek, Jalan Lingkaran Tengah 2 and Jalan Ampang.

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7. BUSINESS OVERVIEW (Cont'd)

The image ⁽¹⁾ below illustrates AKLEH's location and area coverage:



Note:

(1) The image is for illustrative purposes only and is not to scale.

7. BUSINESS OVERVIEW (Cont'd)

(i) Traffic volume and toll collection

The table below sets out the traffic volume and toll collection for AKLEH Co for the Period Under Review:

Period	Traffic volume		Toll collection	
	Traffic volume ('million)	% change	Toll collection (RM 'million)	% change
FYE 2020	11.3	-	28.0	-
FYE 2021	9.4	(16.8)	23.3	(16.5)
FYE 2022	13.9	48.2	33.2	42.3
FPE 2023	11.5	-	23.8	-

In FPE 2023, AKLEH recorded traffic volume of 11.5 million, translating into an average of 42,125 traffic per day. AKLEH's toll collection for FPE 2023 was RM23.8 million, representing 11.1% of the total toll collection of the Trust Group.

(ii) Toll rates

The table below sets out the gazetted toll rates prior to the Toll Restructuring and the agreed toll rates based on SCA 2022 by vehicle classes:

Gazetted toll rates before the Toll Restructuring (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.50	7.00	10.50	1.80	1.50

New agreed toll rates based on SCAs 2022 from 2023 ⁽¹⁾ to 2037 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.13	7.00	10.50	1.53	1.28

Note:

(1) The toll rates were gazetted on 20 October 2022.

New agreed toll rates based on SCAs 2022 from 2033 to 2042 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH ⁽¹⁾	2.13	7.00	10.50	1.53	1.28

Note:

(1) AKLEH's concession period will be ending on 15 May 2037.

In FPE 2023, Class 1 vehicles contributed 98.6% of the total vehicles on AKLEH. These were primarily passenger cars and the remaining 1.4% consisted of commercial and other vehicles (other classes).

Based on SCA 2022, AKLEH Co concession period is extended until 2037.

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7.4.2 Guthrie Corridor Expressway (GCE)

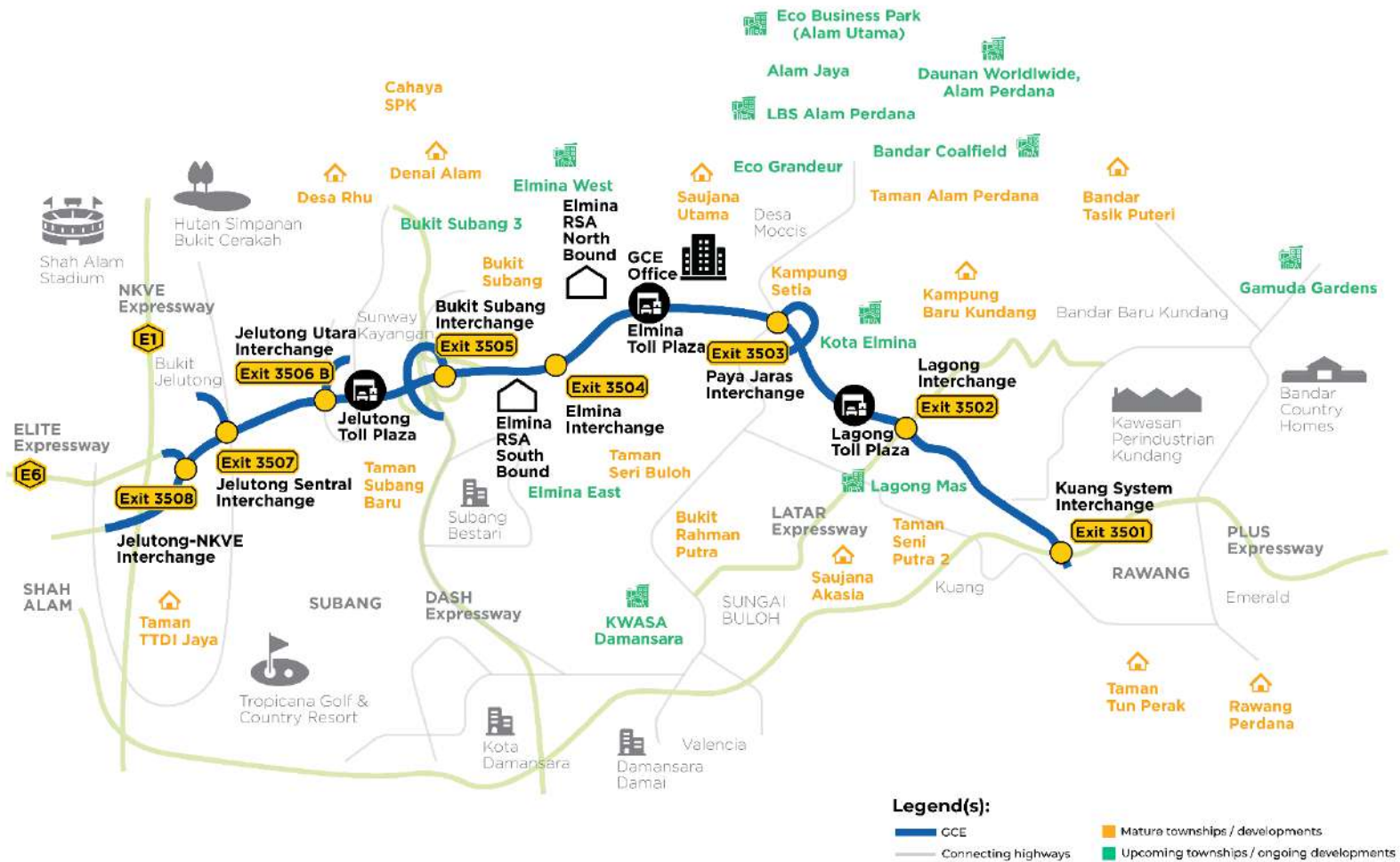
GCE is a dual-three lane highway spanning 25.0 km long across Selangor. GCE connects Shah Alam and Rawang and provides road users with access to the North-South Expressway as an alternative route for users to bypass NKVE as well as a direct link to the Kuala Lumpur-Kuala Selangor Expressway (LATAR).

GCE has three open system toll plazas, located at Bukit Jelutong, Elmina and Lagong. There are seven Interchanges in GCE, i.e. Jelutong-NKVE Interchange, Jelutong Sentral Interchange, Jelutong Utara Interchange, Bukit Subang Interchange, Elmina Interchange, Paya Jaras Interchange and Lagong Interchange. Additionally, the Trust Group operates and maintains ancillary facilities along GCE including two RSAs, Elmina north and south bound, complete with amenities such as food courts, washrooms and playgrounds.

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7. BUSINESS OVERVIEW (Cont'd)

The image ⁽¹⁾ below illustrates GCE's location and area coverage:



Note:

(1) The image is for illustrative purposes only and is not to scale.

7. BUSINESS OVERVIEW (Cont'd)

(i) Traffic volume and toll collection

The table below sets out the traffic volume and toll collection for GCE Co during the Period Under Review:

Period	Traffic volume		Toll collection	
	Traffic volume ('million)	% change	Toll collection (RM 'million)	% change
FYE 2020	30.7	-	64.9	-
FYE 2021	26.2	(14.7)	55.8	(14.0)
FYE 2022	43.0	64.3	88.3	58.2
FPE 2023	33.2	-	64.0	-

In FPE 2023, GCE recorded traffic volume of 33.2 million, translating into an average of 121,488 traffic per day. GCE's toll collection for FPE 2023 was RM64.0 million, representing 29.8% of the total toll collection of the Trust Group.

(ii) Toll rates

The table below sets out the gazetted toll rates prior to the Toll Restructuring and the agreed toll rates based on SCA 2022 by vehicle classes:

Gazetted toll rates before the Toll Restructuring (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
GCE	1.90	3.80	5.70	0.90	1.40

New agreed toll rates based on SCAs 2022 from 2023 ⁽¹⁾ to 2032 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
GCE	1.75	3.80	5.70	0.83	1.29

Note:

(1) The toll rates were gazetted on 20 October 2022.

New agreed toll rates based on SCAs 2022 from 2033 to 2042 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
GCE	2.59	5.20	7.80	1.23	1.91

New agreed toll rates based on SCAs 2022 from 2043 to 2062 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
GCE	3.40	7.00	10.50	1.70	2.83

In FPE 2023, Class 1 vehicles contributed 90.6% of the total vehicles on GCE which were primarily passenger cars and the remaining 9.4% consisted of commercial and other vehicles (other classes).

Based on SCA 2022, GCE Co concession period is extended until 2062.

7. BUSINESS OVERVIEW *(Cont'd)*

7.4.3 Lebuhraya Kemuning – Shah Alam (LKSA)

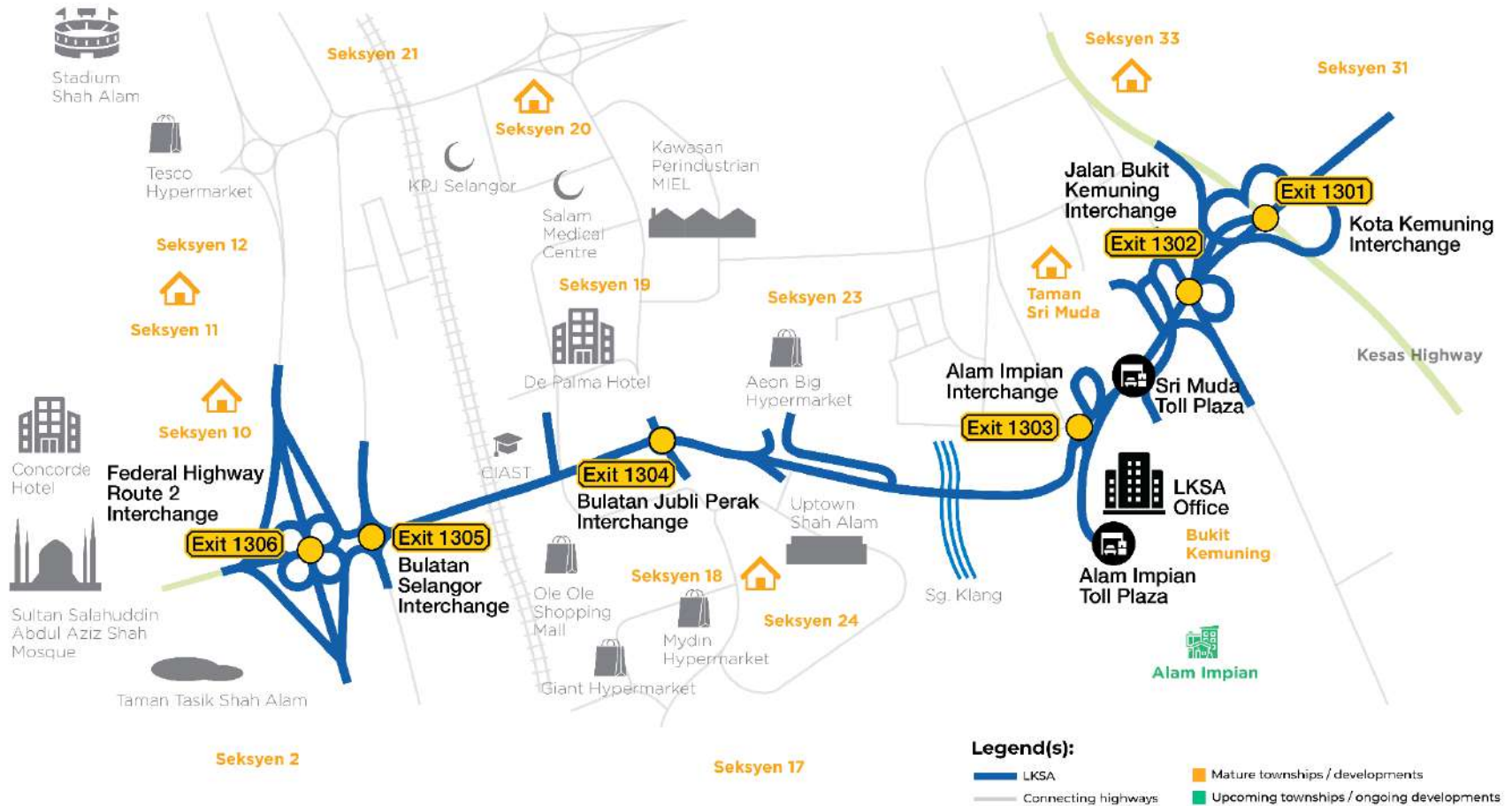
LKSA is a dual three-lane highway which spans 14.7km long across Selangor. LKSA connects to Kemuning Interchange of the KESAS in the south and the Federal Highway Route 2 (“**FHR2**”) in the north.

LKSA has two open system toll plazas located at Alam Impian and Sri Muda. It comes with six interchanges – Kota Kemuning, Jalan Bukit Kemuning, Alam Impian, Bulatan Jubli Perak, Bulatan Selangor and FHR2.

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7. BUSINESS OVERVIEW (Cont'd)

The image ⁽¹⁾ below illustrates LKSA's location and area coverage:



Note:
 (1) The image is for illustrative purposes only and is not to scale.

7. BUSINESS OVERVIEW (Cont'd)

(i) Traffic volume and toll collection

The table below sets out the traffic volume and toll collection for LKSA Co for the Period Under Review:

Period	Traffic volume		Toll collection	
	Traffic volume ('million)	% change	Toll collection (RM 'million)	% change
FYE 2020	23.5	-	33.9	-
FYE 2021	22.9	(2.6)	33.5	(1.3)
FYE 2022	29.5	28.9	42.0	25.5
FPE 2023	23.1	-	30.4	-

In FPE 2023, LKSA recorded traffic volume of 23.1 million, translating into an average of 84,586 traffic per day. LKSA's toll collection for FPE 2023 was RM30.4 million, representing 14.2% of the total toll collection of the Trust Group.

(ii) Toll rates

The table below sets out the gazetted toll rates prior to the Toll Restructuring and the agreed toll rates based on SCA 2022 by vehicle classes:

Gazetted toll rates before the Toll Restructuring (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
LKSA (Seri Muda)	1.70	3.40	5.10	0.90	1.20
LKSA (Alam Impian)	0.90	1.80	2.70	0.90	0.60

New agreed toll rates based on SCAs 2022 from 2023 ⁽¹⁾ to 2032 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
LKSA (Seri Muda)	1.56	3.40	5.10	0.83	1.10
LKSA (Alam Impian)	0.83	1.80	2.70	0.83	0.55

Note:

(1) The toll rates were gazetted on 20 October 2022.

New agreed toll rates based on SCAs 2022 from 2033 to 2042 (RM)					
	Class 1	Class 2	Class 3	Class 4	Class 5
LKSA (Seri Muda)	2.31	6.00	9.00	1.23	1.63
LKSA (Alam Impian)	1.23	3.00	4.50	1.23	0.81

7. BUSINESS OVERVIEW (Cont'd)

New agreed toll rates based on SCAs 2022 from 2043 to 2062 (RM)

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>
LKSA (Seri Muda)	3.42	9.40	14.10	1.82	2.41
LKSA (Alam Impian)	1.82	4.80	7.20	1.82	1.21

In FPE 2023, Class 1 vehicles contributed 94.3% of the total vehicles on LKSA which were primarily passenger cars and the remaining 5.7% consisted of commercial and other vehicles (other classes).

Based on SCA 2022, LKSA Co concession period is extended until 2062.

7.4.4 Sistem Lingkaran-Lebuhraya Kajang (SILK)

SILK is a dual three-lane highway with a total length of 37km across Selangor. It was designed and built to regulate escalating daily traffic in and around Kajang. SILK provides road users with access to and from Kuala Lumpur, Cheras, Sungai Long, Balakong, Putrajaya, Semenyih, and Bangi. Additionally, SILK connects road users with other major highways such as the North-South Expressway (“**NSE**”), the Sungai Besi Expressway (“**BESRAYA**”), the Cheras-Kajang Highway (“**GRAND SAGA**”), the Kajang-Seremban Highway (“**LEKAS**”) and the South Klang Valley Expressway (“**SKVE**”).

SILK has four open system toll plazas located at Sungai Balak, Sungai Ramal, Bukit Kajang and Sungai Long. SILK also has 12 interchanges, i.e. Balakong, Sungai Long, Kajang Perdana, Kajang Prima, Jalan Reko, Sungai Ramal, Country Heights, UNITEN, UPM, Sungai Chua, Sungai Balak, and Taman Kajang Utama. SILK consists of the main link (Mines – UPM interchange) and Sungai Balak link (Sungai Balak – Sungai Ramal interchange).

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7. BUSINESS OVERVIEW (Cont'd)

The image ⁽¹⁾ below illustrates SILK's location and area coverage:



Note:
 (1) The image is for illustrative purposes only and is not to scale.

7. BUSINESS OVERVIEW (Cont'd)

(i) Traffic volume and toll collection

The table below sets out the traffic volume and toll collection for SILK Co for the Period Under Review:

Period	Traffic volume		Toll collection	
	Traffic volume (million)	% change	Toll collection (RM 'million)	% change
FYE 2020	54.2	-	102.2	-
FYE 2021	50.8	(6.2)	96.5	(5.6)
FYE 2022	71.8	41.2	131.7	36.5
FPE 2023	56.6	-	96.5	-

In FPE 2023, SILK recorded traffic volume of 56.6 million, translating into an average of 207,401 traffic per day. SILK's toll collection for FPE 2023 was RM96.5 million, representing 44.9% of the total toll collection of the Trust Group.

(ii) Toll rates

The table below sets out the gazetted toll rates prior to the Toll Restructuring and the agreed toll rates based on SCA 2022 by vehicle classes:

	Gazetted toll rates before the Toll Restructuring (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
SILK	1.80	3.60	5.40	0.90	1.00

	New agreed toll rates based on SCAs 2022 from 2023 ⁽¹⁾ to 2032 (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
SILK	1.66	3.60	5.40	0.83	0.92

Note:

(1) The toll rates were gazetted on 20 October 2022.

	New agreed toll rates based on SCAs 2022 from 2033 to 2042 (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
SILK	2.15	4.80	7.20	1.07	1.19

	New agreed toll rates based on SCAs 2022 from 2043 to 2062 (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
SILK	2.30	4.80	7.20	1.20	1.54

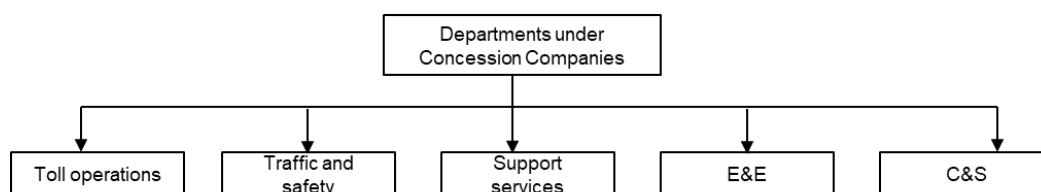
In FPE 2023, Class 1 vehicles contributed 94.9% of the total vehicles on SILK which were primarily passenger cars and the remaining 5.1% consisted of commercial and other vehicles (other classes).

Based on SCA 2022, SILK Co concession period is extended until 2062.

7. BUSINESS OVERVIEW (Cont'd)

7.5 OPERATION AND MAINTENANCE OF THE HIGHWAYS

The image below illustrates the departments under each of the Concession Companies:



The operation of the Highways consists of:

- management of toll plazas for the collection of tolls from users of the Highways, which is under the purview of Toll Operation Department; and
- management and surveillance of the Highways to improve traffic flows, maintain road conditions and enhance road safety as well as provide facilities and services along the Highways for road users, which falls under the purview of Traffic and Safety Department, E&E Department, C&S Department and as well as support services within the Trust Group.

The maintenance of the Highways consists of:

- routine maintenance and preventive maintenance; and
- corrective maintenance.

7.5.1 Operation of the Highways

(i) Toll collection

The Trust Group utilises an open toll system, whereby the toll charges are fixed according to the class of the vehicle regardless of the distance travelled or where the vehicle enters or leaves the highway.

The Trust Group collects tolls through an automated ETC. The ETC collects tolls from road users via third-party electronic payment systems or methods, namely *Touch 'n Go*, *SmartTAG* and RFID.

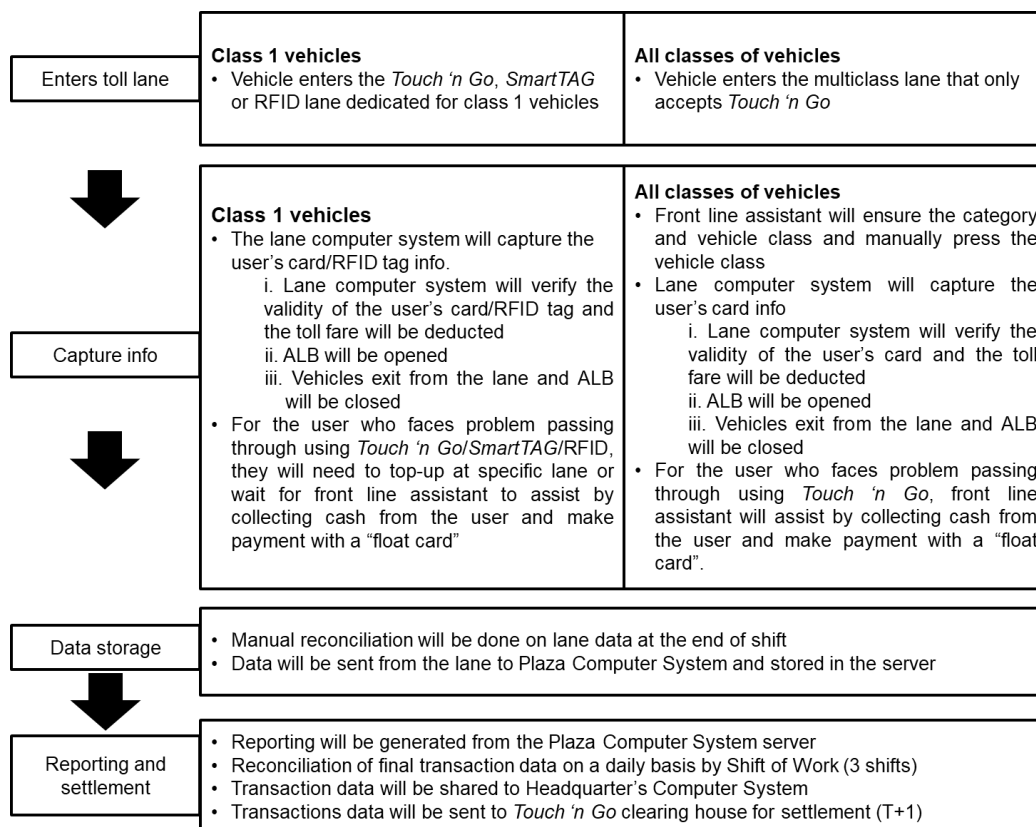
The *Touch 'n Go* system is based on a reusable contactless smartcard, which enables a user makes cashless payments at toll plazas. Essentially, a road user will need to have the *Touch 'n Go* smartcard with adequate value and place the smartcard in front of a sensor panel placed at a toll booth. Payment will be made instantly at the toll plaza through electronic deduction of stored value from the smartcard. As at the LPD, the *Touch 'n Go* system is available for all classes of vehicles at the Highways.

The *SmartTAG* system was introduced as a complementary component to the *Touch 'n Go* system using the same smartcard technology as *Touch 'n Go* in combination with an on-board unit installed in the user's vehicle utilising infrared technology. As at the LPD, the *SmartTAG* system has been implemented only for Class 1 vehicles at the Highways.

7. BUSINESS OVERVIEW (Cont'd)

The RFID system is a system utilising a sticker or a tag, which is embedded with a radiofrequency chip. The tag is affixed to the user's vehicle and is linked to the user's digital wallet, specifically the *Touch 'n Go eWallet*. As at the LPD, the RFID system has been implemented only for Class 1 vehicles at the Highways.

The following describes the general toll collection process at the Highways:



The process flow above is applicable under normal circumstances, i.e. user's card/RFID tag is valid and there is sufficient balance.

AKLEH and GCE has commenced the implementation of an open toll payment system in September 2023. The open toll payment system is to allow road users to pay tolls using debit and credit cards, on top of the existing method by using *Touch n' Go Sdn Bhd's ETC* system.

The toll lane operations need to accommodate the traffic flows that are using different payment methods. The Toll Operation Department of each Highway runs an analysis of hourly traffic volumes. If the toll lanes face technical issues such as not being able to scan/detect the user's card, temporary measures such as electronic mobile readers are readily available.

The Trust Group via the Concession Companies have entered into various agreements with *Touch 'n Go Sdn Bhd* for the collection of the tolls paid by the road users. Under the agreements, *Touch 'n Go Sdn Bhd* provides the Concession Companies with centralised electronic payment systems. To process the payment made by road users via any of the different payment methods at the toll plazas (via *SmartTAG*, *Touch 'n Go*, or RFID), the payment data is linked to the corresponding *Touch 'n Go Sdn Bhd's* system.

In exchange for the service, *Touch 'n Go Sdn Bhd* is entitled to receive an agreed commission rate from the total toll collection.

7. BUSINESS OVERVIEW (Cont'd)



The toll data generated by the Concession Companies are uploaded to the Touch 'n Go Sdn Bhd's system and at the end of each day. Afterwards, verification of the toll data is conducted. There is a transaction commission rate charged by *Touch n' Go* and therefore will be deducted before payment is made to the Concession Companies.

(ii) Toll collection controls

The Trust Group operates a number of control procedures in order to minimise potential loss from the toll collection revenue. These control measures are essential to minimise the loss of toll collection revenue.

The loss of toll collection revenue is mainly caused by road users who commit toll violations which, amongst others, are passing through toll plazas without paying via various means or using the wrong class lane, e.g. class 2 or class 3 vehicles using electronic lane fixed for Class 1 vehicles.

For every toll lane at the toll plazas, the Trust Group has installed the following control systems:


Control system	Description
<p>Amber siren beacon</p> 	<p>The Amber siren beacon will be activated to signal to notify both the toll plaza operators and road users of issues such as violations such as failure to pay the toll or not using the correct dedicated toll lane.</p>
<p>ALB (single barrier)</p> 	<p>To block users from passing through. The ALB will only be opened once payment has been made. The toll plazas use high-speed ALB which has faster opening and closing time (0.3 and 0.6 seconds) to prevent the occurrence of toll violations.</p>

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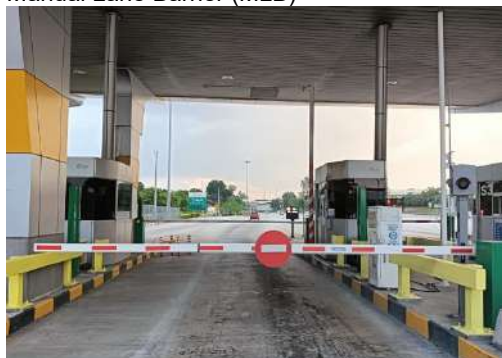
7. BUSINESS OVERVIEW (Cont'd)

Control system	Description
<p data-bbox="240 331 438 365">ALB (dual barrier)</p> 	<p data-bbox="815 387 1375 555">To block users from passing through. The ALB will only be opened once payment has been made. The toll plazas use high-speed ALB which has faster opening and closing time (0.3 and 0.6 seconds) to prevent the occurrence of toll violations.</p>
<p data-bbox="240 824 375 857">Lane CCTV</p> 	<p data-bbox="815 857 1375 913">To record vehicle registration numbers and type of vehicles entering and exiting the toll lanes.</p>
<p data-bbox="240 1272 678 1305">Automatic Vehicles Classification (AVC)</p> 	<p data-bbox="815 1294 1375 1406">Functions as an audit tool in measuring users' vehicle class by using sensor treadle that differentiates vehicle class according to the number of axles.</p>
<p data-bbox="240 1709 454 1731">Optical Barrier (OB)</p>	

7. BUSINESS OVERVIEW (Cont'd)

Control system	Description
	To record vehicle movement at toll lanes, identifying if the vehicle has already passed the toll booth and allowing the ALB to close.

Manual Lane Barrier (MLB)



To notify road users of lanes that are either closed or not in operation and to prevent entry to the said toll lanes.

(iii) Toll and volume certification

The Concession Companies submit the traffic volume and revenue to MHA on a monthly and annual basis. In addition, the Concession Companies submit a report to the MHA on the actual traffic volume and actual toll revenue which is audited by an independent auditor on an annual basis. MHA will then reconcile the audited report submitted by the Concession Companies with the report submitted by *Touch 'n Go Sdn Bhd* and issues a verification certificate on the traffic volume and revenue in the following year. The verification certificate is important as historically it determines the amount of the toll compensation to be paid to the Concession Companies.

For the avoidance of doubt, in the future, if the Government were to impose or gazette toll rates lower than those as provided for under the SCA 2022, the Government will compensate the Concession Companies based on the compensation mechanism as set out in the respective SCAs 2022.

(iv) Traffic management and surveillance

The Trust Group provides a 24-hour vehicle breakdown and/or accident response which include, amongst others, change of tyre and traffic control at the incident location via its Auxillary Police personnel known as the Prolintas Emergency Response and Patrol Team ("**PERONDA**"). As at the LPD, there are 53 PERONDA personnel patrolling the Highways.

In addition, the Highways are equipped with VMS and other signages to guide and warn road users of any incidents. VMS is a digital display system where traffic information and any announcements can be updated and conveyed to road users.

7. BUSINESS OVERVIEW (Cont'd)

The following summarises the traffic management and surveillance assets owned and operated by each of the Highways as at the LPD:

Type of traffic management and surveillance assets	Highways			
	AKLEH	GCE	LKSA	SILK
Vehicles				
Cars	1	3	2	5
Motorbikes	2	5	4	3
Lorries	1	2	2	4
MPV/Pick-up/Van	7	13	7	9
Total Vehicles	11	23	15	21
Others				
CCTV	18	20	16	35
VMS	3	5	4	6
Emergency Telephone System	15	24	10	-
Total	36	49	30	41

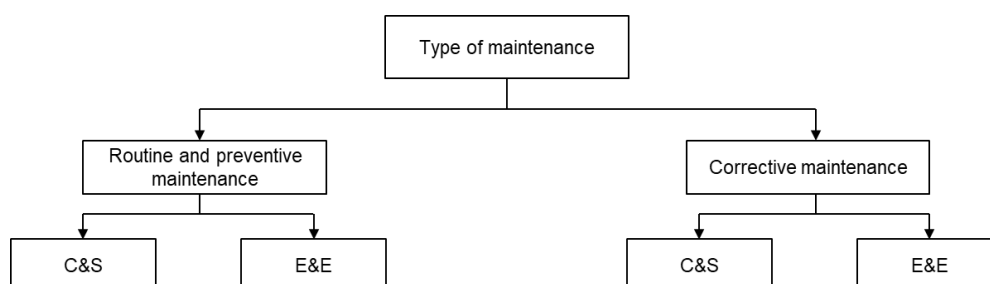
All the Highways have mobile phone network coverage.

The Trust Group also operates a 24-hour call centre with a hotline number at 1-800-22-8888 across the Highways for road users to make enquiries, seek assistance, report traffic accidents or other incidents and provide feedback on the Highway's services or facilities. This call centre is connected to the centralised call centre, which acts as a traffic management and surveillance centre.

7.5.2 Maintenance of the Highways

The maintenance works of the Highways are carried out in compliance with relevant maintenance standards and obligations as stipulated in the respective Concession Agreements as well as the latest standard tolled highway guidelines, standards and manuals issued by the MHA. The maintenance works are carried out to ensure the functionality, serviceability and safety of the Highways are preserved.

The Trust Group classifies maintenance operations into two broad categories:



These maintenance works are further classified into C&S and E&E based on the type of assets to be maintained.

Routine and preventive maintenance involves works that are repetitive, cyclical or periodic in nature. Routine maintenance works are performed to maintain the safety of road users, traffic comfort, uninterrupted traffic flow as well as to maintain functionality and aesthetics of the Highways while preventive maintenance works are to prevent major issues or highway assets failures. In comparison with routine maintenance, preventive maintenance usually involves more detailed inspections.

C&S routine maintenance works include, amongst others, grass cutting, mainline cleaning including road sweeping, litter collection and signboard cleaning, drain cleaning and desilting, landscaping, retaining wall cleaning, facilities and amenities maintenance and sewerage treatment plants routine cleaning. The C&S preventive maintenance works involve Pavement Condition Assessment and the inspections of bridges, retaining walls, structures, slopes and culverts.

E&E routine maintenance works include inspections, validation, calibration and replacement of faulty units of E&E items in the traffic control and surveillance system, toll collection system, power supply system, networking system, lighting system and building facilities.

Corrective or curative maintenance is a maintenance task performed to identify, record and repair any defect/damage in order to restore asset conditions or rectify faulty equipment.

C&S corrective maintenance is carried out to maintain the structural integrity of the Highways and to ensure continuous safety for the road users. C&S corrective maintenance works include repairs done for pavements, bridges, retaining walls, structures, slopes, culverts and other highway assets.

E&E corrective maintenance works involve repair works to rectify any E&E system or equipment malfunction.

7.5.3 Operations and maintenance of the Highways after the Pre-IPO Reorganisation

For the Period Under Review and up to 31 December 2023, AKLEH Co, GCE Co and LKSA Co had outsourced majority of their O&M Services for their respective Highways to Turnpike, whereby Turnpike had been appointed to perform, amongst others the following services:

- **Routine maintenance services** – Periodically scheduled maintenance services and/or works required in respect of the respective Highways including landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance and security maintenance.
- **Ad-hoc repair works** – Maintenance services and/or works in respect of the respective Highway which are not periodically scheduled.
- **Toll operation services** – Operation, management and maintenance services and/or works in respect of toll equipment and collection of tolls at the respective Highways.

The O&M arrangements and agreements between the Concession Companies and Turnpike have been mutually terminated following the Pre-IPO Reorganisation which was effected on 1 January 2024. Moving forward, all O&M Services including liaison with the relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

Pursuant to the Pre-IPO Reorganisation, the O&M services that will be undertaken in-house by the Trust Group are primarily the toll operation services with the exception of certain system maintenance works in relation to the electronic toll collection systems that are provided by the systems integrators. Toll operation services include the operation, management and maintenance services and/or works in respect of toll equipment and collection of tolls at the respective Highways. Certain ad-hoc repair works, such as lighting repairs, are expected to be undertaken in-house.

7. BUSINESS OVERVIEW (Cont'd)

The O&M services that are expected to be subcontracted to third parties directly by the Trust Group after the Pre-IPO Reorganisation are primarily the routine maintenance services including periodically scheduled maintenance services and/or works in respect of the Highways including landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance and security maintenance and all other types of ad-hoc repair works not undertaken in-house by the Concession Companies.

The Trust Group is not dependent on the outsourced services with the exception of the system maintenance works in relation to the proprietary electronic toll collection system provided by the systems integrators.

The Trust Group may still engage Turnpike for turnkey contract services for highway upgrading and development works as well as for consultancy services for matters pertaining to civil and structure, mechanical, electrical and electronics, and traffic and safety matters as and when required by the Concession Companies.

7.5.4 Management of road users' feedback

The Trust Group receives feedback or complaints through various channels including, email, telephone, letters, newspaper, social media, website or physical walk-ins which will be recorded in a public complaints register maintained by the respective Concession Companies. The Trust Group will contact the complainant to inform that the feedback or complaints have been received and action will be taken. The feedback or complaints will then be sent to the respective departments involved to be investigated. Thereupon, the relevant corrective action will be implemented as soon as it is practicable.

If the complainant intends to make any claim(s) over such accidents that occurred within the jurisdiction of the Highways, the complainant is required to send over the claim application letter along with the relevant supporting documents. The respective department involved will then evaluate the said claim(s) and the management team will make the final decision based on the report provided by the operations team of the respective Highways. The amount of claims will be decided and approved in accordance with the limits of authority.

Any outcome of the said claim(s) will be informed to the complainant upon the completion of the evaluation and investigation. In the event the parties have agreed for a settlement amount, the Trust Group will prepare a settlement agreement to be signed by the parties.



Thereafter, the Trust Group will process the payment, if any. The claims status will then be closed once the complainant receives payment and the status of the claims will be updated to mark its completion.

7.6 ANCILLARY FACILITIES

Under the Concession Agreements, ancillary facilities are required to be provided by, or on behalf of, the Concession Companies along the Highways. Accordingly, the Concession Companies have put in place a range of ancillary facilities along the Highways for the convenience of road users. These RSAs and lay-bys include amenities such as food and beverage stalls, retail outlets, public washrooms, prayer rooms and parking lots. Commercial arrangements such as tenancy of food and beverage stalls and retail outlets within RSAs and lay-bys are managed by PHSSB.

7. BUSINESS OVERVIEW (Cont'd)

The table below sets out details of RSAs and lay-bys at the Highways at the LPD:

Facilities and Services	Highway	Location	Commercial units	Net lettable area (sq ft)
RSA	GCE	Elmina north bound	<ul style="list-style-type: none"> Commercial lot : 1 Food / drink stall : 8 Kiosk : 4 Push cart : 4 Vending machine: 6 	4,349
	GCE	Elmina south bound	<ul style="list-style-type: none"> Commercial lot : 2 Food / drink stall : 8 Kiosk : 4 Vending machine: 4 	5,423
Lay-bys	GCE	Bukit Jelutong, south bound	<ul style="list-style-type: none"> Push cart: 3 Vending machine: 4 	60
	GCE	Lagong, north bound	<ul style="list-style-type: none"> Vending machine: 1 	Not applicable
	LKSA	Urban Park, Alam Impian	<ul style="list-style-type: none"> Event Space: 1 Vending machine: 2 	16,145
	LKSA	Seri Muda	<ul style="list-style-type: none"> No commercial site Vending machine: 2 	Not applicable
	SILK	Sungai Ramal	<ul style="list-style-type: none"> No commercial site Vending machine: 4 	Not applicable
	SILK	Sungai Balak	<ul style="list-style-type: none"> No commercial site Vending machine: 4 	Not applicable
	SILK	Bukit Kajang	<ul style="list-style-type: none"> No commercial site Vending machine: 4 	Not applicable
	SILK	Sungai Long	<ul style="list-style-type: none"> No commercial site Vending machine: 4 	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

Concession Companies also have space rental for telco towers and outdoor advertising structures. The commercial arrangement of these telco towers and outdoor advertising structures are managed by PHSSB. The outdoor advertising structures include freestanding, unipole, minipole, overhead bridge mounted advertising and buntings. The structures are built according to guidelines set by the MHA. The table below sets out details of the telco towers and outdoor advertising structures at the Highways as at the LPD:

Advertising/Telco Tower	Highways			
	AKLEH	GCE	LKSA	SILK
Telco towers ⁽¹⁾	<ul style="list-style-type: none"> • 2 fibre optic cables • 1 telco equipment 	<ul style="list-style-type: none"> • 4 telco towers • 1 telco equipment 	<ul style="list-style-type: none"> • 5 telco equipment 	<ul style="list-style-type: none"> • 1 fibre optic cable • 2 telco towers
In-house advertising structure	1	-	14	-
Third-party advertising structure ⁽²⁾	17	20	-	-

Notes:

- (1) Telco equipment is a structure attached to existing Concession Companies' assets whereas telco towers are built and maintained by third parties.
- (2) Refers to any outdoor advertising structures and/or outdoor advertising displays at the Highways that are erected, installed and owned by a third party and monitored by PHSSB.

Revenue from ancillary facilities

For FYE 2020 up to April 2021, the Concession Companies engaged Turnpike for the provision of highway ancillary facilities management services for, amongst others, the setting up of petrol stations and the operating of convenience stores, outdoor advertising and renting of space. The Concession Companies receive revenue sharing from such arrangement. However, due to an internal restructuring within PLKH Group in FYE 2021, such engagement with Turnpike for highway ancillary facilities management services had been discontinued and was thereafter undertaken by PHSSB.

From April 2021 and up to the LPD, PHSSB has been providing highway ancillary facilities management services to the Concession Companies, including managing the in-house advertising structures, monitoring third-party advertising structures and managing any rental of commercial spaces at the ancillary facilities along the Highways.

The following table shows the percentage of revenue sharing between Turnpike and the Highways prior to March 2021 as well as the percentage of revenue sharing between PHSSB and the Highways from March 2021 up to December 2023:

	Highways			
	AKLEH	GCE	LKSA	SILK
In-house advertising structure	60%	60%	60%	60%
Third-party advertising structure	50%	50%	-	-
Stall rental	-	60%	60%	60%
Space rental	30%	30%	30%	30%

The revenue derived from ancillary facilities represents approximately 0.5% of the Concession Companies' collective revenue for each of the Period Under Review, these ancillary facilities are an important and integral part of the services provided by the Trust Group.

7. BUSINESS OVERVIEW (Cont'd)

The percentage of revenue sharing between PHSSB and the Highways from 1 January 2024 onwards is as follows:

No	Activity	PHSSB	Highways
1.	Billboard advertising - Structures owned by the Trust Group - Structures owned by third party - Photo shootings	40% 70% 70%	60% 30% 30%
2.	Telco towers/equipment or fiber optics	70%	30%
3.	RSA/Laybys - Stall rental - Vending machines - Food trucks - Other vacant space	40% 70% 70% 70%	60% 30% 30% 30%
4.	Event space - Structures built by the Trust Group - Structures built by third party	40% 70%	60% 30%
5.	Petrol station	License fee to be paid to the Trust Group	
6.	Convenience Store	License fee to be paid to the Trust Group	

7.7 PRINCIPAL MARKETS

The Concession Companies under the Trust Group were established to build and operate the Highways within the Klang Valley:

- AKLEH was built to assist traffic flow coming into Kuala Lumpur from Ampang, as well as traffic within Kuala Lumpur.
- GCE was built to provide a road network connecting Shah Alam and Rawang, all in Selangor.
- SILK was built to help with the flow of traffic through the town of Kajang, Bangi, Putrajaya, Seri Kembangan and Sungai Long, all in Selangor.
- LKSA was built to assist with the traffic flow in Shah Alam and the development of Alam Impian, all in Selangor.

7.8 SEASONALITY

The Highways under the Trust Group are located in different areas of the Klang Valley and this allows road users the access to and from different locations. Accordingly, the Highways are influenced by different types of traffic flow dynamics. For example, during weekdays (i.e. normal work and school days), traffic volume increases in the morning around 6.30 a.m. to 9 a.m. and in the evening around 5 p.m. to 7 p.m.

As the Highways are urban highways, the traffic volume would generally increase prior to and after the festive seasons and school holidays. Generally, this is due to road users travelling outstation during these periods.

Occasionally, during selected festive seasons such as Hari Raya, Chinese New Year and Deepavali, discounts on toll rates are announced by the Government for highways as a way to reduce travelling expenses during these festive seasons.

7. BUSINESS OVERVIEW (Cont'd)

7.9 QUALITY CONTROL MANAGEMENT

A list of all the certifications from SIRIM for the Highways as at the LPD is as below:

<u>Certification</u>	<u>Description</u>	<u>Certification date</u> ⁽¹⁾
ISO 37001:2016	Anti-Bribery Management Systems for Provision of Highway Operation	14 July 2023
ISO 9001:2015	Quality Management Systems	23 March 2021
ISO 14001:2015	Environmental Management Systems	5 April 2021
ISO 45001:2018	Occupational Health and Safety and Health Management Systems	5 April 2021
ISO 39001:2012	Road Traffic Safety (RTS) Management Systems	14 April 2021

Note:

(1) All certificates are renewable after three years.

These certifications demonstrate that the Highways adhere to a defined set of international standards.

7.10 MARKETING

The Trust Group leverages its corporate communication functions through PCSSSB, in order to enhance the Trust Group's corporate image, and also manage the Trust Group's relationship with the media, the public, regulatory authorities, and the Government and its agencies, among other stakeholders.

The Trust Group's corporate image activities include the development of promotional materials to be published in various channels, including offline advertising means (e.g. billboards and newspapers), its own website, and its social media channels (e.g. Instagram, Facebook, Twitter). Promotional materials include presentations and press releases regarding road safety campaigns, corporate social responsibilities initiatives, new technologies implemented, discounts provided on the toll rates, performance of the Trust Group and its ESG commitments.

Activities to manage public relations include crisis management, addressing customer feedback (e.g. suggestions, complaints), notifying road users about traffic updates at the Highways.

7.11 MAJOR CUSTOMERS

As a highway operator, the Trust Group's customer base primarily comprises the road users using the four Highways. The traffic volume on the Highways, measured based on the total number of toll transactions at the Highways, are recorded at 158.2 million transactions for FYE 2022 and 124.4 million transactions for FPE 2023. Accordingly, the revenue contribution from each customer as a percentage of the Trust Group's revenue is negligible. As such, the Trust Group does not have any material exposure to nor is dependent on any particular customer for its business.

7. BUSINESS OVERVIEW (Cont'd)

7.12 MAJOR SUPPLIERS

The Trust Group's major supplier, contributing 10% or more of purchases of the Trust Group for the Period Under Review is as follows:

Supplier name	Main services	FYE 2020		FYE 2021		FYE 2022		FPE 2023		Length of business relationship
		Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	
Turnpike	Provision of O&M services, consultancy services and turnkey contract services	43,627	(1)63.3	67,895	(1)73.8	72,710	(1)59.4	60,573	(1)73.2	12 years

Note:

(1) Total purchases of the Trust Group for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 are RM68.9 million, RM92.0 million, RM122.4 million and RM82.8 million respectively.

For the Period Under Review and up to the LPD, AKLEH Co, GCE Co and LKSA Co outsourced the majority of the O&M Services to Turnpike, a wholly-owned subsidiary of PLKH. Turnpike further sub-contracts part of the O&M Services to external service providers via separate operation and maintenance contracts for certain O&M Services, such as the provision of routine highway maintenance services and ad-hoc highway repair and maintenance services.

Upon formation of the Trust Group, PLKH had on 1 January 2024 undertaken the Pre-IPO Reorganisation to reflect better organisational accountability. Further information on the Pre-IPO Reorganisation is set out in Section 6.1.8(iii) of this Prospectus. Upon completion of the Pre-IPO Reorganisation, the existing O&M arrangements and agreements with Turnpike have been mutually terminated. Moving forward, all O&M Services including liaison with the relevant suppliers and/or sub-contractors in relation to the provision of O&M Services, will be carried out by the respective Concession Companies. As such, moving forward, the Trust Group will not be dependent on Turnpike as a major supplier for O&M Services.

The Trust Group may still engage Turnpike to provide certain services to the Concession Companies as and when required, including:

- (i) turnkey contract services for highway upgrading and development works; and
- (ii) consultancy services for matters pertaining to civil and structure, mechanical, electrical and electronics, traffic and safety.

The Trust Group is not dependent on Turnpike as these services can be sourced from other service providers.

7. BUSINESS OVERVIEW (Cont'd)

Aside from the above, the Trust Group collects tolls fully through an automated ETC system via third-party electronic payment systems, namely Touch 'n Go, SmartTAG and Touch 'n Go RFID. As Touch n' Go Sdn Bhd is the sole provider of ETC services to all highways in Malaysia, the Trust Group as a whole is dependent upon Touch n' Go Sdn Bhd for its ETC services.

The purchases contribution from Touch n' Go Sdn Bhd for the Period Under Review are as follows:

Supplier name	Main services or purchases	FYE 2020		FYE 2021		FYE 2022		FPE 2023		Length of business relationship
		Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	
Touch n' Go Sdn Bhd	Provision of automated ETC system services	3,014	(1)4.4	2,752	(1)3.0	3,885	(1)3.2	2,800	(1)3.4	23 years

Note:

(1) Total purchases of the Trust Group for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 are RM68.9 million, RM92.0 million, RM122.4 million and RM82.8 million respectively.

Nevertheless, to make toll payment systems at toll booths as seamless as possible, the Government has identified a few highways, which include AKLEH and GCE, which have commenced implementation of the open toll payment system in September 2023. This is to allow road users to pay tolls not just using Touch n' Go Sdn Bhd's ETC system but also by way of debit and credit cards. The implementation of the open payment system will consequently open up opportunities for other e-wallet providers to participate in the provision of toll payment system services. Hence, the Trust Group will no longer be solely dependent on Touch n' Go Sdn Bhd in relation to the ETC system upon successful implementation of the open payment system.

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7. BUSINESS OVERVIEW (Cont'd)

7.13 RESEARCH AND DEVELOPMENT

Due to the nature of business, the Trust Group does not have a dedicated research and development department.

7.14 TECHNOLOGY USED OR TO BE USED

For the operation and maintenance of the Highways, the Trust Group, through and by way of a service level agreement with PCSSSB, utilises S3, Prime and Digital Assist.

The S3 is a fully integrated artificial intelligence and machine-learning based system used to detect and notify as well as mobilise the relevant parties and assets to address road incidents. In addition, its PRIME system is used to support the maintenance functions of the Trust Group's buildings, toll canopy and equipment systems. Adoption of S3 and PRIME increases the automation in the operation and maintenance of the Highways. Real-time information gathered through S3 provides better visibility and insights into the operations. Meanwhile, PRIME simplifies the reporting process and allows ease of internal collaboration. S3 and PRIME allow more effective business operations in addressing the incidents and thus ensuring the comfort of road users.

On the other hand, through Digital Assist, the Trust Group allows road users to request assistance during emergencies. The app can detect the location of road users via GPS, to enable a prompt response by the patrolling team. Digital Assist helps to expedite and simplify the service delivery for road assistance and emergency management.

In order to support the technology platform above, the Trust Group adopts IT infrastructure including SDWAN (Software Defined Wide Area Network), fibre optic cables, and 4G LTE. SDWAN is a technology using Internet Protocol Virtual Private Network (IPVPN), that provides private and secured internal connectivity between internal resources and remote sites while fibre optic cables provide direct connectivity between toll plazas. 4G LTE Technology is deployed as a backup if the fibre connection is down.

The Trust Group collects data for its Highways and ancillary facilities. Data collected is backed up to Cloud Storage where digital data is stored on a remote storage system, while physical media is stored at an off-site location. The highway operation-related platforms - S3, PRIME and Digital Assist are hosted on the cloud. For corporate services, the Trust Group has also embarked on cloud transformation journey with cloud-enabled software for day-to-day operations. Cloud adoption helps to reduce maintenance complexity and costs as compared to traditional infrastructure.

7.15 TAKAFUL (INSURANCE)

The Trust Group maintains takaful policies with registered takaful companies in Malaysia which cover material damage to property, business interruption, public liability, employer's liability, directors' and officers' liability, construction liability, money-in-transit liability, group and term life.

We have the following takaful policies in place:

(i) Civil Engineering Completed Risk

All of the Trust Group's highway structures, guardrails and landscaping etc, road, slip-roads, lay-bys, interchanges, bridges, railway bridges, road furniture and fittings, drainage systems, overhead panels and displays are insured against damages and third-party liability claims. Also included in this coverage are claims on loss of revenue due to damages to the Trust Group's highway structure and/or assets. Total Civil Engineering Completed Risk (CECR) coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM3.23 billion with a contribution amount of RM1.12 million. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

7. BUSINESS OVERVIEW (Cont'd)

(ii) Electronic Equipment

All mobile and immobile electronic equipment on all the Highways are insured against any loss or damages on the Trust Group's electronic equipment caused by fire, power shortage, theft and any incident not pertaining to rioting or repair works. Total Electronic Equipment coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM42.3 million with a contribution amount of RM96,560. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(iii) Public Liability

Covers legal liability to a third party stemming from an accident within the highway operations and territorial scope parameters. Total Public Liability coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM22 million with a contribution amount of RM32,000. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(iv) Fire and Allied Perils

On all buildings, toll plazas, supervision buildings including, but not limited to site offices and cabins along all of the highway stretch and stock in trade of every description and all other properties along the Highways. Total Fire and Allied Perils coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM138 million with a contribution amount of RM106,000. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(v) Burglary

On all property of every kind, nature and description including but not limited to stocks, properties in office buildings and toll plazas and other properties along the Highways i.e. guard rails and other accessories of every description except where separately covered. Total Burglary coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM700,000 with a contribution amount of RM1,902. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(vi) Employer's Liability

On all employees of the Trust Group and Prolintas Managers including temporary, contract workers and sub-contractors' employees and SOCSO contributors. Total Employer's Liability coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 amounts by Etiqa General Takaful Berhad to RM53 million with a contribution amount of RM7,173. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(vii) Fidelity Guarantee

Insurance for providing indemnity to the Trust Group and loss of money against the actions of fraud, forgery, embezzlement by an employee. Total Fidelity Guarantee coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM2 million with a contribution amount of RM6,490. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

7. BUSINESS OVERVIEW (Cont'd)

(viii) Money

On money in premises kept in locked safe/drawer and/or strong room and on money out of safe/in cash registers/locked drawers or toll booth. Total Money coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM4.98 million with a contribution amount of RM900. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(ix) Directors and Officers Liability

Covers and protects the directors and officers of the Trust Group and Prolintas Managers from claims arising from allegations of wrongful acts and employment practices breaches and covers and protects the Trust Group and Prolintas Managers for their indemnification to the directors and officers from such claims. The policy also provides additional protection in relation to regulatory crisis event costs, investigation costs, emergency costs, public relations costs, tax liability and mitigation costs. Total Directors and Officers Liability coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Allianz General Insurance Company (Malaysia) Berhad and AIG Malaysia Insurance Berhad amounts to RM200 million with a contribution amount of RM240,448. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

(x) Contractors All Risks

On all permanent and temporary works and all material use in connection with all highways and all temporary facilities including but not limited to accommodation, workshops, storage facilities, trailers and their contents. This policy also covers third-party liability claims on bodily harm and property damage. Total Contractors All Risk takaful coverage for the Trust Group for a period of one year from 1 April 2023 to 31 March 2024 by Etiqa General Takaful Berhad amounts to RM16 million with a contribution amount of RM15,910. As at the LPD, the Trust Group is currently negotiating the terms for the renewal of this takaful policy.

As at the LPD, the Trust Group's various takaful policies provide it with coverage of up to about RM4.41 billion in aggregate. As at the LPD, the Trust Group's total assets were about RM2.8 billion. Based on the above, the Board is of the view that the current takaful policies and coverage is adequate for the Trust Group's business operations.

7.16 EMPLOYEES

The breakdown of employees of the Trust Group as at the FYEs 2020 to 2022 are as follows:

	As at FYE 31 December		
	2020	2021	2022
AKLEH Co	1	1	1
GCE Co	1	1	1
LKSA Co	1	1	1
SILK Co	132	116	102
Total	135	119	105

7. BUSINESS OVERVIEW (Cont'd)

The breakdown of employees of the Trust Group as at the FYEs 2020 to 2022 by business function is as follows:

	FYE 2020	FYE 2021	FYE 2022
Highway operations managers	4	4	4
Administration and human resources	2	2	2
Highway operation & technical employees	129	113	99
Total	135	119	105

For the FYEs 2020 to 2022, all employees of the Trust Group are local employees and the Trust Group does not employ any foreigners.

In connection with the Listing and to reflect better organisational accountability, PLKH had on 1 January 2024 undertaken the Pre-IPO Reorganisation through the transfer of relevant operation and technical employees performing the O&M Services from Turnpike to AKLEH Co, GCE Co and LKSA Co accordingly. Further details of the Pre-IPO Reorganisation are set out in Section 6.1.8(iii) of this Prospectus.

The number of employees for each of the Concession Companies as at the LPD is as follows:

	As at the LPD				
	AKLEH Co	GCE Co	LKSA Co	SILK Co	Total
Number of employees for each of the Concession Companies	48	98	71	120	337

As at the LPD, the Trust Group employs a total of 337 employees, out of which 128 are contract employees. All the permanent and contract employees are local and the Trust Group does not employ any foreigners. The breakdown of the employees under the Trust Group by business function as at the LPD is as follows:

	As at the LPD
Highway operations managers	4
Administration and human resources	22
Highway operation & technical employees	311
Total	337

None of the employees of the Trust Group belongs to any labour union. During the Period Under Review and up to the LPD, there has been no industrial disputes pertaining to the employees.

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7. BUSINESS OVERVIEW (Cont'd)

7.17 TRAINING AND DEVELOPMENT

The Trust Group provides various forms of training opportunities to develop its employees. Training opportunities provided to staff include courses and seminars in the following areas:

7.17.1 Leadership and supervisory

The Trust Group ensures training for management to fortify comprehensive leadership that monitors and supervises the various departments. The training provided reflects the level of management of the employee and is based on long-term development of the individuals in management of the Trust Group. These trainings attended by the management are conducted by renowned external bodies such as the Malaysian Institute of Accountants, Malaysian Institute of Management and Asia School of Business.

7.17.2 Highway operations

As toll collection, operation and maintenance form the core business of the Trust Group, emphasis is provided to the hundreds of personnel that ensure the smooth daily operations. The Trust Group ensures that key personnel receive certification in key areas such as safety, toll collection, land and asset management, as well as Auxiliary Police training for the PERONDA. These trainings for highway operations personnel are provided by the respective bodies of authorities such as Polis Diraja Malaysia and MHA as well as technical associations such as Energy Commission, National Institute of Occupational Safety and Health and Construction Industry Development Board (CIDB).

7.17.3 Functional and technical matters

Functional and technical trainings are to supplement the abovementioned certifications in ensuring holistic and capable personnel. These trainings come in the form of skills training with relevant systems, upskilling in terms of technology and administrative training to ensure proper internal control and reporting. These trainings are provided to the highway operations personnel and administrative staff in-house and/or by relevant agencies and authoritative bodies.

7.18 ESG PRACTICES

The Trust Group's sustainability efforts are guided by the Prolintas Managers Sustainability Policy and Prolintas Managers Sustainability Framework that are aligned with the United Nations Sustainable Development Goals ("UNSDG"). Fundamentally, the Prolintas Managers Sustainability Framework reinforces Prolintas Managers' commitment to responsible business practices in the areas of Environmental stewardship, Social responsibility and Governance, ethics & compliance. These 3 fundamental areas are integrated within the strategic management and operational processes of Prolintas Managers, ensuring alignment towards the Sustainability Guide issued by Bursa Securities.

In the pursuit of its corporate objectives, the Trust Group is committed to transparently communicating its ESG (Environmental, Social, and Governance) practices to the diverse array of stakeholders of the Trust Group. This commitment encompasses comprehensive disclosures regarding the Trust Group's effective management of significant sustainability concerns, achieved through the meticulous preparation of Sustainability Statements aligning with the guidelines provided by Bursa Securities' Sustainability Reporting Guide.

(i) Environmental stewardship

The Trust Group aims to ensure that mitigating the environmental footprint of its business is seamlessly embedded within The Trust Group's strategic intent and across all business plans and initiatives.

All Highways have obtained the ISO 14001:2015 certification that outlines the standards of environmental management systems that enables the Highways to optimise the monitoring of the Trust Group's environmental performance and compliance. In delivering the Trust Group's responsibility of mitigating its impact on the environment, the Trust Group strives to address climate change and resource and waste management, to ensure it protects and builds value for all its stakeholders. The Highways prioritise compliance with all environmental regulations established by the Government. The Trust Group achieves this by having a dedicated environmental officer to supervise and monitor activities by the Trust Group and its third-party contractors to ensure full compliance with relevant laws and regulations including but not limited to the Environmental Quality Act 1974.

The Trust Group is addressing its climate impact through conducting Greenhouse Gas (GHG) assessments by observing the GHG Protocol framework. This assessment encompasses emissions from the Trust Group's corporate functions, operations, maintenance and construction activities.

The Trust Group has segregated its emissions into:

Scope 1 emissions, which comprises emissions from vehicles owned by the Trust Group, the generators, and the air-conditioning systems and fire extinguishers employed within the Trust Group. Examples of initiatives undertaken to reduce Scope 1 emissions includes transitioning to energy efficient vehicles and installation of energy efficient air-conditioners.

Scope 2 emissions, which comprises the electricity utilised in the Trust Group's operations and activities. Examples of initiatives undertaken to reduce Scope 2 emissions includes retrofitting of existing Sodium-Vapor (SON) street lighting to the more energy-efficient LED street lighting technology along the Highways as well as implementing smart lighting system. The Highways have also put in place initiatives that increases the percentage of renewable energy usage. This includes rain water harvesting and utilisation as well as utilisation of solar panels to supplement the Highway's electricity consumption.

Scope 3 emissions, which comprises procurement of goods, upstream energy emissions, and downstream emissions originating from the RSAs along with the commuting of employees and business travels. Examples of initiatives undertaken to reduce Scope 3 emissions include providing flexible working arrangement for employees to reduce emissions from employee's commute. In terms of waste generation during operations such as food waste and waste materials found on the Highways, waste separation and recycling are adopted. For instance, the waste materials that can be recycled are sent to the recycling centre. In the RSA, a waste composting machine is also used where food waste is collected and turned into fertiliser which will then be used for landscaping activities of the Highways. The Trust Group also supports the initiative of the "No Plastic" campaign by introducing paper straws, paper cups, paper food containers and paper bags in the RSAs located on the Highways.

Sustainable maintenance and resource management continues to be one of the Trust Group's primary focus under reduction of its Scope 3 emissions. The Highways have utilised MacRebur asphalt production that uses recycled plastic instead of fossil-fuel based bitumen. This not only decreases the dependency on fossil-fuels for highway maintenance but also increases the lifespan of the highway.

(ii) Social responsibility

The Trust Group is dedicated to strengthening its connections with key stakeholders by making strategic investments in the Trust Group's workforce and cultivating strategic partnerships with the Trust Group's valued customers, communities, investors, and suppliers, all with the overarching goal of generating sustainable, long-term value.

The focus of the Trust Group in developing employees involves three key areas of capacity, competency and culture. The initiatives that the Trust Group implements that focuses in enhancing these three key areas include training, providing regular offline and online communication as well regular engagement to the general population of the Trust Group employees as well as specific sessions targeting key groups within operations and management.

The Trust Group is firmly committed to promoting workplace equality, fostering a culture of equitable treatment, and embracing diversity in terms of gender and culture within the employee community. The Trust Group consistently conducts thorough reviews of employee compensation packages to ensure employees receive competitive and comprehensive benefits.

Amid the challenges posed by the COVID-19 pandemic, the Highways stepped up its efforts by providing essential support to the Trust Group's local communities. This included the distribution of face masks, hand sanitizers, and clean water to COVID-19 patients at quarantine centres, and delivering of food packs to frontline workers, demonstrating the Trust Group's unwavering support for the community during those trying times.

Furthermore, the Trust Group actively engages in various community outreach initiatives, including the sponsorship of school uniforms and the provision of food for families in the B40 income group. The Trust Group also had coordinated and ran soft skills programs tailored to empower fresh graduates as they embark on their professional journeys. The Trust Group's commitment to community welfare extends to participating in blood donation drives, where the Trust Group provides nourishing meals to donors, as well as contributing food and other charitable items to celebrate various festivals such as Hari Raya, Chinese New Year, Deepavali, and International Women's Day. These efforts underscore the Trust Group's dedication to making a positive impact on the communities it serves while upholding its values of inclusivity and social responsibility.

Another facet of contributing to the local communities that the Trust Group holds in high importance is that of the efforts in providing employment and business opportunities to the local communities at the RSAs at GCE. The Trust Group aims to replicate this model in other possible acquisitions of highways in the future.

(iii) Governance, ethics & compliance

The Trust Group is committed to adhering to the standards of corporate governance practice as set out in the MCCG. Corporate governance entails the areas of accountability, transparency, fairness, and responsibility.

The Trust Group has put in place the following policies to uphold good corporate governance practices:

- Formal organisational structure with clear lines of reporting to Board Committees and key senior management, including defined lines of accountability and limits of authority.

- Risk Management Framework to manage strategic, operational and project risks. The Prolintas Risk Management Framework was developed by integrating the ISO 31000:2018 standard and The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Risk Management framework with a view to further strengthen the Trust Group's sustainability agenda through the incorporation of sustainability-related risks and opportunities. This approach has allowed the Trust Group to align its dynamic business needs through a holistic and comprehensive manner in the interest of all its stakeholders.
- Regulatory compliance programme that focuses on compliance with contractual agreements and statutory obligations through a systemic approach across all legal entities within the Trust Group that identifies, evaluates and monitors the aforementioned obligations to minimise incidences of non-compliance.
- Anti-bribery and corruption policy and whistleblowing policy to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010.
- An anti-bribery and corruption framework of policies to further strengthen internal controls against bribery and corruption including sponsorship policy, charitable donations policy, supplier code of conduct and the integrity pact.

(iv) Responsible investment

In integrating the 3 fundamental areas of sustainability for the Trust Group, Prolintas Managers ensures that responsible investment principles and initiatives are embedded within investment decisions of Prolintas Managers. The following key aspects are considerations in upholding responsible investment principles for Prolintas Managers:

ESG integration

Incorporate ESG factors into the company's investment evaluation process. Assess how potential investments may impact the environment, society, and governance aspects.

Sustainability criteria

Establish clear sustainability criteria that potential investments must meet. Consider factors such as environmental impact, social benefits, and alignment with corporate governance standards.

Risk assessment for investment

Conduct thorough ESG risk assessments for each investment opportunity. Identify and mitigate potential risks related to environmental regulations, social conflicts, and governance issues.

ESG due diligence

Prior to making investments, conduct comprehensive due diligence that includes ESG due diligence. Evaluate the environmental impact, social implications, and governance practices of the project or asset.

Ethical financing

Seek financing options that align with responsible investment principles, including green bonds or financing that support environmentally sustainable projects.

7. BUSINESS OVERVIEW (Cont'd)

7.19 INTERRUPTIONS IN BUSINESS

The Trust Group did not experience any material interruptions to the Trust Group's business and operations during the past 12 months prior to the LPD.

(i) Impact of COVID-19 and MCO

In 2020 and 2021, the Government implemented a few phases of Movement Control Order, or MCO as commonly referred to, due to the outbreak of the COVID-19 pandemic. During these MCO phases, the country underwent a number of quarantine and movement restrictive measures to curb the spread of COVID-19. With the quarantine and movement restriction measures in place, individuals were only permitted to travel within a limited radius of their homes. Additionally, many companies falling under the non-essential services category as categorised by the Government switched to work-from-home arrangements for their employees. Consequently, these restrictions reduced the traffic volume on the Highways and the corresponding toll collection.

The traffic volume of the Trust Group was negatively impacted between March and December 2020 due to the outbreak. In 2020, annual traffic volume on the Highways, measured based on the total number of toll transactions at the Highways, was recorded at 119.7 million. This represents a 23.2% decrease from 2019, which recorded a total toll transactions of 155.9 million. The corresponding toll collection from the Highways in 2020 was recorded at RM228.9 million, which represents a 23.0% decrease from 2019. Within 2020, there were a total of five months where the monthly traffic volume dropped below 10.0 million for the Highways. April 2020 recorded the lowest monthly traffic volume of the year at 2.6 million, in conjunction with MCO 1.0.

The traffic volume of the Trust Group was negatively impacted for the full year of 2021. In 2021, annual traffic volume stood at 109.3 million based on total toll transactions. This represents an 8.7% decrease from 2020. The corresponding toll collection from the Highways for 2021 was recorded at RM209.1 million, which was 8.7% lower than the preceding year. Within 2021, there were a total of seven months where the monthly traffic volume dropped below 10.0 million for the Highways due to the longer restriction period imposed by the Government. The monthly traffic volume in June and July 2021 were recorded at 4.6 million and 4.9 million respectively, the lowest during the year due to MCO 3.0 and Enhanced MCO imposed. The number of COVID-19 positive cases and related death tolls in 2021 rose drastically as compared to 2020 due to more lethal variants, although vaccination drives continued during the year. This caused more caution among the residents and they reduced unnecessary travel.

In April 2022, Malaysia transitioned into the endemic phase where capacity limits of workplace were abolished. Following that, the annual traffic volume in 2022 increased to 158.2 million, higher than total toll transactions in 2019. The toll collection also increased in line with annual traffic volume.

The table below sets out the annual traffic volume, measured based on the total number of toll transactions at the Highways:

FYE	AKLEH (‘mil)	GCE (‘mil)	LKSA (‘mil)	SILK (‘mil)	Total (‘mil)
2020	11.3	30.7	23.5	54.2	119.7
2021	9.4	26.2	22.9	50.8	109.3
2022	13.9	43.0	29.5	71.8	158.2

7. BUSINESS OVERVIEW (Cont'd)

The table below sets out the corresponding toll collection from the Highways:

FYE	AKLEH (RM mil)	GCE (RM mil)	LKSA (RM mil)	SILK (RM mil)	Total (RM mil)
2020	28.0	64.9	33.9	102.2	228.9
2021	23.3	55.8	33.5	96.5	209.1
2022	33.2	88.3	42.0	131.7	295.2

Measures and precautions

The operations of the Highways were as usual during the MCO period as the workers including toll tellers, patrol team, traffic control centre operators, cleaners and technicians are among those to provide essential services. They performed their duties according to the standard operating procedures as outlined by the Government during each phase of the MCO. These includes social distancing, wearing face masks properly, frequent washing and sanitisation of hands, disinfection and cleaning of the work environment and company vehicles. Non-essential roles were allowed to work remotely. The appropriate communications on the policy of COVID-19 were disseminated periodically through infographic messages placed at the workplace as well as via emails to employees.

Among other steps taken to avoid the spread of COVID-19 include the removal of the manual top-up service of Touch 'n Go at the Highways where users are encouraged to top-up their Touch 'n Go at the self-service kiosks or via the e-wallet platform. There was a temporary closure of selected facilities including customer service centres and prayer rooms at RSAs and lay-bys during the MCO period. The services available were announced and updated on the website and social media channels of the Highways.

(ii) Impact of adverse events

At the end of 2021, the Trust Group had encountered disruptions due to floods on certain sections of LKSA and access to GCE was restricted for approximately 18 hours as result of flash floods in the Klang Valley.

The occurrence of flash floods that impacted GCE stemmed from NKVE Bukit Jelutong intersection being inundated which had a spill over effect to GCE. This intersection is a major traffic channel that is directly connected to GCE which was affected by this event as no traffic could flow into GCE. The heavy rain since the early evening of 17 December 2021 that lasted over 24 hours throughout Selangor, specifically the Petaling District caused Damansara River to overflow and excess water could not flow into the river. It also impacted the irrigation system on the GCE which caused water from the GCE drainage system to overflow. Lanes at KM0.9 of GCE were affected by the flood and traffic to and from GCE had a significant reduction. The traffic volume at GCE was recorded at 99,365 and 57,368 respectively on 18 and 19 December 2021, lower than average daily traffic of 113,872 on the first 17 days of December 2021. These interruptions in GCE led to a reduction in the Trust Group's toll revenues for the affected period. As part of the flood mitigation, the Trust Group has in place a retention pond at the Bukit Jelutong Interchange which allows for rainwater surface runoff to be swiftly channelled out away from the affected area through a culvert drainage. GCE Co had also coordinated with relevant agencies such as the Fire Department for flood disaster emergency plan and Jabatan Pengairan Dan Saliran Selangor to review capacity of Sungai Kuning and Damansara near the GCE, in line with development speed in Petaling District.

7. BUSINESS OVERVIEW (Cont'd)

During the same time period, LKSA was inundated from KM3.8 to KM4.4 stretch at Sri Muda in Shah Alam. Unusually heavy rain since the evening of the 17th of December 2021 that lasted over 24 hours resulted in the nearby rivers of Sungai Rasau and Sungai Klang to overflow. Both bounds along the stretch were inundated and this had resulted in several other stretches along LKSA having to be closed off to traffic in stages. This included the U-turn at Shah Alam Uptown, the Jubli Perak roundabout and the Ramp A at Alam Impian. Emergency traffic management plans were activated to aid in traffic flow with emergency median openings activated to divert traffic away from affected areas of LKSA. The traffic volume at LKSA was recorded at 58,869 and 16,779 respectively on 18 and 19 December 2021, lower than average daily traffic of 62,352 on the first 17 days of December 2021. These interruptions in LKSA led to a reduction in the Trust Group's toll revenues for the affected period. As part of the flood mitigation, LKSA had coordinated with relevant agencies such as the Fire Department for flood disaster emergency plan and preparation and with the Jabatan Pengairan Dan Saliran Selangor to monitor the capacity of Sungai Klang and Sungai Rasau.

Separately, on 30 November 2022, the SILK highway was hit by flash floods near KM25.6. The flash flood was caused by continuous hour-long rainfall and blocked drainage. Vehicles headed to Kajang and Sungai Ramal could not pass through the stretch. The flash flood subsided after approximately 30 minutes. An additional culvert crossing was constructed and completed in July 2023 as part of mitigating floods in this area by channelling out excess drainage water cause by floods.

Prolintas Infra BT Group is cautious of adverse impacts partly or wholly due to natural disasters.

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7. BUSINESS OVERVIEW (Cont'd)

7.20 MAJOR LICENSES, PERMITS AND APPROVALS

Details of the Trust Group's major licenses, permits and approvals as at the LPD are as follows:

No.	Holder of license /permit	Approving authority / issuer	Type of licenses / permits / approvals	License / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
1.	AKLEH Co	MHA	SKPL (phase 1 construction works)	Not available	29 March 2001	(a) AKLEH Co is required to conduct a sound test after the highway commences operations to ensure that the approval conditions by the Department of Environment is complied with and to bear all costs to ensure that the noise level is maintained at the level that has been approved. (b) AKLEH Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	Complied.
2.	AKLEH Co	MHA	SKPL (phase 2 construction works)	Not available	15 May 2016	(a) AKLEH Co is fully responsible for the design works and for the completion of the construction of phase 2 of the Ampang-Kuala Lumpur Elevated Highway from the Jalan Jelatek Intersection to the Ulu Kelang Intersection and all "lane balancing" works (including design defects and inadequacy in design) as well as to comply with all the approval conditions for the design of the highway. (b) AKLEH Co is required to ensure that all defects and unfinished works, if any, are remedied or completed within three months of the execution of the certificate of completion when there is a site visit.	Complied.

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Holder of license / permit</u>	<u>Approving authority / issuer</u>	<u>Type of licenses / permits / approvals</u>	<u>License / Permit / Reference no.</u>	<u>Date of issuance / Validity</u>	<u>Major condition(s) imposed</u>	<u>Status of compliance</u>
						(c) AKLEH Co is required to ensure all works as detailed in the "Certificate of Practical Completion" and work completion letter issued by Ranhill Consulting Sdn. Bhd. is completed within three months of the execution of the certificate of completion.	
						(d) The certificate of completion does not discharge AKLEH Co and the professional engineer of AKLEH Co from any of their duties under the concession agreement and supplementals thereto.	
						(e) AKLEH Co is responsible for all repair and maintenance works as agreed until the end of the concession period.	
						(f) AKLEH Co is required to address all public complaints and claims including but not limited to noise levels, damage to public property, floods, etc.	
						(g) AKLEH Co is to provide all supporting documents from the Selangor State Irrigation and Drainage Department, SMART Control Centre, Department of Irrigation and Drainage, Selangor Water Management Authority, Ampang Jaya Municipal Council and all other involved parties to the MHA within three months of the execution of the certificate of completion.	
						(h) AKLEH Co is required to conduct a level 5 safety audit.	

7. BUSINESS OVERVIEW (Cont'd)

No.	Holder of license /permit	Approving authority / issuer	Type of licenses / permits / approvals	License / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
3.	GCE Co	MHA	SKPL (main line construction works)	Not available	14 April 2005	<p>(a) GCE Co is required to complete all delayed works and take action against any findings from the inspection reports issued by the MHA.</p> <p>(b) GCE Co is required to carry out all findings and suggestions provided by the independent consultant engineer as a result of the road safety audit report.</p> <p>(c) GCE Co is required to complete all delayed works and defects as identified by the engineers.</p> <p>(d) GCE Co is required to complete all delayed works such as the Road Traffic Department enforcement station, construction of the maintenance building, petrol station and other facilities at the rest stops.</p> <p>(e) GCE Co is required to carry out landscaping works, installation of ROW fences, motorcycle huts and other relevant facilities.</p> <p>(f) GCE Co is required to carry out the construction of the elevated intersection as per the concession agreement.</p> <p>(g) GCE Co is required to carry out the construction of a noise barrier as required by the Department of Environment.</p> <p>(h) GCE Co is required to resolve all public complaints, issues and requests by the resident associations along the highway.</p>	Complied.

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Holder of license /permit</u>	<u>Approving authority / issuer</u>	<u>Type of licenses / permits / approvals</u>	<u>License / Permit / Reference no.</u>	<u>Date of issuance / Validity</u>	<u>Major condition(s) imposed</u>	<u>Status of compliance</u>
						(i) GCE Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	
4.	GCE Co	MHA	SKPL (mechanical and electrical works)	Not available	14 April 2005	(a) GCE Co is required to complete all delayed works and take action to remedy any electrical and mechanical defects. (b) GCE Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	Complied.
5.	GCE Co	MHA	SKPL (Elmina rest stop repair works)	Not available	22 April 2022	(a) GCE Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA. (b) The defects grace period commences 12 months the date the certificate of completion is executed. (c) GCE Co is fully responsible for any defects in the design and/or any inadequacy in the design. (d) GCE Co is required to provide 2 copies of the as-built drawings in a digital format and hard copy format for the MHA's records.	Complied.
6.	LKSA Co	MHA	SKPL (main line construction works)	Not available	17 May 2010	LKSA Co is required to comply with the following: (a) inspection report for defects and outstanding work; (b) inspection report for the "International Roughness Index" test'	Complied.

7. BUSINESS OVERVIEW (Cont'd)

No.	Holder of license /permit	Approving authority / issuer	Type of licenses / permits / approvals	License / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
						(c) list of outstanding works and defects for civil and structure works from consultants; and (d) road safety audit stage 4 by the PB-TRSS consultants.	
7.	LKSA Co	MHA	SKPL (mechanical and electrical works)	Not available	18 May 2010	(a) LKSA Co is required to complete all delayed works and take action to remedy any electrical and mechanical defects. (b) LKSA Co is required to complete all delayed works and take action to complete all traffic surveillance and control system related works. (c) LKSA Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	Complied.
8.	LKSA Co	MHA	SKPL (construction of Alam Impian lay-by)	Not available	30 December 2022	(a) LKSA Co is required to comply with all the approval conditions per the letter of conditional approval that has been issued by the Malaysian Highway Authority. (b) LKSA Co is required to repair all damages that were identified in the final report that has been issued by the MHA.	Complied.
9.	SILK Co	MHA	SKPL (construction of Bukit Kajang, Sungai Long and Sungai Ramal Toll Plazas)	Not available	11 June 2004	(a) SILK Co is required to complete all delayed works and take action against any findings from the inspection reports issued by the MHA.	Complied.

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Holder of license / permit</u>	<u>Approving authority / issuer</u>	<u>Type of licenses / permits / approvals</u>	<u>License / Permit / Reference no.</u>	<u>Date of issuance / Validity</u>	<u>Major condition(s) imposed</u>	<u>Status of compliance</u>
						(b) SILK Co is required to carry out all findings and suggestions provided by the independent consultant engineer as a result of the road safety audit report.	
						(c) SILK Co is required to complete all delayed works and defects as identified by the engineers.	
						(d) SILK Co is required to complete the construction of the maintenance building.	
						(e) SILK Co is required to complete the landscaping works, installation of ROW fences, motorcycle huts and other relevant facilities.	
						(f) SILK Co is required to carry out the construction of a "noise barrier" as required by the Department of Environment.	
						(g) SILK Co is required to resolve all public complaints, issues and requests by the resident associations along the highway.	
						(h) SILK Co is required to build an access to the Kajang Utama Park and pedestrian bridge at Sri Ramal Park as requested by the resident associations.	
						(i) SILK Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	

7. BUSINESS OVERVIEW (Cont'd)

No.	Holder of license / permit	Approving authority / issuer	Type of licenses / permits / approvals	License / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
10.	SILK Co	MHA	SKPL (Bukit Kajang, Sungai Long and Sungai Ramal Toll Plazas mechanical and electrical works)	Not available	11 June 2004	<p>(a) SILK Co is required to complete all delayed works and take action to perform the repair works.</p> <p>(b) SILK Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.</p>	Complied.
11.	SILK Co	MHA	SKPL (main line construction works)	Not available	16 December 2004	<p>(a) SILK Co is required to carry out all works as set out in the ICE Report and Geological Survey, MHA comments and the independent consultant's (as appointed by the MHA) comments relating to slope stabilisation works such as rockfall trajectory modelling, netting, surveillance and maintenance methods for slopes etc.</p> <p>(b) SILK Co is required to complete all delayed works and take action against any findings from the inspection reports issued by the MHA.</p> <p>(c) SILK Co is required to complete all delayed works and defects as identified by the engineers.</p> <p>(d) SILK Co is required to carry out all findings and suggestions provided by the independent consultant engineer as a result of the road safety audit report.</p> <p>(e) SILK Co is required to complete the landscaping works, installation of ROW fences, motorcycle huts and other relevant facilities.</p> <p>(f) SILK Co is required to resolve all public complaints, issues and requests by the resident associations along the highway.</p>	Complied.

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Holder of license / permit</u>	<u>Approving authority / issuer</u>	<u>Type of licenses / permits / approvals</u>	<u>License / Permit / Reference no.</u>	<u>Date of issuance / Validity</u>	<u>Major condition(s) imposed</u>	<u>Status of compliance</u>
						(g) SILK Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	
12.	SILK Co	MHA	SKPL (main line mechanical and electrical works)	Not available	16 December 2004	(a) SILK Co is required to complete all delayed works and take action to perform the repair works. (b) SILK Co is required to comply with all the approval conditions for the design of the highway that has been issued by the MHA.	Complied.
13.	SILK Co	MHA	SKPL (SILK highway upgrading works)	Not available	23 October 2015	(a) SILK Co is fully responsible for the design and upgrading works for the Kajang SILK highway from the Uniten elevated intersection to the UPM elevated intersection, including the design defects and any inadequacy in design, and must comply with all approved design requirements. (b) SILK Co is required to ensure that all defects and unfinished works are remedied or completed within three months of the execution of the certificate of completion when there is a site visit. (c) SILK Co is required to ensure all works as detailed in the "Certificate of Practical Completion" and work completion letter issued by Ranhill Consulting Sdn. Bhd. is completed within three months of the execution of the certificate of completion.	Complied.

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Holder of license / permit</u>	<u>Approving authority / issuer</u>	<u>Type of licenses / permits / approvals</u>	<u>License / Permit / Reference no.</u>	<u>Date of issuance / Validity</u>	<u>Major condition(s) imposed</u>	<u>Status of compliance</u>
						(d) The certificate of completion does not discharge the SILK Co and the professional engineer of the SILK Co from any of their duties under the concession agreement and supplementals thereto.	
						(e) SILK Co is responsible for all repair and maintenance works as agreed until the end of the concession period.	
						(f) SILK Co is required to address all public complaints and claims including but not limited to noise levels, damage to public property, floods, etc.	
						(g) SILK Co is required to conduct a level 5 safety audit.	

As at the LPD, save as disclosed above, the Trust Group does not have any other licenses, permits and approvals which the Trust Group materially depends on. Please refer also to Section 7.23 of this Prospectus for the non-compliance matters relating to the licences, permits and approvals of the Trust Group.

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7. BUSINESS OVERVIEW (Cont'd)

7.21 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

As at the LPD, there are no other contracts, agreements and other arrangements or other matters entered into by or issued to the Trust Group on or on which the Trust Group is materially dependent on, and which are material to the Trust Group's business and profitability, save as below:

7.21.1 Concession Agreements

The Concession Companies' Concession Agreements and the supplemental Concession Agreements with the Government as at the LPD are as follows:

No.	Concession Company	Highway	Approximate length of highway	Concession period end date	Remaining duration of concession period	Agreement(s) and date of agreement(s)
1.	AKLEH Co	AKLEH	7.8 km	15 May 2037	13 years 3 months	(a) Concession Agreement : 16 May 1996 (b) Supplemental Concession Agreement : 31 December 2008 (c) SCA 2022 : 12 October 2022
2.	GCE Co	GCE	22.7 km	31 May 2062	38 years 4 months	(a) Concession Agreement : 18 July 2000 (b) Supplemental Concession Agreement : 4 July 2010 (c) SCA 2022 : 12 October 2022
3.	LKSA Co	LKSA	14.7 km	31 July 2062	38 years 6 months	(a) Concession Agreement : 27 November 2006 (b) Supplemental Concession Agreement : 30 September 2010 (c) SCA 2022 : 12 October 2022
4.	SILK Co	SILK	36.8km	31 July 2062	38 years 6 months	(a) Concession Agreement : 8 October 1997 (b) Supplemental Concession Agreement : 1 August 2001

7. **BUSINESS OVERVIEW** (Cont'd)

<u>No.</u>	<u>Concession Company</u>	<u>Highway</u>	<u>Approximate length of highway</u>	<u>Concession period end date</u>	<u>Remaining duration of concession period</u>	<u>Agreement(s) and date of agreement(s)</u>
						(c) Second Supplemental Concession Agreement : 24 October 2018
						(d) SCA 2022 : 12 October 2022

The salient terms of the Concession Agreements are summarised in Annexure B of this Prospectus. Save as disclosed below, as at the LPD, the Trust Group is in compliance with and not in breach of the material terms of the Concession Agreements:

(a) Construction of Strathairlie Interchange on GCE

Nature of non-compliance	A diamond interchange known as Strathairlie Interchange which is required to be built on GCE not later than 2011 pursuant to the CA has not yet been built.
Status as at the LPD	<p>As at the LPD, the MHA is aware of the said non-compliance with the CA and has been exchanging correspondence with GCE Co in relation to this matter since 2015.</p> <p>GCE Co has provided the following justification for the delay in construction of the Strathairlie Interchange after GCE Co acquired GCE in 2010, i.e., due to (i) the surrounding area of the interchange (which the interchange is to serve) being undeveloped; and (ii) the forecasted traffic numbers between 2 existing interchanges being lower than projected, resulting in the construction of the Strathairlie Interchange not being necessitated.</p> <p>Based on the foregoing justifications, the MHA, vide its letter 30 June 2021 has responded that there is valid basis to enter into a supplemental CA with GCE Co for changes to the work programme and design configuration of the Strathairlie Interchange.</p> <p>Further to liaison with MHA in this matter, the design of the Strathairlie Interchange has been amended from a diamond interchange to a dumbbell interchange. The draft supplementary CA, which includes the revised design of the Strathairlie Interchange, has been sent by GCE Co via email on 25 January 2023 and is currently still being reviewed by the MHA.</p> <p>The design consultant for the project has been appointed on 17 September 2020 and a consultant is also being appointed for value engineering. The tender advertisement for the project has been published on 30 May 2023 but no tender awarded as at the LPD.</p>
Estimated time for rectification	Barring unforeseen circumstances, the completion of construction of the Strathairlie Interchange is estimated to be approximately two years from the execution of the supplemental CA. The timeline for completion of the Strathairlie Interchange will be expressly stipulated in the construction programme in the supplemental CA to be entered into.
Estimated cost to rectify	RM70.0 million has been allocated for capital expenditure to construct the Strathairlie Interchange.

7. BUSINESS OVERVIEW (Cont'd)

Potential maximum penalty	Pursuant to the terms of the CA, in the event the GCE Co without reasonable cause fails to commence physical construction within such period as specified in the construction programme or any extension thereof, whichever is the later, the Government shall give notice in writing to GCE Co specifying the default and requiring GCE Co to remedy the said default within six months after the date of the notice, failing which the Government shall have the right to terminate the concession with immediate effect and without any compensation to GCE Co.
Impact on business operations or financial condition	The Board is of the view that there are no material impact to the Trust Group's business operations and financial condition in view that the risk of enforcement by MHA for the non-compliance with the CA is remote given that management of GCE Co is currently liaising with and is in discussions with the MHA to execute a supplemental CA which addresses, among others, the construction work programme and revised design for the Strathairlie Interchange.

(b) Upgrading works (lane widening) for SILK

Nature of non-compliance	Upgrading works (lane widening) from the UNITEN interchange to the Sungai Ramal Interchange on the SILK which are required pursuant to the CA had not been implemented within the timeframe provided in the CA.
Status as at the LPD	<p>The CA in respect of SILK provides that SILK Co is required to submit to the Government a construction work programme within 90 days of achieving Level of Service C⁽¹⁾ or from the 7th anniversary of the commencement date whichever is the earlier. The construction work programme is required to show in reasonable detail the activities and sequences planned to achieve completion of the upgrading works. The commencement of the upgrading works shall be within six months of achieving Level of Service C or the 7th anniversary of the commencement date (i.e., 15 July 2011) whichever is the earlier. It is noted from the letter from MHA dated 17 May 2016 that although the upgrading works were supposed to commence on 15 July 2011, notwithstanding what is stated in the CA, based on considerations and the traffic situation, SILK Co is directed to commence upgrading works in June 2016.</p> <p>PLKH completed the acquisition of SILK Co on 28 April 2017. At the time of acquisition, it was noted that 51% of the upgrading works had been completed and the remaining 49% of works were to be undertaken in 3 stages:</p> <ul style="list-style-type: none"> • Phase 1: between Uniten Interchange to UPM interchange; • Phase 2: between Sg Ramal Toll Plaza to Uniten Interchange; and • Phase 3: between Kajang Perdana Interchange to Sg Ramal Toll Plaza. <p>Phase 1 was completed in 2015, with the relevant SKPL being issued by MHA. MHA approved the design for Phase 2 of the upgrading works in January 2017.</p> <p>Phase 2 of the upgrading works has commenced in 2021. SILK Co had, on 7 November 2022, submitted a revised construction work program to MHA for the remaining stages of Phase 2, which has been approved by the MHA on 10 November 2022, subject to certain conditions including that Phase 3 of the upgrading works is to commence on 15 June 2023.</p>

7. BUSINESS OVERVIEW (Cont'd)

	<p>Under the revised construction work programme, Phase 2 is scheduled to be completed on 14 June 2025. As at the LPD, Phase 2 is in progress (currently at Stage 4 out of 5) and SILK Co has appointed the design consultant for Phase 3 on 22 August 2023. The appointment of the design consultant is deemed as commencement of Phase 3. The construction work programme for Phase 3 works has yet to be approved by MHA.</p> <p>Note: (1) Level of service C as defined under the CA in relation to the operating conditions of any section of the ring road, upon achieving (a) annual average daily vehicles (including motorcycles) per day for a dual three lane carriageway; or (b) annual average daily traffic of 62,000 vehicles (including motorcycles) per day for a dual two lane carriageway.</p>
Estimated time for rectification	<p>Phase 2 of the upgrading works is expected to be completed by 14 June 2025 as approved by MHA.</p> <p>SILK Co has appointed the design consultant for Phase 3 in August 2023. The construction work programme for Phase 3 works has yet to be approved by MHA. The upgrading works for Phase 2 and Phase 3 is to be carried out sequentially due to traffic management purposes.</p>
Estimated cost to rectify	<p>RM89.9 million and RM208.0 million have been allocated for capital expenditure to carry out the rest of Phase 2 (January 2024 onwards) and Phase 3, respectively, of the lane widening works for SILK.</p>
Potential maximum penalty	<p>Pursuant to the terms of the CA, the Government shall give notice in writing to SILK Co if SILK Co, among others, without reasonable cause fails to commence the upgrading works or fails to complete the same within the period specified in the construction work programme, requiring SILK Co to remedy such default within three months. If SILK Co fails to remedy such default within three months of the notice, the Government is entitled to terminate the CA.</p>
Impact on business operations or financial condition	<p>The Board is of the view that there are no material impact to the Trust Group's business operations and financial condition in view that the risk of enforcement by MHA for the non-compliance with the CA is remote given that MHA has confirmed, vide its letter dated 10 November 2022 that it has no objection to the revised construction work programme, whereby Phase 2 is scheduled to be completed by 14 June 2025. SILK Co has appointed the design consultant for Phase 3 on 22 August 2023. The construction work programme for Phase 3 works has yet to be approved by MHA.</p> <p>In addition, as at the LPD, the MHA has not issued any notice of default pursuant to the CA to SILK Co in respect of the non-compliance with the obligation to complete the upgrading works to SILK by the timeline stipulated in the CA.</p>

7. BUSINESS OVERVIEW (Cont'd)

7.21.2 Touch 'N Go Agreements

The Concession Companies' service provider agreements with Touch 'N Go Sdn Bhd are as follows:

No.	Concession Company / Highway	Agreement(s) and date of agreement(s)	Nature and/or scope of agreement
1.	AKLEH Co / AKLEH	<p>(a) Service provider agreement</p> <p>(i) Service provider : 30 May 2011 agreement</p> <p>(ii) Supplemental : 21 May 2014 agreement</p> <p>(iii) Second supplemental : 17 March 2017 agreement</p> <p>(b) Cash in transit agreement : 4 September 2018</p> <p>(c) RFID tag agreement : 17 January 2023</p>	<ul style="list-style-type: none"> For AKLEH Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges For services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from AKLEH Co's place of business and toll plaza offices to banks For AKLEH Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges
2.	GCE Co / GCE	<p>(a) Service provider agreement</p> <p>(i) Service provider : 14 February 2014 agreement</p> <p>(ii) Supplemental : 24 January 2014 agreement</p> <p>(iii) Second supplemental : 19 June 2017 agreement</p>	<ul style="list-style-type: none"> For GCE Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges

7. BUSINESS OVERVIEW (Cont'd)

No.	Concession Company / Highway	Agreement(s) and date of agreement(s)	Nature and/or scope of agreement
		(iv) Third supplemental agreement : 10 January 2023	
		(b) Cash in transit agreement : 4 September 2018	<ul style="list-style-type: none"> For services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from GCE Co's place of business and toll plaza offices to banks
		(c) RFID tag agreement : 17 January 2023	<ul style="list-style-type: none"> For GCE Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges
3.	LKSA Co / LKSA	(a) Service provider agreement (i) Service provider agreement : 19 June 2013 (ii) Supplemental agreement : 12 October 2015	<ul style="list-style-type: none"> For LKSA Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges
		(b) Cash in transit agreement : 4 September 2018	<ul style="list-style-type: none"> For services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from LKSA Co's place of business and toll plaza offices to banks
		(c) RFID tag agreement : 17 January 2023	<ul style="list-style-type: none"> For LKSA Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges
4.	SILK Co / SILK	(a) Service provider agreement (i) Service provider agreement : 7 July 2004 (ii) Supplemental agreement : 20 March 2014	<ul style="list-style-type: none"> For SILK Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges

7. **BUSINESS OVERVIEW** (Cont'd)

No.	Concession Company / Highway	Agreement(s) and date of agreement(s)	Nature and/or scope of agreement
		(b) Cash in transit agreement : 4 September 2018	<ul style="list-style-type: none"> For services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from SILK Co's place of business and toll plaza offices to banks
		(c) RFID tag agreement : 17 January 2023	<ul style="list-style-type: none"> For SILK Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges

Note:

(1) The salient terms of the Touch 'N Go Agreements are summarised in Annexure C of this Prospectus.

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7. BUSINESS OVERVIEW (Cont'd)




7.22 INTELLECTUAL PROPERTY AND TRADEMARKS

As at the LPD, the Trustee-Manager has entered into licensing agreements with PLKH for the following intellectual property and trademarks:




No.	Trademark	Registered owner / Applicant	Registration no. / Application no.	Place of registration	Expiry date	Class/ Description of trademark
1.		PLKH	2013004223	Malaysia	21 March 2033	43: Restaurant services; banqueting services; business catering services; cafe services; cafes; cafeterias; canteen services; preparation of food and drinks; restaurant services for the provision of fast food; self-service restaurants and cafeteria services; takeaway services; all included in class 43.
2.		PLKH	2013004224	Malaysia	21 March 2033	35: Advertising; business administration and office functions; all included in class 35.
3.		PLKH	2013004225	Malaysia	21 March 2033	37: Highway maintenance; building of roads; cleaning of site roads; construction of foundations for roads; construction of railway roadbeds; construction of roads; custom construction of roads; hire of road making apparatus; hire of road working machinery; lubrication of road vehicles; maintenance of road; marking of roads; paving (road); rental of road sweeping machines; road building; road construction; road marking; road surfacing; road sweeping; road sweeping machines (rental of-); surfacing of roads; all included in class 37.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, the Trust Group has submitted applications for registration of the following trademarks.

No.	Trademark	Applicant	Application no.	Place of application	Application date	Class/ Description of trademark
1.		Prolintas Managers	TM2023027999	Malaysia	14 September 2023	35: Advertising; business administration and office functions; all included in class 35.
2.		Prolintas Managers	TM2023027999	Malaysia	14 September 2023	37: Highway maintenance; building of roads; cleaning of site roads; construction of foundations for roads; construction of railway roadbeds; construction of roads; custom construction of roads; hire of road making apparatus; hire of road working machinery; lubrication of road vehicles; maintenance of road; marking of roads; paving (road); rental of road sweeping machines; road building; road construction; road marking; road surfacing; road sweeping; road sweeping machines (rental of-); surfacing of roads; all included in class 37.
3.		Prolintas Managers	TM2023027999	Malaysia	14 September 2023	43: Restaurant services; banqueting services; business catering services; cafe services; cafes; cafeterias; canteen services; preparation of food and drinks; restaurant services for the provision of fast food; self-service restaurants and cafeteria services; takeaway services; all included in class 43.

7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Applicant	Application no.	Place of application	Application date	Class/ Description of trademark
4.		Prolintas Managers	TM2023027998	Malaysia	14 September 2023	35: Advertising; business administration and office functions; all included in class 35.
5.		Prolintas Managers	TM2023027998	Malaysia	14 September 2023	37: Highway maintenance; building of roads; cleaning of site roads; construction of foundations for roads; construction of railway roadbeds; construction of roads; custom construction of roads; hire of road making apparatus; hire of road working machinery; lubrication of road vehicles; maintenance of road; marking of roads; paving (road); rental of road sweeping machines; road building; road construction; road marking; road surfacing; road sweeping; road sweeping machines (rental of-); surfacing of roads; all included in class 37.
6.		Prolintas Managers	TM2023027998	Malaysia	14 September 2023	43: Restaurant services; banqueting services; business catering services; cafe services; cafes; cafeterias; canteen services; preparation of food and drinks; restaurant services for the provision of fast food; self-service restaurants and cafeteria services; takeaway services; all included in class 43.

7.23 GOVERNING LAWS AND REGULATIONS

The relevant laws and regulations governing the Trust Group and which are material to the Trust Group's operations as at the LPD are summarised below:

(i) CMSA, BT Guidelines and Listing Requirements

In Malaysia, business trusts are governed and regulated by the SC and the SC is empowered to ensure compliance with the CMSA and the BT Guidelines. A business trust listed on the Main Market would be subject to the purview of Bursa Securities and Bursa Securities is empowered to ensure the compliance of the listed business trust with the relevant sections of the Listing Requirement.

(ii) Federal Road Acts 1959 ("FRA") and Federal Roads (Private Management) Act 1984 ("FRPMA")

The design, construction, operation, management and maintenance of a toll expressway is under the authority of the Malaysian Government. The privatisation of toll expressways is usually effected by means of a concession. Expressway concessions are regulated principally by the FRA and the FRPMA. The FRA was enacted to provide declaration of federal roads, bridges, ferries and other means of communication, and the FRPMA was enacted to allow the Malaysian Government to grant private developers the right to collect tolls on expressways.

The agency responsible for monitoring toll expressways in Malaysia is the MHA. Its functions in relation to the toll expressways include:

- a. approving detailed designs for initial construction of the toll expressways and any upgrading or additional works on the toll expressways, including road widening and the construction of interchanges;
- b. issuing guidelines on maintenance work;
- c. approving the maintenance manual, and inspecting the toll expressways to ensure maintenance works are carried out in accordance with the approved maintenance manual;
- d. approving the construction of billboards along the toll expressways; and
- e. monitoring procedures and controls for determining actual traffic volume.

Pursuant to Section 2 of the FRPMA, the Minister of Works may order to authorise private developers who have agree to construct, operate and maintain new road systems to demand, collect and retain tolls for such period as may be specified in the order. The order for the collection of tolls shall specify:

- (a) the road, bridge or ferry in respect of which tolls may be demanded, collected and retained;
- (b) the person authorized to demand, collect and retain tolls;
- (c) the duration of the authorization under paragraph (b);
- (d) the persons or class of vehicles in respect of which tolls may be demanded, collected and retained;
- (e) the amount of tolls;
- (f) the place where tolls are to be collected; and
- (g) the persons or class of vehicles to be exempted from payment of tolls.

Pursuant to section 8 of the FRPMA, any person who uses or attempts to use any road, bridge or ferry in respect of which an order under section 2 of the FRPMA has been made without payment of the tolls prescribed in the order shall be guilty of an offence and shall, on conviction, be punished with a fine of not less than two thousand ringgit and not more than five thousand ringgit.

(iii) Occupational Safety and Health Act 1994 (“OSHA”)

The OSHA imposes a general duty on every employer to ensure, so far as is practicable, the safety health and welfare of its employees at work. The agency responsible for the enforcement of OSHA is the Department of Occupational Safety and Health. Its function is to ensure the safety, health and welfare of people at work.

Pursuant to Sections 15 and 16 of the OSHA, such duty, so far as is practicable, includes:

- (a) providing and maintaining plant and systems of work that are safe and without risk to health;
- (b) making arrangements to ensure safety and absence of risks to health in connection with the use or operation, handling and storage and transport of plant and substances;
- (c) providing information, instruction, training and supervision as is necessary to ensure the safety and health at work of his employees;
- (d) maintaining any place of work under the control of the employer, in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from it that are safe and without such risks;
- (e) providing and maintaining a working environment for his employees that is safe, without risks to health, and adequate as regards facilities for their welfare at work; and
- (f) formulating and implementing safety and health policies.

(iv) Environmental Quality Act 1974 (“EQA”) and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015 (“EQ Order”)

The EQA regulates and restricts, among other things, the levels of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a license, prohibits the discharge of oil into Malaysian waters without a license, discharge of wastes into Malaysian waters without a license and prohibits open burning. The agency responsible for implementing and monitoring Malaysia’s environmental regulations and policies is the Department of Environment and the local environmental authority.

Pursuant to section 34A of the EQA, any person who intends to carry out any prescribed activities shall appoint a qualified person to conduct an environmental impact assessment and to submit a report on the impact of activities on the environment to the Director of Environmental Quality for examination. The environmental impact assessment ensures that potential environmental problems are foreseen and addressed at the early stage during project planning and design.

(v) Street, Drainage and Building Act 1974 (SDBA) and Uniform Building By-Laws 1984 (UBBL)

The SDBA is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having a Certificate of Completion and Compliance (CCC) for the occupation of any building or any part thereof. The CCC shall be issued by a principal submitting person, in accordance with the time, manner and procedure for the issuance thereof as prescribed by this act or any by-laws made thereunder. Principal submitting person is a qualified person who submits building plans to the local authority for approval and includes any other qualified person who takes over the duties and responsibilities of or acts for the first mentioned qualified person.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to section 25A of the UBBL, a qualified person, namely architect, registered building draughtsman or engineer, must be satisfied that, to their best knowledge:

- (a) the relevant building has been constructed in accordance to UBBL;
- (b) any conditions imposed by the local authorities has been satisfied;
- (c) all essential services have been provided; and
- (d) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to section 70 of the SDBA, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding two hundred and fifty thousand ringgit or to imprisonment for a term not exceeding ten years or to both.

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7. BUSINESS OVERVIEW (Cont'd)

Save for the non-compliances set out below (in respect of which the Board wishes to highlight the issues set out in sub-paragraphs (b), (c) and (d) below are issues which collectively impact the highway operator industry), as at the LPD, the Trust Group is in compliance with the relevant laws, regulations, rules and requirements governing conduct of the business of the Trust Group in all material respects.

(a) Absence of advertisement licences

Nature of non-compliance	The Concession Companies do not hold advertisement licenses issued by the relevant local authority for certain advertisement structures erected along the Highways.
Status as at the LPD	<p>As at the LPD, there are a total of 52 structures erected on the Highways which have not been issued with advertisement licences by the relevant local authority, out of which a total of 14 advertisement structures are owned by LKSA Co and 1 advertisement structures is owned by AKLEH Co. Historically, the local authorities had requested for the Concession Companies to apply for business license in which the first stage of the application is to be made to MHA..</p> <p>As at the LPD, MHA final approval has been obtained for 4 structures owned by LKSA Co. Conditional approval has been obtained for 9 structures owned by LKSA Co and 1 structure owned by AKLEH Co. As at the LPD 1 structure owned by LKSA Co is currently undergoing appeal to MHA to obtain approval.</p> <p>The remaining 37 structures are owned by third party vendors, out of which 9 are still pending MHA approval and 3 are undergoing appeal to MHA to obtain approval.</p> <p>That being said, the MHA had issued a letter dated 16 October 2023 to (among others) the Concession Companies informing of MHA's position that MHA approval for such advertisement structures is no longer subject to any condition that the relevant planning permissions and structure licences from the respective local authorities need to be obtained.</p> <p>This is based on a letter dated 28 August 2023 issued by the Ministry of Works to all State governments, local authorities and district offices, informing that it is the position of the Ministry of Works that such advertisement structures fall under the purview of the Ministry of Works and are not within the jurisdiction of the respective local authorities and, therefore, the permissions and licences for such advertisement structures from local authorities are no longer required for the same. As at the LPD, none of the Concession Companies have received any notification from the respective local authorities on this matter.</p>
Estimated time for rectification	If required by the local authorities to obtain the relevant planning permissions and structure licences, the Trust Group estimates that it would take approximately two to nine months to complete the rectification process.
Estimated cost to rectify	<p>If planning permission is required for the 14 sites at LKSA by Majlis Bandaraya Shah Alam: RM226,860.</p> <p>For avoidance of doubt, the cost of demolition of unlicensed structures which are owned by third party vendors will be borne by the relevant owner, if any.</p>

7. BUSINESS OVERVIEW (Cont'd)

Potential maximum penalty	RM2,000 or imprisonment not exceeding one year and RM200 for each continuing day of breach following conviction per structure, if planning permission and licences had been required at LKSA by Majlis Bandaraya Shah Alam.
Impact on business operations or financial condition	<p>The Board is of the view that there is no material impact to the Trust Group's business operations and financial condition as the advertisement revenue from the affected structures only contribute approximately 0.7% to the profit from operations of the Trust Group for the FYE 2022 and the Concession Companies only receives a portion of the income due to the revenue-sharing arrangement with PHSSB.</p> <p>In addition, the cost to rectify is estimated at RM226,860 or 0.2% of the profit from operations of the Trust Group for the FYE 2022.</p>

(b) Outstanding land premium

Nature of non-compliance	Outstanding land premium amounting to RM6,958,011 in relation to a specified area located at KM26.7 of SILK.
Status as at the LPD	<p>The MHA had forwarded to SILK Co a Notice 5A dated 2 July 2014 from the Pejabat Daerah/Tanah Hulu Langat ("PDT Hulu Langat") for the payment of RM6,958,011.00 being the cost of land premium and related costs for a specified area located at KM26.7 of SILK ("Affected Area"). SILK Co had requested for the premium amount to be reduced, which was subsequently rejected by the PDT Hulu Langat.</p> <p>SILK Co had entered into a licence agreement dated 17 August 2001 with Petronas Dagangan Berhad ("PDB") whereby SILK Co has granted an exclusive licence to PDB to occupy the area to construct and operate a petrol station for a term of 36 years commencing on 1 August 2001 and expiring on 31 July 2037 for a licence fee of RM5.5 million. Pursuant to the terms of the licence agreement, PDB is responsible to bear the cost and expense of all necessary permits, approvals, rates, taxes, assessment, duties and impositions by relevant authorities. Accordingly, SILK Co had requested PDB to pay the amount of the premium stated in the Notice 5A, to no avail as PDB maintains that "premiums" are not caught under the foregoing clause in the licence agreement.</p> <p>The Notice 5A, which remains unpaid, has lapsed on 31 December 2021 and SILK Co has not received a fresh Notice 5A from PDT Hulu Langat as at the LPD. SILK Co has obtained a legal opinion from Messrs. Rahman Rohaida dated 23 August 2022 which opines that the obligation to pay the premiums in respect of the Affected Area could be imposed onto PDB by SILK Co as it was the intention of parties for PDB to bear all outgoings pertaining to the Affected Area and any and other incidental costs for the construction, running and maintenance of the petrol station, including the said premium. Furthermore, the premium charges being a sum which has been assessed by the PDT Hulu Langat based on the total area of the land being used for the petrol station should fall within the definition of "assessment" or in the alternative "imposition" which SILK Co is entitled to impose onto PDB pursuant to the licence agreement.</p> <p>Pursuant to the terms of the licence agreement, SILK Co intends to initiate actions to cause PDB to make payment of any premiums imposed in respect of the Affected Area. On 18 July 2023, SILK Co has, via its solicitors, Messrs. Rahman Rohaida issued a notice to PDB demanding that PDB makes the necessary arrangement to pay the "premiums" imposed in respect of the Affected Area.</p>

7. BUSINESS OVERVIEW (Cont'd)

	<p>Further to a meeting between PDB and SILK Co on 15 August 2023, PDB issued a letter on 16 August 2023 to explain that the issue regarding payment of land premium for highway sites is being discussed on an industrial level by all oil companies with the MHA and Ministry of Works. As such, PDB has requested for more time to provide a response as until any decisions are made consensually between the relevant parties on the subject of land premium payments, PDB will not be able to respond to SILK Co's demands.</p>
Estimated time for rectification	<p>As at the LPD, the estimated time frame for rectification cannot be ascertained, as the proposed resolution of this issue is dependent on PDB's position on this issue.</p>
Estimated cost to rectify	<p>If PDB's position is that PDB refuses to pay the premium after having received the notice from SILK Co, SILK Co intends to initiate arbitration proceedings against PDB in accordance with the terms of the licence agreement in order to resolve the dispute on which party is responsible to bear the cost of the land premium. The cost to rectify this issue cannot be ascertained at this point in time, as it would depend on the PDB's position on this matter and the outcome of any arbitration proceedings.</p> <p>In addition, we wish to highlight that the issues surrounding the alienation of land and consequently the imposition of land premium for commercial sites within the area of tolled highways are currently under discussion between the Ministry of Works, the MHA, Association of Highway Concessionaires in Malaysia, whereby the issues raised, include amongst others, the rate of premium imposed being too high and the short timeline for payment of the premium imposed.</p>
Potential maximum penalty	<p>Pursuant to the National Land Code, if the sum is not paid within the time stipulated in the notice, the State Authority is entitled to forfeit the land (and all structures thereon, including the petrol station operated by PDB) pursuant to the Notice 5A.</p> <p>The licence agreement entitles SILK Co to terminate the same only if:</p> <ul style="list-style-type: none"> (a) PDB breaches the licence agreement and does not remedy the breach; or (b) the concession agreement is terminated, in which case SILK Co shall refund the licence fee for the unexpired period of the licence. <p>SILK Co is not otherwise entitled to terminate the licence agreement. A forfeiture of the land would result in such termination of the licence agreement on the part of SILK Co.</p> <p>In the event the dispute on which party bears the premium is submitted for arbitration and the arbitrator determines that PDB is not in breach of the licence agreement for not bearing the premium, any termination of the licence agreement by SILK Co, whether prior to or as a result of the forfeiture of the land by the State Authority (but not as a result of a termination of the concession agreement by the Government), would entitle PDB to claim for damages for breach of contract.</p> <p>The amount of damages claimable by PDB cannot be ascertained at this point in time, but it is likely that PDB will claim for the following:</p> <ul style="list-style-type: none"> (a) the proportionate licence fee for the remaining unexpired period of the licence, which is approximately RM2.13 million; and

7. BUSINESS OVERVIEW (Cont'd)

	<p>(b) compensation for any loss which naturally arose in the usual course of things from the breach, or which is known to be likely to result from the breach;</p> <p>but excluding any remote or indirect loss.</p>
<p>Impact on business operations or financial condition</p>	<p>The Board is of the view that there is no material impact to the Trust Group's business operations even if the Affected Area is forfeited as the Affected Area has been licensed to PDB for a one-off licence fee of RM5.5 million and no further revenue is derived from the Affected Area.</p> <p>The amounts in respect of estimated cost to rectify the potential maximum damages to be paid cannot be ascertained at this point in time, as it would depend on the PDB's position on this matter and the outcome of any arbitration proceedings to determine which party is responsible for the payment of the premium and whether any termination of the licence agreement by SILK Co is or is not validly done pursuant to a breach by PDB.</p>

(c) Absence of planning permission and CCC

<p>Nature of non-compliance</p>	<p>No planning permission and CCC</p>
<p>Status as at the LPD</p>	<p>As at the LPD, the following buildings and structures along the Highways (including administration buildings, toll plazas, RSAs and lay-bys) did not obtain planning permission and have not been issued with CCCs:</p> <p><u>AKLEH</u></p> <p>(i) Datuk Keramat Administration & Supervision Building;</p> <p>(ii) Datuk Keramat Toll Plaza;</p> <p><u>GCE</u></p> <p>(iii) Bukit Jelutong Administration & Supervision Building;</p> <p>(iv) Bukit Jelutong Toll Plaza;</p> <p>(v) Bukit Jelutong Lay-by;</p> <p>(vi) Elmina Administration & Supervision Building;</p> <p>(vii) Elmina Toll Plaza;</p> <p>(viii) Elmina RSA Northbound;</p> <p>(ix) Elmina RSA Southbound;</p> <p>(x) Elmina Maintenance Depot;</p> <p>(xi) Lagong Administration and Supervision Building;</p> <p>(xii) Lagong Toll Plaza;</p> <p>(xiii) Lagong Lay-by;</p> <p><u>LKSA</u></p> <p>(xiv) Alam Impian Administration & Supervision Building;</p> <p>(xv) Alam Impian Toll Plaza;</p>

7. BUSINESS OVERVIEW (Cont'd)

	<p>(xvi) Alam Impian Maintenance Depot; (xvii) Alam Impian Lay-by; (xviii) Shah Alam Urban Park; (xix) Seri Muda Supervision Building; (xx) Seri Muda Toll Plaza; (xxi) Seri Muda Lay-by;</p> <p><u>SILK</u> (xxii) Sungai Balak Administration Building & Supervision Building; (xxiii) Sungai Balak Toll Plaza; (xxiv) Sungai Balak Lay-by; (xxv) Sungai Ramal Toll Plaza West; (xxvi) Sungai Ramal Toll Plaza East; (xxvii) Sungai Ramal Timur Maintenance Depot; (xxviii) Sungai Ramal Barat Supervision Building; (xxix) Sungai Ramal Lay-by; (xxx) Bukit Kajang Supervision Building; (xxxi) Bukit Kajang Toll Plaza; (xxxii) Bukit Kajang Lay-by; (xxxiii) Sungai Long Administration & Supervision Building; (xxxiv) Sungai Long Toll Plaza; and (xxxv) Sungai Long Lay-by.</p> <p>The Highways have duly obtained the SKPL issued by the MHA. The SKPL, among others, contains a confirmation from a professional engineer that the highway / facility has been examined and the relevant highway / facility has been constructed according to standards, specifications and designs (<i>piawaian, spesifikasi dan reka bentuk</i>) which have been approved by MHA and high quality engineering practices (<i>amalan kejuruteraan yang bermutu tinggi</i>); and that the highway / facility is safe for public use. The SPKL also contains a confirmation by MHA that the relevant portion of the highway / facility is suitable and safe to be open for public use (<i>sesuai dan selamat dibuka untuk kegunaan awam</i>) subject to certain conditions (including for example, the conduct of sound tests).</p> <p>In the past, in practice, the local authorities have accepted the SKPL in lieu of a CCC for the purposes of a business premise license application by the vendors operating in the RSAs of the Highways.</p> <p>However, the Concession Companies have noted that in recent years (2018-2019), the local authorities have begun to emphasise on the requirement for planning permission and CCC for the construction of new structures on the Highways including for the construction of the Elmina Northbound Petrol Station on GCE, in respect of which GCE Co has duly obtained planning permission on 28 June 2023 from Majlis Bandaraya Shah Alam.</p>
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7. BUSINESS OVERVIEW (Cont'd)

	<p>The Concession Companies have been engaging with the Ministry of Works on this matter which they understand to be a collective issue faced by the other local highway concession companies. Notwithstanding the recent emphasis taken by the local authorities on the requirement for planning permission and CCCs for construction of new structures on the Highways, the Ministry of Works has, vide its letter dated 28 July 2023, confirmed that the issue of the requirement of planning permission and CCC for buildings and structures on existing highways including the Highways is an issue which is currently under discussion and engagement between the relevant parties (i.e., the highway concession companies, local authorities and the Ministry of Works). Meanwhile, the Ministry of Works has confirmed that the issuance of the SKPL for the Highways affirms that the Highways and its ancillary facilities have been completed in accordance with the requirements of the relevant Concession Agreements.</p> <p>In respect of Shah Alam Urban Park which is a marquee tent located along LKSA (which is not covered under the SPKL issued by MHA for LKSA), LKSA Co is in the process of applying for planning permission and the requisite CCC from Majlis Bandaraya Shah Alam. It should be noted that PHSSB has been granted a lease by the Federal Land Commissioner in respect of the area known as Shah Alam Urban Park. PHSSB has sub-leased the area at Shah Alam Urban Park to a third-party operator, which is currently using the location as an event space. The planning permission application was made to Majlis Bandaraya Shah Alam on 25 July 2023 and is currently pending approval.</p> <p>As at the LPD, the Concession Companies have not faced any enforcement action from any local authorities for the lack of planning permission and/or CCCs in respect of their buildings and structures on their Highways.</p>
Estimated time for rectification	If required by the relevant authorities to obtain CCC for the Highway's existing buildings and structures, the Trust Group estimates that it would take approximately three years to complete the rectification process.
Estimated cost to rectify	Approximately RM13.1 million for obtaining the relevant planning permissions and CCCs for the 35 buildings and structures mentioned above, subject to the outcome of the discussion and engagement between the relevant parties (i.e., the highway concession companies, local authorities and the Ministry of Works) on whether planning permissions and CCCs are required for buildings and structures on existing Highways.
Potential maximum penalty	<ul style="list-style-type: none"> • Offence relating to development without planning permission: RM500,000 or imprisonment for a term not exceeding 2 years or both for each offence. • Offence relating to occupying or permitting to be occupied any building or any part thereof without a CCC: RM250,000 or imprisonment for a term not exceeding ten years or both for each offence.
Impact on business operations or financial condition	The Board is of the view that there is no material impact to the Trust Group's business operations as the affected buildings and structures have obtained SKPL and the risk of enforcement from the authority rendering non-operation of these buildings and structures is low.

7. BUSINESS OVERVIEW (Cont'd)

	<p>The potential maximum penalty to be imposed by the relevant authorities, if any, for 35 buildings and structures is estimated at RM26.3 million or 18.0% of the profit from operations of the Trust Group for the FYE 2022. The potential maximum penalty, if any, and cost to rectify is approximately RM39.4 million or 27.0% of the profit from operations of the Trust Group for the FYE 2022. The actual potential penalty, if any, and cost to rectify is subject to the outcome of the discussion and engagement between the relevant parties (i.e., the highway concession companies, local authorities and the Ministry of Works) on whether planning permissions and CCCs are required for buildings and structures on existing Highways as mentioned above.</p> <p>As at the LPD, the Concession Companies have not faced any enforcement action from any local authorities for the lack of planning permission and/or CCCs in respect of their buildings and structures on their Highways.</p>
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(d) Absence of airspace permits for elevated parts of the Highways

Nature of non-compliance	Absence of airspace permits for elevated parts of the Highways
Status as at the LPD	<p>Pursuant to the provisions of the Concession Agreements for AKLEH, SILK and LKSA, the relevant Concession Company shall, as soon as practicable, inform the Government of the exact site and location of elevated parts of the Highways for the Government to procure the air space permits in accordance with Section 75A of the National Land Code. An application for air space permit for AKLEH was previously submitted to the Government. However, AKLEH Co was informed that the issuance of air space permits is subject to the full land reservation of the relevant highways having been completed and gazetted.</p> <p>As at the LPD, the land reservation status of the Highways has only been partially completed as follows: -</p> <ul style="list-style-type: none"> (i) AKLEH: 60% (ii) GCE: 42% (iii) LKSA: 73%; and (iv) SILK: 58%. <p>The land reservation process takes time as it is a complex task which involves separate engagements with multiple Federal and State government authorities and agencies.</p>
Estimated time for rectification	The Concession Companies are unable to provide an estimate as the application for air space permits is subject to the completion of the land reservation process, which is not within the control of the Concession Companies.
Estimated cost to rectify	The Concession Companies are unable to reliably estimate the cost to rectify as the cost is dependent on the outcome of the completion of the land reservation process by multiple Federal and State government authorities and agencies, which is not within the control of the Concession Companies. Based on the prescribed fee for airspace permit of the relevant federal and state land rules, the prescribed fee ranges from nil to RM15 per 100 square meter or part thereof. Accordingly, the estimated cost to rectify is not expected to be material to the Concession Companies.

7. BUSINESS OVERVIEW (Cont'd)

<p>Potential maximum penalty</p>	<p>Pursuant to the National Land Code, any person who without lawful authority uses or occupies the air space above State land or reserved land by erecting, maintaining or occupying a roof, canopy, bridge or any other structure commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding six months or to both.</p> <p>In addition, pursuant to the terms of the CA, the Government has the right to terminate the CA for any breach or default by the Concession Company of any material obligation which has not been remedied within a stipulated period from the date of a notice specifying the default.</p> <p>Since it is an on-going process for the land reservation by multiple Federal and State government authorities and agencies, such penalties are not expected to be imposed on the Concession Companies.</p>
<p>Impact on business operations or financial condition</p>	<p>The Board is of the view that there is no material impact to the Trust Group's business operations and financial condition as the risk of enforcement of requirement for air space permit is low, given that the application is subject to the completion of the land reservation process, which is not within the control of the Concession Companies.</p> <p>In addition, as at the LPD, the MHA has not issued any notice of default pursuant to the CAs to the Concession Companies in respect of the non-compliance with the provisions relating to airspace permits.</p>

The Trust Group will provide a status update on the abovementioned non-compliances through the Trust Group's quarterly reports or annual reports announced to Bursa Securities.

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7. BUSINESS OVERVIEW (Cont'd)

7.24 MATERIAL BUILDINGS AND STRUCTURES

The material buildings and structures which are located at the Highways and forms part of the Highways as at the LPD are as follows:

No.	Name of lessor/lessee / Lot No. / Postal Address	Description of property/Existing use	Date of Issuance of certificate of fitness for occupation/CCC or equivalent ⁽¹⁾	Built-up area/ Land area (approximate) (sq m unless otherwise stated)	Period of tenancy or lease	Rental
1.	The Federal Lands Commissioner (Lessor) / ALKEH Co. (Lessee) Lot No. PT1431, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. <u>Postal address:</u> KM2.8, Projek Lintasan Kota Sdn Bhd, Jalan Datuk Keramat, 50400 Kuala Lumpur.	<ul style="list-style-type: none"> Datuk Keramat administration and supervision building Datuk Keramat toll plaza 	Date of SKPL: 29 March 2001 (in respect of Phase 1) and 15 May 2016 (in respect of Phase 2)	<ul style="list-style-type: none"> Built-up area of administration and supervision building: 1,469.91 Built-up area of toll plaza: 1,615.00 Land area: 1,295.0 	The lease commences on 23 August 2000 for a period of 36 years, 8 months and 22 days, expiring on 15 May 2037 or when the concession agreement entered into by the Government of Malaysia and AKLEH Co is terminated, whichever is earlier. There is no option to renew the agreement.	One time lease rental of RM1,000
2.	The Federal Lands Commissioner (Lessor) / GCE Co. (Lessee) Lot No. – N/A ⁽²⁾ <u>Postal address:</u> KM4.8, Guthrie Corridor Expressway, 40150 Shah Alam, Selangor.	<ul style="list-style-type: none"> Bukit Jelutong administration and supervision building Bukit Jelutong Toll Plaza Bukit Jelutong lay-by 	Date of SKPL: 14 April 2005	<ul style="list-style-type: none"> Built-up area of administration and supervision building: 2,183.78 Built-up area of toll plaza: 1,777.95 Built-up area of lay-by: 3,189.02 	N/A ⁽³⁾	N/A ⁽³⁾
3.	The Federal Lands Commissioner (Lessor) / GCE Co. (Lessee) Lot No. – N/A ⁽²⁾	<ul style="list-style-type: none"> Elmina administration and supervision building; 	Date of SKPL: 14 April 2005 (in respect of main line construction works) and 22 April 2022 (in respect of	<ul style="list-style-type: none"> Built-up area of administration and supervision building: 6,271.38 	N/A ⁽³⁾	N/A ⁽³⁾

7. BUSINESS OVERVIEW (Cont'd)

No.	Name of lessor/lessee / Lot No. / Postal Address	Description of property/Existing use	Date of Issuance of certificate of fitness for occupation/CCC or equivalent ⁽¹⁾	Built-up area/ Land area (approximate) (sq m unless otherwise stated)	Period of tenancy or lease	Rental
	<u>Postal address:</u> KM14.4, Guthrie Corridor Expressway, 47000 Sungai Buloh, Selangor.	<ul style="list-style-type: none"> • Elmina Toll Plaza; • Elmina RSA (north bound); • Elmina RSA (south bound); • Elmina maintenance depot 	Elmina RSA repair works)	<ul style="list-style-type: none"> • Built-up area of toll plaza: 1,735.84 • Built-up area of RSA (north bound): 17,847.68 • Built-up area of RSA (south bound): 14,519.60 • Built-up area of maintenance depot: 1,135.10 		
4.	The Federal Lands Commissioner (Lessor) / GCE Co. (Lessee) Lot No. PT45656, Rawang, Gombak, Selangor. <u>Postal address:</u> KM22.3 Guthrie Corridor Expressway, 48000, Rawang, Selangor.	<ul style="list-style-type: none"> • Lagong administration and supervision building; • Lagong Toll Plaza; • Lagong lay-by 	Date of SKPL: 14 April 2005	<ul style="list-style-type: none"> • Built-up area of administration and supervision building: 2,735.08 • Built-up area of toll plaza: 1,721.98 • Built-up area of lay-by: 3,833.63 • Land area: 2,149.70 	The lease commences on 18 November 2006 for a period of 46 years, 8 months and 23 days, expiring on 31 May 2036 or when the concession agreement entered into by the Government and GCE Co is terminated, whichever is earlier. There is no option to renew the agreement.	One time lease rental of RM1,000
5.	The Federal Lands Commissioner (Lessor) / LKSA Co. (Lessee) Lot No. 178753, Klang, Selangor. <u>Postal address:</u> KM0.5A, Lebuhraya Kemuning Shah Alam	<ul style="list-style-type: none"> • Alam Impian administration and supervision building; • Alam Impian toll plaza; 	Date of SKPL: 17 May 2010 (in respect of main line construction works) and 30 December 2022 (in respect of Alam Impian lay-by)	<ul style="list-style-type: none"> • Built-up area of administration and supervision building: 3,052.49 • Built-up area of toll plaza: 2,180.00 • Built-up area of maintenance depot: 720.00 	The lease commences on 4 January 2021 for a period of 41 years, 6 months and 27 days, expiring on 31 July 2062 or when the concession agreement entered into by the Government and LKSA Co is terminated, whichever is earlier.	One time lease rental of RM1,000

7. BUSINESS OVERVIEW (Cont'd)

No.	Name of lessor/lessee / Lot No. / Postal Address	Description of property/Existing use	Date of Issuance of certificate of fitness for occupation/CCC or equivalent ⁽¹⁾	Built-up area/ Land area (approximate) (sq m unless otherwise stated)	Period of tenancy or lease	Rental
	Seksyen 35, 40700 Selangor	<ul style="list-style-type: none"> Alam Impian maintenance depot; Alam Impian lay-by 		<ul style="list-style-type: none"> Built-up area of lay-by: 334.35 Land area: 29,520.0 	There is no option to renew the agreement.	
6.	The Federal Lands Commissioner (Lessor) / LKSA Co. (Lessee) Lot No. PT148097, Klang, Selangor. <u>Postal address:</u> KM2.0, Lebuhraya Kemuning Shah Alam, Seksyen 35, 40700 Selangor	<ul style="list-style-type: none"> Seri Muda administration and supervision building; Seri Muda toll plaza; Seri Muda lay-by 	Date of SKPL: 17 May 2010	<ul style="list-style-type: none"> Built-up area of administration and supervision building: 994.80 Built-up area of toll plaza: 1,960.00 Built-up area of lay-by: 260.93 Land area: 10,977.0 	The lease commences on 5 August 2015 for a period of 46 years, 11 months and 26 days, expiring on 31 July 2062 or when the concession agreement entered into by the Government and LKSA Co is terminated, whichever is earlier. There is no option to renew the agreement.	One time lease rental of RM1,000
7.	The Federal Lands Commissioner (Lessor) / LKSA Co. (Lessee) Lot No. 178149, Klang, Selangor. <u>Postal address:</u> KM0.3A, Lebuhraya Kemuning Shah Alam, Jalan Tun Teja 35/4a, Tinta, 40470 Shah Alam, Selangor.	Sri Muda – Vacant land	Date of SKPL: 17 May 2010	<ul style="list-style-type: none"> Land area: 21,700.0 	The lease commences on 4 January 2021 for a period of 41 years, 6 months and 27 days, expiring on 31 July 2062 or when the concession agreement entered into by the Government and LKSA Co is terminated, whichever is earlier. There is no option to renew the agreement.	One time lease rental of RM1,000
8.	The Federal Lands Commissioner (Lessor) / SILK Co. (Lessee) Lot No. – N/A ⁽²⁾	<ul style="list-style-type: none"> Sungai Balak administration and 	Date of SKPL: 16 December 2004	<ul style="list-style-type: none"> Built-up area of administration and supervision building: 4,994.00 	N/A ⁽³⁾	N/A ⁽³⁾

7. BUSINESS OVERVIEW (Cont'd)

No.	Name of lessor/lessee / Lot No. / Postal Address	Description of property/Existing use	Date of Issuance of certificate of fitness for occupation/CCC or equivalent ⁽¹⁾	Built-up area/ Land area (approximate) (sq m unless otherwise stated)	Period of tenancy or lease	Rental
	<u>Postal address:</u> KM28.3A, Lebuhraya Kajang SILK, 43000 Kajang, Selangor Darul Ehsan.	<ul style="list-style-type: none"> supervision building Sungai Balak Toll Plaza Sungai Balak lay-by 		<ul style="list-style-type: none"> Built-up area of toll plaza: 2,394.19 Built-up area of lay-by: 395.56 		
9.	The Federal Lands Commissioner (Lessor) / SILK Co. (Lessee) Lot No. – N/A ⁽²⁾ <u>Postal address:</u> KM23.0, Lebuhraya Kajang SILK, 43000 Kajang, Selangor Darul Ehsan.	<ul style="list-style-type: none"> Sungai Ramal supervision building Sungai Ramal Toll Plaza (west bound) Sungai Ramal Toll Plaza (east bound) Sungai Ramal maintenance depot Sungai Ramal lay-by 	Date of SKPL: 11 June 2004 (in respect of toll plazas) and 16 December 2004 (in respect of main line construction works)	<ul style="list-style-type: none"> Built-up area of supervision building: 1,895.65 Built-up area of toll plaza (west bound): 1,632.20 Built-up area of toll plaza (east bound): 1,530.51 Built-up area of maintenance depot: 4,459.00 Built-up area of lay-by: 382.71 	N/A ⁽³⁾	N/A ⁽³⁾
10.	The Federal Lands Commissioner (Lessor) / SILK Co. (Lessee) Lot No. – N/A ⁽²⁾ <u>Postal address:</u> KM18.5, Lebuhraya Kajang SILK, 43000 Kajang, Selangor Darul Ehsan.	<ul style="list-style-type: none"> Bukit Kajang supervision building Bukit Kajang Toll Plaza; Bukit Kajang lay-by 	Date of SKPL: 11 June 2004 (in respect of toll plaza) and 16 December 2004 (in respect of main line construction works)	<ul style="list-style-type: none"> Built-up area of supervision building: 3,385.37 Built-up area of toll plaza: 2,945.17 Built-up area of lay-by: 527.64 	N/A ⁽³⁾	N/A ⁽³⁾

7. BUSINESS OVERVIEW (Cont'd)

No.	Name of lessor/lessee / Lot No. / Postal Address	Description of property/Existing use	Date of Issuance of certificate of fitness for occupation/CCC or equivalent ⁽¹⁾	Built-up area/ Land area (approximate) (sq m unless otherwise stated)	Period of tenancy or lease	Rental
11.	The Federal Lands Commissioner (Lessor) / SILK Co. (Lessee) Lot No. – N/A ⁽²⁾ <u>Postal address:</u> KM10.5, Lebuhraya Kajang SILK, 43000 Kajang, Selangor Darul Ehsan.	<ul style="list-style-type: none"> Sungai Long administration and supervision building Sungai Long Toll Plaza Sungai Long lay-by 	Date of SKPL: 11 June 2004 (in respect of toll plaza) and 6 December 2004 (in respect of main line construction works)	<ul style="list-style-type: none"> Built-up area of supervision building: 2,937.20 Built-up area of toll plaza: 2,032.54 Built-up area of lay-by: 941.13 	N/A ⁽³⁾	N/A ⁽³⁾

Notes:

- (1) As at the LPD, most buildings and structures along the Highways (including administration buildings, toll plazas, RSAs and lay-bys) did not obtain planning permission and have not been issued with CCCs. Please refer to Section 7.23(c) of this Prospectus for more information. The Highways have duly obtained the SKPL issued by the MHA. The SKPL, among others, contains a confirmation from a professional engineer that the highway / facility has been examined and the relevant highway / facility has been constructed according to standards, specifications and designs (piawaian, spesifikasi dan reka bentuk) which have been approved by MHA and high quality engineering practices (amalan kejuruteraan yang bermutu tinggi); and that the highway / facility is safe for public use. The SPKL also contains a confirmation by MHA that the relevant portion of the highway / facility is suitable and safe to be open for public use (sesuai dan selamat dibuka untuk kegunaan awam) subject to certain conditions (including for example, the conduct of sound tests).
- (2) As at the LPD, the applications for the land titles have been made and the land titles have yet to be issued by the respective land office. The Lot Number will be derived from the land title.
- (3) The lease agreement, which would set the amount to be paid and the period of the lease, will not be signed with the Federal Lands Commissioner until the issuance of the land title. The land title has yet to be issued by the respective land office.

Saved as disclosed above, none of the properties are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on the Trust Group's operations. No valuations have been conducted on any of the properties disclosed above.

7. BUSINESS OVERVIEW (Cont'd)

7.25 TYPES, SOURCES AND AVAILABILITY OF PRINCIPAL RAW MATERIALS AND INPUTS

Due to the nature of business, the Trust Group is not reliant on any raw material for the Trust Group's operation.

7.26 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Save for the relevant laws and regulations disclosed in Section 7.23 of this Prospectus, the Trust Group is not exposed to other regulatory requirements and environmental issues which may materially affect the Trust Group's business operations and utilisation of assets.

7.27 MATERIAL PLANS TO CONSTRUCT, EXPAND, OR IMPROVE FACILITIES

The material plans to construct, expand or improve the Trust Group's facilities are as follows:

(i) GCE Co

Strathairlie Interchange

Strathairlie Interchange is required to be built on GCE pursuant to the CA. As at the LPD, the GCE highway is being upgraded to include the Strathairlie Interchange which would be located 2km away from the Paya Jaras Interchange along GCE. This interchange would connect the new Sime Darby Property developments to GCE. The design of the Strathairlie Interchange has been amended from a diamond interchange to a dumbbell interchange. The draft supplemental CA, which includes the revised design of the Strathairlie Interchange, has been sent by GCE Co via email on 25 January 2023 and is currently still being reviewed by the MHA. The completion of construction of the Strathairlie Interchange is estimated to be approximately two years from the execution of supplemental CA. Approximately RM70.0 million has been allocated for capital expenditure to construct the Strathairlie Interchange. The total expenditure is to be financed by internally generated funds and bank borrowings.

PHSSB-owned petrol stations, EV charging stations and convenience stores at RSAs

Two petrol stations are to be built at each of the Elmina north and south bound RSAs to provide convenience for road users. Each of the petrol stations will be equipped with an EV charging station.

All the petrol stations and convenience stores within the vicinity of the petrol stations will be managed by PHSSB. As at the LPD, the construction work of the petrol stations for north bound RSA will start in the fourth quarter of 2023 while construction work for south bound RSA will start in the second quarter of 2024. The petrol stations are expected to be operational by fourth quarter of 2024 (Elmina north bound) and first quarter of 2025 (Elmina south bound).

GCE Co has incurred cost only for the land premium payment. The total expenditure for the petrol stations at Elmina north bound and south bound of RM8 million and RM11 million respectively will be borne by PHSSB, and GCE Co will receive monthly lease payment from PHSSB based on lease agreement between PHSSB and GCE Co.

(ii) SILK Co

SILK lane widening

As at the LPD, the SILK highway is currently undergoing a lane widening process in accordance with the requirements under the CA. The upgrading works involve Phase 2 between Sg Ramal Toll Plaza to UNITEN Interchange and Phase 3 between Kajang Perdana Interchange to Sg. Ramal Toll Plaza. This widening upgrade would increase the capacity of the SILK highway and thus supporting overall traffic flow and safety.

7. BUSINESS OVERVIEW (Cont'd)

Phase 2 of the upgrading works has commenced in 2021. SILK Co had, on 7 November 2022, submitted a revised construction work program to MHA for the remaining stages of Phase 2, which has been approved by the MHA on 10 November 2022, subject to certain conditions including that Phase 3 of the upgrading works is to commence on 15 June 2023.

Under the revised construction work programme, Phase 2 is scheduled to be completed on 14 June 2025. As at the LPD, Phase 2 is in progress (currently at Stage 4 out of 5) and SILK Co has appointed the design consultant for Phase 3 on 22 August 2023. The construction work programme for Phase 3 works has yet to be approved by MHA.

The total expenditure is to be financed by internally generated funds and bank borrowings. A total of RM89.9 million and RM208 million has been allocated for capital expenditure to carry out the rest of Phase 2 (January 2024 onwards) and Phase 3, respectively, of the lane widening works for SILK.

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8. INDEPENDENT MARKET RESEARCH REPORT

F R O S T  S U L L I V A N

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Date: 9 February 2024

The Board of Directors
Prolintas Managers Sdn Bhd
12th Floor Menara PNB,
201-A Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia

Dear Sirs / Madams,

Independent Market Research on the Highway Concessionaires Industry in Klang Valley for Prolintas Infra Business Trust (“Prolintas Infra BT” or “the Company”)

We, Frost & Sullivan GIC Malaysia Sdn Bhd (“**Frost & Sullivan**”), have prepared this Independent Market Report on the Highway Concessionaires industry in Klang Valley (“**IMR Report**”) for inclusion in Prolintas Infra BT’s prospectus in conjunction with the listing of and quotation for the entire enlarged issued units in Prolintas Infra BT on the Main Market of Bursa Malaysia Securities Berhad (“**Prospectus**”).

We are aware that this IMR Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this IMR Report between the date hereof and the issue date of the Prospectus, we have an ongoing obligation to either cause this IMR Report to be updated for the changes and, where applicable, cause Prolintas Infra BT to issue a supplementary prospectus, or withdraw our consent to the inclusion of this IMR Report in the Prospectus.

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:



Narciso Podda
Director
Business & Financial Services

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Methodology

For the purpose of preparing this report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments for the forecasted period.

Comparable companies identified in this report have been selected from official documents from the relevant authorities. Information collected were further validated via public information through secondary research (which covers reviews of company reports, official websites/social media channels, independent research reports, information from industry associations/authorities/internal organisations, as well as information from Frost & Sullivan research database) and fine-tuned by contacting identified companies (e.g., telephonic method, official social media platforms, among others).

Profile of Frost & Sullivan GIC Malaysia Sdn Bhd

Frost & Sullivan is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, Frost & Sullivan's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Selangor and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. Frost & Sullivan is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.

Profile of the IMR signee, Narciso Podda

Narciso Podda is the Director, Business & Financial Services division, for Frost & Sullivan GIC Malaysia Sdn Bhd. Narciso Podda possesses over 15 years of experience in market research and consulting, including over 8 years in independent market research and due diligence exercise for capital markets across the Asia Pacific region. Narciso Podda holds a Bachelor in Business Administration from Bocconi University, Italy, and a Master in International Economics and Finance from Chulalongkorn University, Thailand.

For further information, please contact:

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1 INTRODUCTION

Road network is the backbone of any transportation system. A good road system can serve as a catalyst to the economic growth of a country by allowing efficient movement of people and goods. In Malaysia, while the development of road networks was usually undertaken by the public sector, the involvement of the private sector in these projects, in the form of public – private partnerships (“PPP”), is increasing due to the complexity and high capital expenditure for road infrastructure projects.

2 DEFINITION AND SEGMENTATION

In Malaysia, roads can largely be separated into public roads and tolled highways.

Public roads are roads that are free to use and can be further segmented into federal roads and state roads. Federal roads refer to roads connecting different states across Malaysia, while state roads generally are secondary roads connecting areas within a state. Both federal roads and state roads can be built and maintained by the federal government or state government.

Tolled highways can be classified as interstate and urban highways. Interstate highways connect different states, such as the North-South Expressway (“NSE”), a key interstate highway in Peninsular Malaysia that connects the states between Kedah and Johor. In contrast, urban highways are highways that start and end in the same urban area, such as the Ampang–Kuala Lumpur Elevated Highway (“AKLEH”), which connects Ampang, Kuala Lumpur (“KL”) to the KL City Centre, or highways that connect different urban areas, such as the Guthrie Corridor Expressway (“GCE”), which connects Shah Alam in the Petaling district and Rawang in the Gombak district. The main function of these highways is to improve connectivity and ease congestion within or between urban areas.

The tolled highways in Malaysia practice either the open or the closed toll system. An open toll system is a system where road users are charged a fixed toll rate once they pass through the toll plaza. Conversely, in a closed toll system, road users are charged at the exit of the highway where the toll rate is normally dependent upon the distance travelled. The rest of the report focuses on the urban highways in the Klang Valley¹.

3 INDUSTRY VALUE CHAIN

The value chain of the highway concession industry depends on the model utilised by the Government in privatising highway projects. In Malaysia, all of the privatised highway projects follow the build, operate, transfer (“BOT”) model.

The BOT model begins with the signing of the Concession Agreement (“CA”) with the Government. The CA is a long-term contract awarded to the highway concessionaire with a typical length of 25 to 50 years. Periodic toll rate hikes are scheduled in the CA. This is to allow concessionaires to reflect the effect of inflation on their operating costs in order to continue to perform road maintenance. The Government will have to compensate the concessionaire if the Government gazettes a toll rate which differs from the toll rates stipulated in the CA (including scheduled revisions).

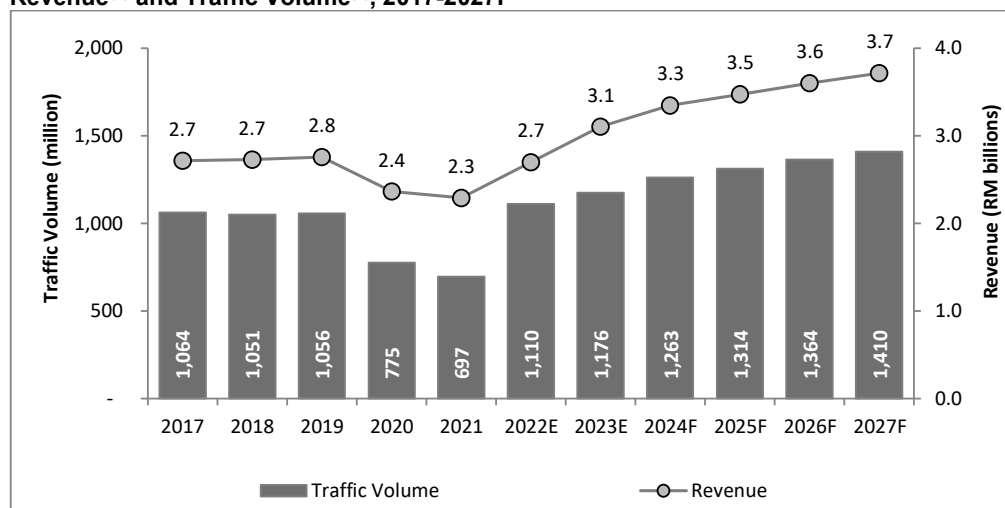
The highway alignment is then finalised by the highway concessionaire, followed by land acquisitions by the Government (in which the cost of acquisition is either borne by the Government and/or the highway concessionaire depending on the CA), and construction will begin once all the above-mentioned processes are completed. The construction of the highway may be undertaken by the highway concessionaire or may be contracted out to other construction companies. Upon completing the construction of the highway, the concessionaire is responsible for the operation and maintenance of the highway, which normally includes traffic monitoring, road assistance, scheduled and unscheduled maintenance, as well as toll collection. By the end of the concession period, the highway concessionaire hands the highway back to the federal government at no cost.

¹ Klang Valley is defined as the area covering the federal territories of KL and Putrajaya, and 9 municipalities located in the state of Selangor: Shah Alam, Petaling Jaya, Klang, Kajang, Subang Jaya, Selayang, Ampang Jaya, Kuala Langat and Sepang.

4 MARKET SIZE AND GROWTH TRENDS

The market size of urban highways in Klang Valley is measured by the industry revenue² of the urban highways in the area. The industry revenue is dependent on the volume of tolled traffic, which refers to the number of vehicles that pay toll fees. Tolled traffic generally excludes motorcycles as toll fees are not charged on this class of vehicle. The types of vehicles that are toll fee chargeable include passenger cars, commercial vehicles (such as lorries and vans), buses and taxis.

Chart 4-1: Market Size of the Urban Highways Industry in Klang Valley in terms of Revenue⁽¹⁾ and Traffic Volume⁽²⁾, 2017-2027F



Notes:

1. Revenue refers to the toll collection by the concession companies and the compensation received from the Government.
2. Traffic volume refers to the number of vehicles that pay toll fees.
3. The market size does not include data for the New Klang Valley Expressway ("NKVE") as data for the NKVE is not publicly available since it is part of the NSE.
4. All estimates and forecasts for the industry revenue and traffic volume are on a **best-efforts basis, based on the latest publicly available information as at 7 February 2024.**

Source: Malaysian Highway Authority ("MHA"); respective concession companies' audited financial statements; Frost & Sullivan

Table 4-1: CAGR of the Urban Highways Industry in Klang Valley in terms of Revenue, 2017-2027F

	CAGR 2017-2019	CAGR 2019-2020	CAGR 2020-2023F	CAGR 2023F-2027F	CAGR 2017-2027F
Revenue	0.8%	-14.2%	9.5%	4.6%	3.2%

Source: Frost & Sullivan

The main events on the urban highways industry in Klang Valley between 2017 and 2019 include the opening of the Duta-Ulu Kelang Expressway ("DUKE") Phase 2, the organic growth of new highways such as the Kemuning-Shah Alam Highway ("LKSA") and the Kuala Lumpur-Kuala Selangor Expressway ("KLKS"), and the ending of the concession of the KL-Seremban highway in June 2018. During this period KL and Selangor also witnessed the full commencement of the Mass Rapid Transit ("MRT") Kajang Line in 2017.

In 2020 and 2021, the highway industry in Klang Valley was severely affected by various stages of lockdowns implemented by the Government due to the Coronavirus disease ("COVID-19") pandemic, which impacted the mobility of the population. Traffic volume in 2020 and 2021 dropped by approximately 27% and 34% respectively compared to the 2019 levels, while the industry revenue dropped by approximately 14% and 17% respectively across the same period.

² Revenue refers to toll collection by the concession company and the compensation received from the Government

As Malaysia moved towards various stages of the National Recovery Plan Phase 2 in Q3 2021³, followed by the transition to the endemic phase starting April 2022⁴, restrictions on business and mobility have been lifted throughout this period. For existing highways, the recovery in traffic volume was driven by factors such as the return to work in office, an increase in business activities, and usage of private vehicles due to concerns of contracting COVID-19 from the exposure to public settings; this is evident in news reports on traffic congestion in May 2022⁵. Therefore, Frost & Sullivan estimates that traffic volume for **existing highways** in 2022 already recovered near to the 2019 level.

On the other hand, the **newly-opened urban highways in Klang Valley**, namely the Setiawangsa–Pantai Expressway (“**SPE**”) (commenced in December 2021)⁶, the Sungai Besi–Ulu Kelang Elevated Expressway (“**SUKE**”) and the Damansara–Shah Alam Elevated Expressway (“**DASH**”) (commenced in September and October 2022, respectively)⁷, and the two **new urban highways under construction** as at 7 February 2024 (namely the East Klang Valley Expressway (“**EKVE**”) and the Maju Expressway II (“**MEX II**”) will continue to boost the growth in traffic volume when commencing operations. DASH, SUKE, EKVE and SPE act as traffic dispersal routes for existing public roads, which include Persiaran Mokhtar Dahari (DASH), MRR2 (SUKE, EKVE) and Jalan Sungai Besi/ Jalan Tun Razak (SPE). These highways also link up with other major highways within the Klang Valley. For instance, DASH is connected to the Damansara–Puchong Expressway (“**LDP**”) and Western Kuala Lumpur Traffic Dispersal System (“**SPRINT**”) while EKVE is linked to Kajang Dispersal Link Expressway (“**SILK**”). This improves the connectivity within Klang Valley and thus reduces the risks of cannibalisation of traffic volume between existing and new highways. Frost & Sullivan estimates that the **additional traffic volume** of the **new highways** will contribute to the **growth of the industry revenue** in the period between 2023 and 2027.

5 MARKET DRIVERS

Rising population and urbanisation in Klang Valley

Industrialisation and economic development are expected to continue to drive population and urbanisation growth in the Klang Valley. In the first half of 2023, the federal territory of KL and the state of Selangor recorded approved investments totalling of RM61.4 billion, which was 46.3% of the total investments approved in Malaysia in the period (RM132.6 billion)⁸. The federal territory of KL and the state of Selangor were also respectively the largest and the second-largest recipients of approved domestic investments in the first half of 2023, compared with other states. The investments in the Klang Valley are expected to create more job opportunities and therefore encourage the relocation of the population from other states to the Klang Valley. As a result, the population in KL and Selangor grew from 2.5 million in 1980, to 5.6 million in the year 2000 and an estimated 9.0 million in 2022 (or 27.5% of the total population in Malaysia). The population in KL and Selangor is forecasted to continue to grow and reach 9.2 million in 2025 and 9.7 million in 2030⁹. This is leading to a higher urbanisation rate. As of 2022, 78.2% of Malaysian households is estimated to live in urban areas, as compared to 75.4% in 2017. By 2027, Malaysia is projected to have an urbanisation rate of 80.6%¹⁰. The higher population and urbanisation rate, particularly in the Klang Valley, are expected to continue to drive the usage of urban highways.

New township developments further from the city centre of KL

As the city centre of KL and surrounding areas of Selangor are getting more developed and denser, the prices of some houses have risen at a faster pace than the growth of income and, due also to a supply mismatch, some houses became unaffordable for many households¹¹. As such, many new large-scale townships and affordable housing projects are being built further away from the city centre of KL and surrounding areas of Selangor. In the past decade, areas

³ Malaysiakini: Entire country to enter Phase 2 of Recovery Plan in August – DPM, July 2021

⁴ Ministry Of Tourism, Arts & Culture: REVIEW OF CONTROL MEASURES DURING THE TRANSITION PHASE TO ENDEMIC, April 2022

⁵ The Malay Mail: Address worsening traffic situation immediately, Anthony Loke tells Putrajaya, May 2022

⁶ The Edge: Setiawangsa-Pantai Expressway to fully open from 11.59pm Friday night, no toll charge until Dec 2, November 2023

⁷ The Edge: Long-awaited Klang Valley expressways cut Malaysians' time in traffic, December 2022

⁸ MIDA: Malaysia Investment Performance Report, 2022

⁹ DOSM: population projection, Malaysia, 2010-2040

¹⁰ United Nations: World Urbanisation Prospects

¹¹ Bank Negara: Financial Stability Review, Second Half 2021: Housing (Un)affordability in Malaysia

that are more than 30km away from the city centre, such as Setia Alam, Nilai, Sepang and Semenyih have seen rapid township developments and population growth.

One key success factor of these townships is good connectivity to major road infrastructure to reduce the travel time between the township areas and the city centre. For instance, the opening of the NKVE-Setia Alam interchange vastly improved the accessibility to Setia Alam, while the Kajang-Seremban Expressway (“LEKAS”) and Cheras-Kajang Expressway (“GRANDSAGA”) highways brought upon similar improvement in connectivity to Semenyih.

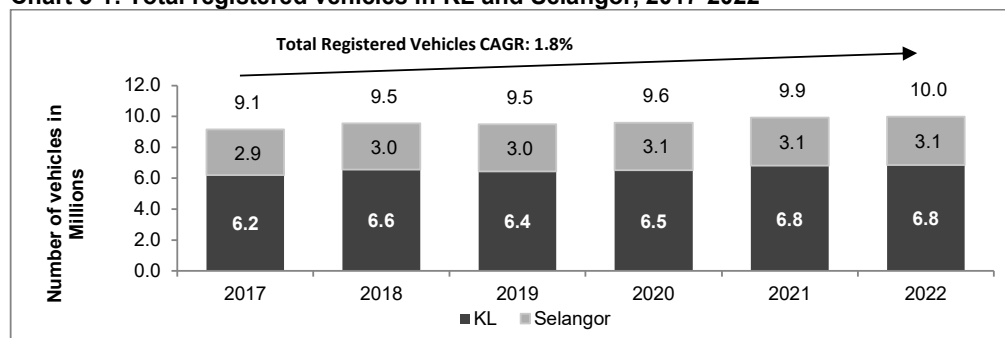
As more townships are being developed further away from the city centre, such as in the City of Elmina in Shah Alam, Lagong Mas in Rawang, and Kota Warisan in Salak Tinggi, a higher proportion of the population reside or will reside further away from the city centre, thus increasing the need for tolled highway usage for daily commute. To this extent, highways with the purpose of improving connectivity, such as GCE, South Klang Valley Expressway (“SKVE”), LKSA, and North-South Expressway Central Link (“ELITE”) are expected to benefit from this trend.

Existing road overcapacity leading to a higher demand for alternative roads

Road users in KL city centre have long suffered from traffic congestion, especially during peak hours in the morning and in the evening¹², as well as during the monsoon season. This indicates that, particularly during these periods, existing roads are unable to cope with the traffic volume. The construction of new highways represents one of the approaches available to ease traffic congestion by providing alternative roads.

According to the Ministry of Transport Malaysia (“MOT”), total registered vehicles in KL and Selangor have been rising steadily. In KL, total vehicles increased from 6.2 million vehicles in 2017 to 6.8 million vehicles in 2022. Meanwhile, total vehicles on the road in Selangor increased from 2.9 million vehicles in 2017 to 3.1 million vehicles in 2022. This increment in total vehicles on the road will lead to further congestions in Klang Valley, which will drive the demand for new tolled highways in the future.

Chart 5-1: Total registered vehicles in KL and Selangor, 2017-2022



Note: latest official information available as at 7 February 2024.

Source: MOT; Frost & Sullivan

Growth of income and car friendly policies

Klang Valley is a major economic corridor in Malaysia, with residents in KL and Selangor enjoying a higher median monthly household income compared to other regions in the country.

Table 5-1: Median monthly household income in KL, Selangor and Malaysia, 2016-2022

State	2016 (RM)	2019 (RM)	2022 (RM)	CAGR (2016 – 2022)
KL	9,073	10,549	10,234	2.0%
Selangor	7,225	8,210	9,983	5.5%
Malaysia	5,228	5,873	6,338	3.3%

Note: latest official information available as at 7 February 2024.

Source: Department of Statistics Malaysia; Frost & Sullivan

The median monthly income of households in KL and Selangor was affected by the impact that the COVID-19 pandemic in 2020 had on the Malaysian economy. Nonetheless, the median

¹² Dewan Bandaraya Kuala Lumpur: Pelan Induk Trafik Kuala Lumpur 2040

monthly household income in KL and Selangor is still 61% and 58% higher than the national average, respectively, in 2022. A higher monthly household income in Klang Valley contributes to a greater affordability of personal vehicles by the population, and to pay for the use of tolled highways, when they provide greater convenience and faster reach to the point of destination. This is coupled with the continuous population growth in the Klang Valley. Therefore, the number of registered vehicles in KL and Selangor continue to increase, which in turn leads to an increased traffic on the road and subsequently increased usage of tolled highways. In addition, since the COVID-19 pandemic, the Government introduced car friendly policies to reduce the costs of vehicle ownership. This includes the 100% sales tax exemption on completely knocked down ("CKD") cars and 50% sales tax exemption on completely built-up cars ("CBU"), which began in June 2020 and has ended in June-2022. The extension of the vehicle registration period to end-March 2023 for vehicles booked during the tax holiday period also led to an increase in vehicle bookings in June 2022. Moving forward, the Government of Malaysia aims to increase the usage of Electric Vehicles ("EV") by giving full exemption from import and excise duties on CBU EVs until 2025, full exemption from import duty on CKD EVs until 2027 and individual income tax relief for installing EV charging facilities at home until 2027¹³.

The automotive total industry volume ("TIV"), which shows the sales of new vehicles¹⁴, is expected to grow. In 2023, the TIV reached 799,731 of new vehicles sold, an all-time high and an increment of 10.9% compared to 2022. It was also the second consecutive year the TIV exceeded the 700,000 units mark.

Table 5-2: Automotive TIV in Malaysia, 2017-2027F

Automotive TIV	2017	2018	2019	2020	2021	2022	2023	2024E	2025F	2026F	2027F
Vehicles in Thousands	576.6	598.6	604.3	529.5	508.9	721.2	799.7	740.0	743.7	758.6	773.8

Note: forecasts based on the latest available official information as at 7 February 2024.

Source: Malaysian Automotive Association ("MAA"); Frost & Sullivan

Limitation of public transport

Public transportation in Klang Valley includes the RapidKL bus services, taxis, e-hailing services, as well as railway networks, including the Light Rail Transit ("LRT"), the KL Monorail, the Keretapi Tanah Melayu and the MRT systems. The MRT and LRT systems focus on the mass transportation of the public from high-density areas such as Damansara (Selangor), Ampang and Cheras (both in KL) areas into and out of the KL City Centre, where majority of the business activities are located. This is to provide a solution to the congested traffic condition in these areas especially during peak hours. However, the first-mile and last-mile connectivity issues have persisted over the years for railway users. Users often find that the nearest train stations from their residences or to their destinations require considerable amount of walking. In addition, walkways are often blocked by major roads, highways and buildings with a lack of connectivity or safe and covered pedestrian walkways connecting train stations to neighbourhoods. This discourages the willingness to walk. Meanwhile, public buses, including feeder buses provided by train operators to solve the connectivity issues, have often been lacking in reliability such as insufficient capacity during peak hours and low on time performance¹⁵.

Table 5-3: Public transport modal share in Klang Valley, 1970-2022

State	1970	1990	2010	2015	2018	2022
Public transport modal share in Klang Valley (in % of total)	47.0%	37.0%	17.0%	20.0%	20.0%	25.0%

Note: latest official information available as at 7 February 2024.

Source: MHA; 12th Malaysia Plan; Low Carbon Nation Aspiration 2040; Frost & Sullivan

The limitation of public transport in Klang Valley discourages some categories of the population from using public transportation and leads to a preference for using private vehicles in view that it provides more flexibility, accessibility and comfort. As such, public transport suffered from a reduction in modal share¹⁶ as the choice of transport by the public since 1970s. Since then, the Government focused on improving the public transportation in Klang Valley by developing major public transportation networks such as the MRT, the LRT2 and the Bus Rapid Transit lines under

¹³ The Edge: How far is Malaysia on its EV journey?, December 2023

¹⁴ Includes passenger vehicles and commercial vehicles

¹⁵ 12th Malaysia Plan

¹⁶ Modal share refers to the split between different modes of transports by travelers.

the Economic Transformation Programme. However, challenges such as reliability, connectivity and operational performance resulted in slow improvement in the public transport modal share.

6 PRODUCT SUBSTITUTION

Typically, public roads provide a more comprehensive road network in terms of connectivity compared to urban highways. However, the number of lanes, travel speed and capacity of public roads can vary substantially, and these factors can contribute to traffic congestion if not factored into the proper planning of public roads.

Moreover, the increasing number of vehicle ownership in Klang Valley also leads to the overcapacity of public roads. In turn, these factors can severely increase the time spent on the road by road users. As such, congested public roads give rise to the construction of new tolled highways. In Klang Valley, urban highways are specifically built to connect several targeted areas as alternative roads to existing public roads for traffic dispersal.

Therefore, tolled highways may be viewed as a differentiated product and service from public roads as they are more effective in reducing travelling time and distance, thereby enabling better planning for road users who are more cautious on travelling time.

7 SUPPLY DEPENDENCIES

The primary role of highway concessionaires is to design, build, operate and maintain highways.

The design of a highway requires substantial experience and technical expertise, which is generally outsourced to consulting engineering firms, as the design of a highway must be submitted to the relevant authorities by professional engineers with practising certificates.

During the construction stage, highway concessionaires rely on raw materials such as metal products, iron, steel and ready-mix concrete, construction machines and equipment, along with a number of skilled and unskilled labours, as the highway construction is both capital and labour intensive¹⁷.

After completion of a highway, a concessionaire usually manages its own highway operations, but relies on third-party service providers for the maintenance to be cost-effective.

Additionally, highway concessionaires depend on technology applications for toll collection, including third-party electronic payment methods such as Touch 'n Go Card, SmartTAG, Touch 'n Go RFID, credit cards and debit cards. Moving forward, technological advancements in the highway industry are anticipated as the Government plans to implement a multi-lane fast flow ("MLFF") toll collection system¹⁸, expected to be in place by 2025¹⁹.

8 RELIANCE AND VULNERABILITY TO IMPORTS

The highway concessionaires' industry in Malaysia has minimal dependence on imports. Apart from relying on foreign labour during the highway construction stage, a highway concessionaire generally does not depend on imports of major raw materials and resources in other stages. Locally sourced raw materials are readily available, and the country possesses ample technical capabilities for highway design, operation, and maintenance.

9 HIGHWAYS LANDSCAPE

As of 7 February 2024, the Klang Valley boasts a network of 22 urban highways. With the population in the Klang Valley growing, and with new township developments being built, the number of highways in the Klang Valley is poised to grow. Nevertheless, each highway has its distinct alignment connecting different locations, effectively eliminating direct competition between them.

Even if not being driven by competition, industry players strive for an efficient and cost-effective maintenance of these highways, to optimise profits while ensuring safety for road users and compliance with all the relevant regulations and the requirements stipulated in the CA.

¹⁷ National Institute of Health: The Economy and the Construction Industry, January 2019

¹⁸ MLFF toll collection system is a barrier-free highway tolling system

¹⁹ The Edge: Plan for MLFF toll system gains momentum, Ekovest has started pilot test, June 2023

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

10 PROFILE OF HIGHWAY CONCESSION COMPANIES

As at 7 February 2024, there are 22 urban highways in the Klang Valley. Below are the profiles of the highway concessionaires of the 22 urban highways.

Table 10-1: Profiles of Highway Concessionaires in Klang Valley

Highway operator ⁽¹⁾	Name of highway	Concession company	Year incorporated	Length of highway (km) ⁽²⁾	Year of commencement of toll operation	Traffic volume 2021 (millions) ⁽³⁾
Prolintas Infra Business Trust ("Prolintas Infra BT")	Ampang–Kuala Lumpur Elevated Highway ("AKLEH")	Project Lintasan Kota Sdn Bhd	1994	7.4	2001	9.4
	Kajang Dispersal Link Expressway ("SILK")	Sistem Lingkar–Lebuhraya Kajang Sdn Bhd	1995	37.0	2004	50.8
	Guthrie Corridor Expressway ("GCE")	Prolintas Expressway Sdn Bhd	1990	25.0	2005	26.2
	Kemuning–Shah Alam Highway ("LKSA")	Projek Lintasan Shah Alam Sdn Bhd	2004	14.7	2010	22.9
Amanat Lebuhraya Rakyat Berhad	Shah Alam Expressway ("KESAS")	Kesas Sdn Bhd	1993	34.3	1996	79.0
	Damansara–Puchong Expressway ("LDP")	Lingkar Trans Kota Sdn Bhd	1995	40.0	1999	116.2
	Western Kuala Lumpur Traffic Dispersal System ("SPRINT")	Sistem Penyuraian Trafik KL Barat Sdn Bhd	1997	26.0	2001	37.7
	Storm Management and Road Tunnel ("SMART")	Syarikat Mengurus Air Banjir & Terowong Sdn Bhd	2002	7.5	2007	3.2
Bina Puri Holdings Bhd	Kuala Lumpur–Kuala Selangor Expressway ("KLKS")	KL–Kuala Selangor Expressway Bhd	1996	33.0	2011	18.7
Ekovest Berhad	Duta–Ulu Kelang Expressway ("DUKE")	Konsortium Lebuhraya Utara–Timur (KL) Sdn Bhd	2001	30.7	2009	47.5
	Setiawangsa–Pantai Expressway ("SPE")	Lebuhraya Duke Fasa 3 Sdn Bhd	2015	32.0	2021	N/A ⁽⁴⁾
IJM Corporation Berhad	Sungai Besi Highway ("BESRAYA")	Besraya (M) Sdn Bhd	1995	28.2	1999	41.6
	New Pantai Expressway ("NPE")	New Pantai Expressway Sdn Bhd	1994	19.6	2004	48.3
	Kajang–Seremban Expressway ("LEKAS")	Lebuhraya Kajang–Seremban Sdn Bhd	2005	44.3	2008	21.3
Maju Holdings Sdn Bhd	Kuala Lumpur–Putrajaya Highway ("MEX")	Maju Expressway Sdn Bhd	1996	26.0	2008	27.2
PLUS Malaysia Berhad	New Klang Valley Expressway ("NKVE")	Projek Lebuhraya Usahasama Berhad	1986	32.5	1994	N/A ⁽⁵⁾
	North–South Expressway Central Link ("ELITE")			63.0	1997	68.2
Projek Lintasan Kota Holdings Sdn Bhd	Sungai Besi–Ulu Kelang Elevated Expressway ("SUKE")	Projek Lintasan Sungai Besi–Ulu Klang Sdn Bhd	2011	24.4	2022	N/A ⁽⁴⁾
	Damansara–Shah Alam Elevated Expressway ("DASH")	Projek Lintasan Damansara–Shah Alam Sdn Bhd	2011	20.1	2022	N/A ⁽⁴⁾
SKVE Holdings Sdn Bhd	South Klang Valley Expressway ("SKVE")	SKVE Holdings Sdn Bhd	1996	53.0	2010	11.1
Taliworks Corporation Berhad	Cheras–Kajang Expressway ("GRANDSAGA")	Grand Saga Sdn Bhd	1991	11.5	1999	40.4
	New North Klang Straits Bypass Expressway ("NNKSB")	Grand Sepadu (NK) Sdn Bhd	1984	17.5	2001	26.8

Notes: (1) "Highway operator" refers to the group handling the operations and maintenance of the highway. (2) The length of the highways is as per data compiled in the 2021 MHA annual report. (3) The traffic volume is as per data compiled in the 2021 MHA annual report. (4) The 2021 traffic volume for SPE, SUKE and DASH are not included in the 2021 MHA annual report. (5) The traffic volume for the NKVE is not stated in the MHA 2021 annual report as it is part of the NSE. (6) Based on the latest publicly available information as at 7 February 2024.

Source: MHA; Frost & Sullivan

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Table 10-2: Financial Performance of Highway Concessionaires in Klang Valley

Highway operator ⁽¹⁾	Name of the highway	Concession company	Latest available financial year	Total revenue (RM' million) ⁽²⁾	Toll revenue (RM' million) ⁽³⁾	PBT / (LBT) (RM'million)	PBT / (LBT) Margin (%) ⁽⁴⁾	PAT / (LAT) (RM'million)	PAT / (LAT) Margin (%) ⁽⁴⁾
Prolintas Infra BT	AKLEH	Project Lintasan Kota Sdn Bhd	Dec-22	80.1	79.7	17.9	22.4%	9.6	12.0%
	SILK	Sistem Lingkaran–Lebuhraya Kajang Sdn Bhd	Dec-22	133.4	132.4	6.1	4.6%	3.5	2.6%
	GCE	Prolintas Expressway Sdn Bhd	Dec-22	110.7	108.9	15.5	14.1%	9.0	8.2%
	LKSA	Projek Lintasan Shah Alam Sdn Bhd	Dec-22	59.9	57.9	(28.0)	(47.9%)	(22.8)	(39.0%)
Amanat Lebuhraya Rakyat Berhad	KESAS	Kesas Sdn Bhd	Mar-23	158.3	158.3	107.2	67.7%	244.7	154.6%
	LDP	Lingkaran Trans Kota Sdn Bhd	Mar-23	301.6	301.6	202.3	67.1%	393.4	130.4%
	SPRINT	Sistem Penyuraian Trafik KL Barat Sdn Bhd	Mar-23	166.1	166.1	10.5	6.3%	10.8	6.5%
	SMART	Syarikat Mengurus Air Banjir & Terowong Sdn Bhd	Mar-23	25.1	25.1	(142.4)	(568.2%)	(142.4)	(568.2%)
Bina Puri Holdings Bhd	KLKS	KL-Kuala Selangor Expressway Bhd	Dec-22	101.2	101.2	5.7	5.6%	5.7	5.6%
Ekovest Berhad	DUKE	Konsortium Lebuhraya Utara–Timur (KL) Sdn Bhd	Jun-23	280.5	280.5	106.2	37.9%	75.4	26.9%
	SPE	Lebuhraya Duke Fasa 3 Sdn Bhd ⁽⁵⁾	Jun-23	121.4	7.2	(19.9)	(16.4%)	(84.7)	(69.7%)
IJM Corporation Berhad	BESRAYA	Besraya (M) Sdn Bhd	Mar-23	163.3	163.3	70.7	43.3%	54.8	33.5%
	NPE	New Pantai Expressway Sdn Bhd	Mar-23	174.3	174.3	90.6	52.0%	69.0	39.6%
	LEKAS	Lebuhraya Kajang-Seremban Sdn Bhd	Mar-23	118.9	118.9	(45.7)	(38.5%)	(45.7)	(38.5%)
Maju Holdings Sdn Bhd	MEX	Maju Expressway Sdn Bhd	Dec-22	182.6	180.2	99.2	54.3%	70.6	38.7%
PLUS Malaysia Berhad	NKVE	Projek Lebuhraya Usahasama Berhad	Not applicable since unable to split the data for the NKVE and ELITE from Projek Lebuhraya Usahasama Bhd's financial statement ⁽⁶⁾						
	ELITE								
Projek Lintasan Kota Holdings Sdn Bhd	SUKE	Projek Lintasan Sungai Besi–Ulu Klang Sdn Bhd ⁽⁷⁾	Dec-22	10.0	10.0	(100.6)	(1,002.6%)	(98.4)	(980.5%)
	DASH	Projek Lintasan Damansara–Shah Alam Sdn Bhd ⁽⁷⁾	Dec-22	4.2	4.2	(55.1)	(1,311.4%)	(53.6)	(1,275.1%)
SKVE Holdings Sdn Bhd	SKVE	SKVE Holdings Sdn Bhd	Dec-22	70.8	70.8	(70.6)	(99.6%)	(70.8)	(-100.0%)
Taliworks Corporation Berhad	GRANDSAGA	Grand Saga Sdn Bhd	Dec-22	97.6	97.6	72.1	73.9%	58.2	59.6%
	NNKSB	Grand Sepadu (NK) Sdn Bhd	Dec-22	73.2	73.2	32.2	43.9%	20.2	27.6%

Notes: (1) "Highway operator" refers to the group handling the operations and maintenance of the highway. (2) "Total revenue" refers to the concession company's revenue derived from toll collection, compensation received from the Government and other business operations. (3) "Toll revenue" refers to the concession company's revenue derived from toll collection, and compensation received from the Government only. (4) Profitability margin data were derived by dividing the respective profit/(loss) data by "Total revenue". (5) The financial data for the concession company of SPE may not be comparable to the rest of the concession companies listed in the table above as the SPE was not fully opened when the June 2023 financial statement was issued. (6) Unable to split the data for the NKVE and ELITE from Projek Lebuhraya Usahasama Berhad's financial statement as its financial data includes data for other highways under its purview such as Butterworth-Kulim Expressway, Malaysia-Singapore Second Crossing, NSE, Penang Bridge and Seremban-Port Dickson Highway. (7) The financial data for the concession companies of SUKE and DASH may not be comparable to the rest of the concession companies listed in the table above as SUKE was not fully opened and DASH had operated only for a limited time when the December 2022 financial statement was issued. (8) The financial data provided is based on the latest financial statements available by each concession company's as at 7 February 2024. (9) Based on the latest publicly available information as at 7 February 2024.

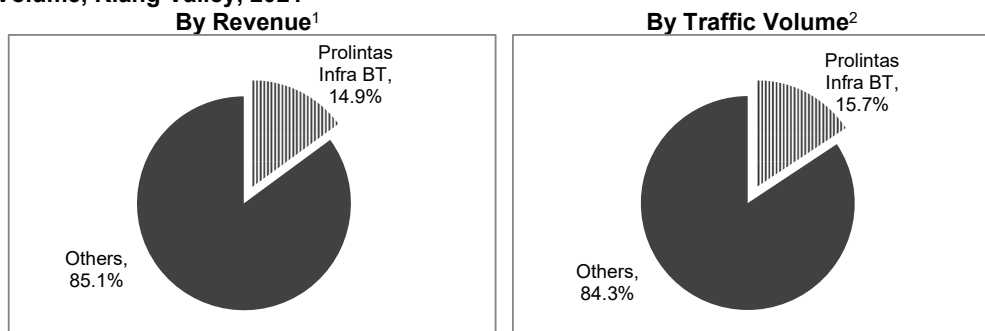
Source: Respective concession companies' audited financial statements; Frost & Sullivan

11 MARKET SHARE OF PROLINTAS INFRA BUSINESS TRUST

The total market size based on the revenue of the concessionaires for the urban highways in the Klang Valley is estimated to be RM2.3 billion in 2021²⁰.

Prolintas Infra BT captured a market share of 14.9% of the total industry revenue based on its toll revenue in 2021. In addition, Prolintas Infra BT's total traffic volume in 2021 of 109.3 million is approximately 15.7% of the total highway traffic volume in the Klang Valley in the same year.

Chart 11-1: Estimated Market Share of Prolintas Infra BT in terms of Revenue and Traffic Volume, Klang Valley, 2021



Notes:

1. Based on the estimated industry revenue generated by the respective highway concessionaires in 2021 for 18 urban highways in the Klang Valley (the total industry revenue excludes the revenue of the NKVE for which data is not publicly available as at 7 February 2024, and the revenue for the SPE which only partially opened at the end of December 2021). Revenue refers to the revenue derived from toll collection and compensation received from the Government;
2. Based on the total traffic volume for 18 urban highways in the Klang Valley as per data compiled in the 2021 MHA annual report (the total traffic volume excludes the traffic volume of the NKVE for which data is not publicly available as at 7 February 2024, and traffic volume of the SPE which is not included in the 2021 MHA annual report);
3. Market share estimated on a **best-efforts basis** of the latest information publicly available as at 7 February 2024.

Source: Frost & Sullivan

12 PROSPECTS AND OUTLOOK FOR PROLINTAS INFRA BUSINESS TRUST

The year 2020 and 2021 have been marked by the COVID-19 pandemic, which impacted the daily routines of many Malaysians. During this period, the mobility of people was heavily affected due to multiple phases of lockdowns and business restrictions, which resulted in a significant drop in revenue and traffic for highway operators in Klang Valley.

Nonetheless, as Malaysia transitioned to the endemic phase starting April 2022, it observed a strong recovery of mobility in the Klang Valley, leading to the recovery of tolled traffic towards pre-pandemic levels. The challenges faced by road users pre-pandemic, such as overcapacity of public roads and limitation of public transports, are expected to resurface and persist in the coming years. In addition, the sustained strong demand for tolled highways will also be driven by the growing income and therefore greater affordability of vehicle ownership and of toll usage. As such, Frost & Sullivan forecasts the market size in terms of revenue of urban highways in Klang Valley to grow at a CAGR of 4.6% from RM3.1 billion in 2023 to RM3.7 billion in 2027.

The four highways operated by Prolintas Infra BT are developed for different purposes and are in different stages of maturity. For instance, AKLEH and SILK are developed to disperse traffic in KL city centre and Kajang, respectively. These two highways are expected to benefit from the recovery of traffic volume in Klang Valley due to the resumption of business activities and work-related travels. On the other hand, the traffic volume on the GCE and LKSA is expected to grow as a result of rapid development and population growth in their respective catchment areas such as Klang, Shah Alam, Rawang, and Kota Kemuning, among other areas. As such, Frost & Sullivan believes that Prolintas Infra BT is strategically positioned to take advantage of the strong recovery and growth of the highway industry in Klang Valley in the coming years.

²⁰ The market size does not include data for the concession company managing the SPE and NKVE highways

9. INFORMATION ON THE PROMOTER AND SUBSTANTIAL UNITHOLDERS

9.1 PROMOTER

9.1.1 PLKH

PLKH was incorporated as a private limited company in Malaysia on 19 January 1995 under the Companies Act, 1965 and is deemed registered under the Act. The principal place of business of PLKH is located at 12th floor, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur. The principal activity of PLKH is investment holding. Through its subsidiaries, PLKH is principally involved in the design, construction, operation and maintenance of highways in the Klang Valley.

PLKH started its highway business in 2001 with the construction of AKLEH. Since then, PLKH acquired other concession highways such as GCE and SILK. In addition, PLKH had also, through its subsidiaries, constructed other highways such as LKSA, SUKE and DASH.

As at the LPD, the issued share capital of PLKH is RM3,463,067,059 comprising 1,584,200,000 ordinary shares and 1,878,867,059 preference shares.

As at the LPD, the shareholders of PLKH and their respective shareholdings in PLKH are as follows:

Shareholder	Ordinary shares				Preference shares			
	Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%
PNB	744,574,000	47.0	-	-	883,067,518	47.0	-	-
ASB	839,626,000	53.0	-	-	995,799,541	53.0	-	-
YPB	-	-	(¹)744,574,000	(¹)47.0	-	-	(¹) 883,067,518	(¹) 47.0
Total	1,584,200,000	100.0			1,878,867,059	100.0		

Note:

(1) Deemed interested by virtue of its direct interest in PNB pursuant to Section 8(4) of the Act.

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9. INFORMATION ON THE PROMOTER AND SUBSTANTIAL UNITHOLDERS (Cont'd)

9.2 SUBSTANTIAL UNITHOLDERS

Save for the profile of PLKH which is set out in Section 9.1 of this Prospectus, the profiles of other Substantial Unitholders are as follows:

9.2.1 PNB

PNB was incorporated on 17 March 1978 in Malaysia under the Companies Act 1965, and is deemed registered under the Act, as an investment holding company with a diversified portfolio of interests that include asset management, unit trusts, institutional property trusts and property management. It owns the country's largest unit trust management companies, among others, Amanah Saham Nasional Berhad and Amanah Mutual Berhad. Together with its proprietary fund, PNB currently manages approximately RM341.6 billion worth of assets.

As at the LPD, the issued share capital of PNB is RM100,000,000 comprising 100,000,000 ordinary shares.

The shareholders of PNB and their respective shareholdings in the ordinary shares in PNB are as follows:

Shareholder	Ordinary shares			
	Direct		Indirect	
	No.	%	No.	%
Minister of Finance (Incorporated)	1	*-	-	-
YPB	99,999,999	99.99	-	-
Total	100,000,000	100.00		

Note:

* Negligible

9.2.2 ASB

ASB is a unit trust fund constituted in Malaysia pursuant to a trust deed dated 21 October 1989, as amended by the supplemental deeds relating thereto. The management company of ASB is Amanah Saham Nasional Berhad, which is a wholly-owned subsidiary of PNB. PNB was appointed as the investment manager of ASB under an investment management agreement dated 14 May 2001. AmanahRaya Trustees Berhad was appointed the Trustee of ASB under the said trust deed.

AmanahRaya Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 on 23 March 2007 and is deemed registered under the Act. It was registered as a trust company under the Trust Companies Act, 1949 on 7 August 2007. It was registered by the SC as an eligible trust corporation to act as trustee to unit trust schemes, corporate bonds and private retirement schemes on 6 November 2007, 29 November 2007 and 22 June 2012 respectively.

9.2.3 YPB

YPB or Bumiputra Investment Foundation was incorporated in Malaysia under the Companies Act, 1965 on 9 January 1978 as a public company by guarantee under its present name and deemed registered under the Act. The principal activity of YPB is receiving and administering funds for the purpose of promoting greater ownership of share capital in the corporate sector by Bumiputera.

As YPB is a company limited by guarantee, it has no share capital and no shareholders.

9. INFORMATION ON THE PROMOTER AND SUBSTANTIAL UNITHOLDERS (Cont'd)

9.2.4 LTH

LTH is a statutory body established pursuant to the Tabung Haji Act 1995 (Act 535). Its principal activities are hajj management, saving and investment.

9.2.5 AHAM

AHAM was incorporated in Malaysia on 2 May 1997 and began its operations in 2001. AHAM's major shareholder CVC Capital Partners Asia V is a private equity fund managed by CVC Capital Partners, a global private equity and investment advisory firm. AHAM is also 27% owned by Nikko Asset Management International Limited, a leading independent Asian investment management franchise.

9.2.6 AIIMAN

AIIMAN was incorporated in Malaysia on 19 January 1993 and it is the wholly owned Shariah investment arm of AHAM. AIIMAN manages assets for pension funds, institutions, corporates, high net worth, and mass affluent individuals. Through an end-to-end Shariah platform, AIIMAN focuses on providing Shariah investment solutions spanning equities and Sukuk.

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9. INFORMATION ON THE PROMOTER AND SUBSTANTIAL UNITHOLDERS (Cont'd)

9.3 UNITHOLDINGS OF THE PROMOTER AND SUBSTANTIAL UNITHOLDERS

The following table sets out the direct and indirect shareholdings of the Promoter and Substantial Unitholders of the Trust before and after the IPO:

Name	Nationality/ Country of Incorporation	After the IPO											
		Unitholding immediately prior to the IPO				Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Units	(1)%	No of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%
Promoter and Substantial Unitholder													
PLKH	Malaysia	1,100,000,000	100.0	-	-	631,300,000	57.4	-	-	561,000,000	51.0	-	-
Substantial Unitholders													
PNB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
ASB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
YPB	Malaysia	-	-	⁽⁴⁾ 1,100,000,000	100.0	-	-	⁽⁴⁾ 631,300,000	57.4	-	-	⁽⁴⁾ 561,000,000	51.0
LTH ⁽⁵⁾	Malaysia	-	-	-	-	60,000,000	5.5	-	-	60,000,000	5.5	-	-
AIIMAN ⁽⁵⁾	Malaysia	-	-	-	-	58,900,000	5.4	-	-	58,900,000	5.4	-	-
AHAM ⁽⁵⁾	Malaysia	-	-	-	-	11,100,000	1.0	⁽⁶⁾ 58,900,000	5.4	11,100,000	1.0	⁽⁶⁾ 58,900,000	5.4

Notes:

- (1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the Pre-IPO Acquisition.
- (2) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the IPO.
- (3) Deemed interested by virtue of the direct interest in PLKH pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of the direct interest in PNB pursuant to Section 8(4) of the Act.
- (5) LTH, AIIMAN and AHAM will emerge as Substantial Unitholders after the IPO pursuant to the respective cornerstone placement agreements entered into between the Trustee-Manager, the Selling Unitholder, the Lead Bookrunner, the Joint Bookrunners and the Cornerstone Investors.
- (6) Deemed interested by virtue of the direct interest in AIIMAN pursuant to Section 8(4) of the Act.

9. INFORMATION ON THE PROMOTER AND SUBSTANTIAL UNITHOLDERS *(Cont'd)*

The Promoter and Substantial Unitholders do not have different voting rights from other Unitholders as all Units before and after the IPO are of the same class.

Save as disclosed above, there is no person who, directly or indirectly, jointly or severally, exercises control over Prolintas Infra BT. There is no arrangement between Prolintas Infra BT, the Promoter and the Substantial Unitholders with any third parties, the operation of which may result in the change in control of the Trust.

9.4 CHANGES IN THE PROMOTER'S AND SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS FOR THE PAST THREE YEARS

Save for the issuance of Units to the Promoter on 21 December 2023 pursuant to the Pre-IPO Acquisition, there has been no change in the Promoter's and Substantial Unitholders' Unitholdings for the past three years preceding the LPD.

9.5 BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN TO THE PROMOTER AND SUBSTANTIAL UNITHOLDERS

There are no other amounts or benefits paid or intended to be paid or given to any of the Promoter and Substantial Unitholders within the two years preceding the date of this Prospectus.

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10. TRUSTEE-MANAGER

10.1 CORPORATE INFORMATION

Prolintas Managers is the Trustee-Manager for Prolintas Infra BT. Prolintas Managers was incorporated on 2 June 2022 under the Act as a private limited company under its present name. The principal place of business of Prolintas Managers is at 12th Floor, Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Prolintas Managers is responsible for safeguarding the interest of the Unitholders and for carrying out Prolintas Infra BT's investment and financing strategies, alongside with the overall management of the Concession Companies and/or assets held on trust for the Unitholders.

The issued share capital of Prolintas Managers is RM2.00 comprising 2 ordinary shares. Changes in the issued share capital of Prolintas Managers since incorporation are as follows:

Date of allotment	No. Of Shares Allotted		Allotted to	Consideration (RM)		Resultant No. Of Issued Shares	
	Ordinary	Preference		Cash	Otherwise than cash	Ordinary	Preference
2 June 2022	2	-	PLKH	2	-	2	-

Prolintas Managers is a wholly-owned subsidiary of PLKH. Please refer to Section 7.2.4 of this Prospectus, for information on the relevant knowledge and experience of PLKH in the management of tolled highways and its ancillary facilities.

As at the LPD, there are a total of 4 employees under Prolintas Managers.

10.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by Prolintas Infra BT. The Trustee-Manager has general powers of management over the business and assets of the Trust and its main responsibility is to manage the Trust's assets and liabilities for the benefit of the Unitholders as a whole.

The Trustee-Manager shall, in managing Prolintas Infra BT, undertake primary management activities concerning Prolintas Infra BT, including but not limited to overall strategy, risk management strategy, new acquisition and divestment analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Trust Deed.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a business trust ("**Due Care**") to comply with the applicable provisions of all relevant legislation and regulations, as well as the Listing Requirements, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of the Trust.

The Trustee-Manager, in exercising its powers and carrying out its duties as the trustee-manager of the Trust, is required to:

- treat Unitholders who hold Units in the same class fairly and equally;
- ensure that all payments out of the Assets are made in accordance with all applicable laws and the Trust Deed;
- report to the SC any contravention of applicable laws by any other person that:
 - relates to the Trust; and
 - has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole,as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the Assets are properly accounted for; and
- ensure that the Assets are kept distinct from the property held in its own capacity.

10. TRUSTEE-MANAGER (Cont'd)

The Board will meet regularly to review the Trust's business activities and strategies pursuant to its then prevailing investment mandate. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory obligations under the CMSA, whereby it shall in the performance of its duties:

- exercise its powers for a proper purpose and in good faith in the best interest of the Unitholders as a whole;
- exercise reasonable care and diligence;
- act in accordance with the requirements of the CMSA, guidelines issued by the SC (such as the BT Guidelines) and the Trust Deed;
- give priority to the interest of Unitholders as a whole over its own interest if there is a conflict between the interest of Unitholders as a whole and its own interest;
- ensure that the property or assets of the Trust are valued at regular intervals appropriate to the nature of the property or assets;
- ensure that all payments out of the property or assets of the Trust are made in accordance with the Trust Deed and any guidelines issued by the SC (such as the BT Guidelines); and
- carry out any other duties or responsibilities as may be specified by the SC.

The Trustee-Manager shall not and shall ensure that its officers and delegates (including agents) do not use any property or asset of the Trust or any information acquired by virtue of its position as the trustee-manager to gain directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders as a whole.

Any contravention of the Trustee-Manager's statutory duties is an offence and the Trustee-Manager, shall, on conviction, be liable to a fine not exceeding RM10.0 million and the Trustee-Manager shall be liable to all the Unitholders as a whole for any profit or financial gain directly or indirectly made by the Trustee-Manager or any of its related corporation or for any damage suffered by the Unitholders as a whole as a result of contravention of its statutory duties.

While the Trustee-Manager is required to be dedicated to the conduct of the business of the Trust, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed.

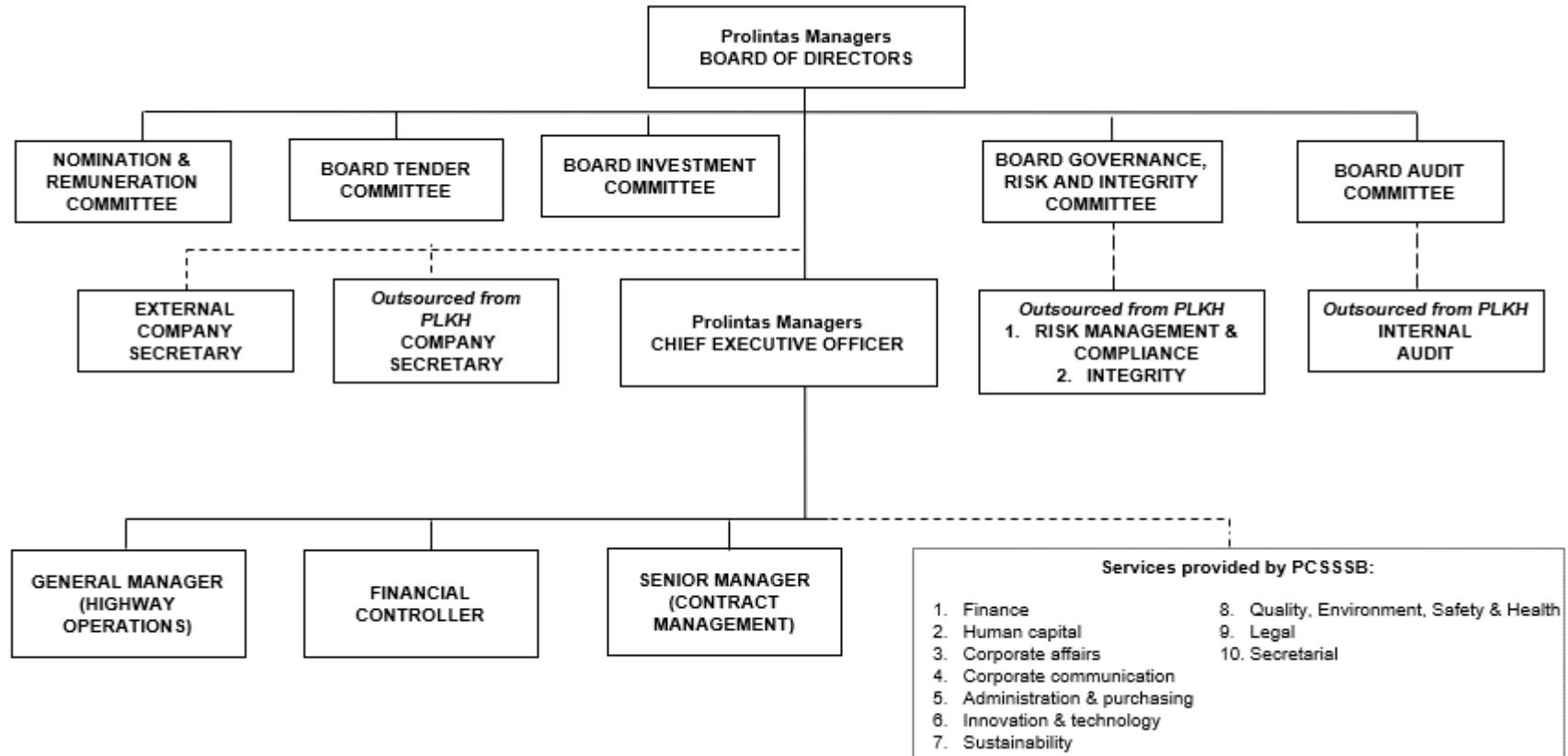
In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust, to have recourse to the Assets or any part thereof save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care.

The Trustee-Manager may, in managing the Trust and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided that the Trustee-Manager shall be liable for all acts and omissions of such persons as if such acts or omissions were its own acts or omissions, except that where the Trustee-Manager appoints and engages any legal practitioners, accountants, bankers, auditors, valuers, surveyors, contractors, investment managers, investment advisers, qualified advisers, service providers and such other persons as may be necessary, usual or desirable for the purpose of exercising its powers and performing its obligations under the Trust Deed, the Trustee-Manager shall, in the absence of fraud, wilful default, breach of trust or failure of the Trustee-Manager to exercise Due Care, not be liable for the acts of such persons or for relying on any proposal, advice or recommendation made by such persons.

10. TRUSTEE-MANAGER (Cont'd)

10.3 MANAGEMENT REPORTING STRUCTURE

The management reporting structure of the Trustee-Manager as at the LPD is as set out as follows:



* Dotted lines denotes outsourced functions

10. TRUSTEE-MANAGER (Cont'd)

10.4 DIRECTORS OF THE TRUSTEE-MANAGER

The Board is entrusted with the responsibility for the overall management of the Trustee-Manager.

The Board consists of seven (7) Directors. The following table sets forth certain information regarding Directors:

No.	Name	Age	Nationality	Designation	Date of expiration of the current term of office	Period in office
1.	Dato' Ikmal Hijaz Bin Hashim	71	Malaysian	Non-Independent Non-Executive Chairman	Subject to retirement at AGM 2025	Less than two years
2.	Dato' Mohammad Azlan Bin Abdullah	55	Malaysian	Non-Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than two years
3.	Dato' Abdul Mutalib Bin Alias	62	Malaysian	Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than one year
4.	Datuk Syed Azmi Bin Syed Othman	67	Malaysian	Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than one year
5.	Nik Fazila Binti Nik Mohamed Shihabuddin	57	Malaysian	Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than one year
6.	Datin Nona Binti Salleh	56	Malaysian	Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than six months
7.	Malik Parvez Ahmad Bin Nazir Ahmad	54	Malaysian	Non-Independent Executive Director	Subject to retirement at AGM 2025	Less than six months

None of the Directors represents any corporate shareholder on the Board of the Trustee-Manager.

10.4.1 Experience and expertise of the Board

Information on the business and working experience of the Directors is set out below:

(i) Dato' Ikmal Hijaz Bin Hashim

Dato' Ikmal Hijaz Bin Hashim, a Malaysian aged 71, is the Chairman and a Non-Independent Non-Executive Director of the Trustee-Manager. He was appointed to the Board on 2 June 2022.

Dato' Ikmal graduated in 1976 from the University of Malaya with a Bachelor of Arts in History (Honours) and obtained a Master of Philosophy in Land Management from the University of Reading, United Kingdom in 1985.

10. TRUSTEE-MANAGER (Cont'd)

Dato' Ikmal has over 45 years of experience in the government sector, property and highway infrastructure industry. Dato' Ikmal began his career in the Administrative and Diplomatic Service of the Government from 1976 to 1990. From 1990 to 1993, he joined United Engineers (Malaysia) Berhad as the General Manager overseeing the Malaysian-Singapore Second Crossing Project. In 1993, he was appointed as the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad and was subsequently appointed as Managing Director in 1995 and remained as a Director until 2001.

In February 2000, he was appointed as the President of the Property Division of the Renong Group (as it was then known). He held the position of Managing Director of Renong Berhad (as it was then known) from 2002 until 2003. From 2003 to 2007, he was appointed as the Chief Executive Officer of Pos Malaysia Berhad as well as the Group Managing Director/Chief Executive Officer of Pos Malaysia & Services Holdings Berhad. He then went on to serve as the Chief Executive of Iskandar Regional Development Authority (IRDA) from 2007 until 2009.

He became the Chairman of Faber Group Berhad (as it was then known) in 2009 up till 2014. He was also a director of MB World Group Berhad from 2016 to 2020, a director of Nadayu Properties Berhad from 2009 to 2020 and a director of EP Manufacturing Berhad from 2009 to 2021.

He was appointed to the Board of Directors of the PLKH Group in 2017 and is currently the Chairman of the Audit Committee and the Nomination and Remuneration Committee. He is also a member of the Board Project Monitoring Committee, and the Board Tender Committee.

He is currently the Senior Independent Non-Executive Director of Kumpulan Perangsang Selangor Berhad and is a Chairman of its Nomination and Remuneration Committee as well as Board Tender Committee. He is also a member of the Board Investment Review Committee and Sustainability Board Committee. He is a director of Risda Holdings Sdn. Bhd. which is wholly-owned by the Rubber Industry Smallholders Development Authority (RISDA).

(ii) **Dato' Mohammad Azlan Bin Abdullah**

Dato' Mohammad Azlan Bin Abdullah, a Malaysian aged 55, is a Non-Independent Non-Executive Director of the Trustee-Manager. He was appointed to the Board on 2 June 2022.

Dato' Mohammad Azlan graduated in 1991 from the University of Tasmania, Australia with a Bachelor of Business (Accountancy). He is a Chartered Accountant of the MIA and a fellow member of the Certified Practising Accountant (CPA) Australia and a fellow member of the Institute of Corporate Directors Malaysia (ICDM).

Dato' Mohammad Azlan has over 30 years of work experience in various industries including the managing of a highway infrastructure company, and has experience in project financing, corporate affairs and internal audit. Dato' Mohammad Azlan started his career in Coopers & Lybrand's (as it was then known) corporate care and insolvency services department from 1991 to 1992 with a focus on reporting and management accounting.

He then joined Projek Lebuhraya Utara-Selatan Berhad from 1992 to 1998 where he worked as a Management Executive (Project Finance) in 1992, Senior Management Executive (Special Project) in 1995, Assistant Manager/Head Budget (Unit Corporate Affairs) in 1996 and subsequently Head of Internal Audit and Head of the Toll Department in 1998.

10. TRUSTEE-MANAGER (Cont'd)

From 1999 to 2001, he was appointed as the Senior Manager (President Office) of Renong Group (as it was then known), managing the financial reporting of all the entities under the Renong Group.

In 2001, he left Renong Group to join Big Tree Outdoor Sdn. Bhd. where he was appointed as General Manager in 2001, Director of Operations in 2006 and Chief Operating Officer in 2007. From 2009 to 2011, he was the Chief Executive Officer of Big Tree Outdoor Sdn. Bhd.

He was appointed as the Chief Operating Officer of The New Straits Times Press (Malaysia) Berhad in 2011 and subsequently the Chief Executive Officer in 2012 onwards till 2017, handling key major clients and facilitating the news platform's transition from a traditional to digital platform.

He joined the PLKH Group as the Group Chief Executive Officer in 2017 and is currently a director of SILK Co and Manfaat Tetap.

He is currently also the Chairman, Non-Independent Non-Executive Director of Sapura Energy Berhad and a trustee of Yayasan Bina Makmur.

(iii) **Dato' Abdul Mutalib Bin Alias**

Dato' Abdul Mutalib Bin Alias, a Malaysian aged 62, is an Independent Non-Executive Director of the Trustee-Manager. He was appointed to the Board on 9 June 2023.

Dato' Mutalib graduated in 1983 from Northern Illinois University DeKalb, Illinois, USA with a Bachelor of Science in Accounting. He obtained a Masters in Business Administration from Governors State University, University Park, Illinois, USA in 1984.

Dato' Mutalib has over 35 years of experience in the banking sector and government sector. Dato' Mutalib started his career at The Chase Manhattan Bank (as it was then known) in 1985 as a credit analyst. During his time with The Chase Manhattan Bank, he transitioned into investment banking and his last position with The Chase Manhattan Bank was Vice President (Investment Banking).

From 2000 to 2011, he worked for the Government of Malaysia as a Special Officer and Political Secretary to Ministers attached to various governmental ministries including the Ministry of Finance, Ministry of Science, Technology and Innovation, Ministry of Energy, Water and Communication and Ministry of Works.

In 2011, he was tasked to set up a new government housing agency, Perumahan Rakyat 1Malaysia (PR1MA) and served as the Chief Executive Officer Prima Corporation Malaysia until January 2019.

From May 2021 up to April 2023, he was the Chairman of Bintulu Port Holdings Berhad. He was formerly a board member of the Bank Rakyat Group from 2010 to 2015 and Majlis Amanah Rakyat from 1996 to 2000.

He is currently the Independent Non-Executive Director of Ekuiti Nasional Berhad, Independent Non-Executive Director of AirAsia X Berhad and Non-Independent Non-Executive Chairman of Icon Offshore Berhad.

(iv) **Datuk Syed Azmi Bin Syed Othman**

Datuk Syed Azmi Bin Syed Othman, a Malaysian aged 67, is an Independent Non-Executive Director of the Trustee-Manager. He was appointed to the Board on 9 June 2023.

Datuk Syed Azmi graduated in 1980 from Monash University, Melbourne, Australia with a Bachelor of Engineering. He is a Member of Institution of Engineers, Malaysia. He is registered as a professional engineer with the Board of of Engineers of Malaysia.

Datuk Syed Azmi has over 40 years of experience in the construction and engineering industry. Datuk Syed Azmi started his career as a Trainee Engineer at Pernas Construction Sdn. Bhd. in 1980. He left Pernas Construction Sdn. Bhd. in 1990 and his last position in the said company was Senior Manager.

He joined United Engineers (M) Berhad as a Senior Manager from 1990 to 1993. He then joined Projek Lebuhraya Utara-Selatan Berhad from 1993 to 1994 where he was appointed as the General Manager, Project Division. From 1994 to 1999, he left Projek Lebuhraya Utara-Selatan Berhad and re-joined United Engineers (M) Berhad as the Project Director for the National Sports Complex and Games Village project at Bukit Jalil.

From 1999 to 2004, he was appointed as Managing Director of Kualiti Alam Sdn. Bhd. and from 2004 to 2006, he was appointed as Managing Director of Denia Development Sdn. Bhd. and Development Director of Metro Ikram Sdn. Bhd.. He joined Maxcorp Development Sdn. Bhd. as Deputy Chief Executive/Director from 2006 to 2010.

From 2010 to 2016, he was appointed as Chief Executive Officer of Straits Consulting Engineers Sdn. Bhd.. From 2016 to 2021, he was appointed as Managing Director of Tadmax Indah Power Sdn. Bhd. (presently known as Pulau Indah Power Plant Sdn. Bhd.) and was later appointed Chief Executive Officer and Chief Commercial Officer. He retired from the said position in 2021.

Datuk Syed Azmi does not hold any directorships in any other public listed company.

(v) **Nik Fazila Binti Nik Mohamed Shihabuddin**

Pn. Nik Fazila Binti Nik Mohamed Shihabuddin, a Malaysian aged 57, is an Independent Non-Executive Director of the Trustee-Manager. She was appointed to the Board on 9 June 2023.

Pn. Nik Fazila graduated in 1988 from the Flinders University of South Australia with a Bachelor of Economics (Accounting). She is a Certified Public Accountant of the MICPA, a Chartered Accountant of MIA and an Associate Member of the Certified Practising Accountant (Australia).

Pn. Nik Fazila has over 35 years of experience in the field of financial accounting, financial management and reporting, and corporate restructuring exercises. Pn. Nik Fazila started her career in 1988 in the audit and business advisory team at PricewaterhouseCoopers Malaysia (as it was then known) and was later promoted to Senior Manager. She left PricewaterhouseCoopers Malaysia in 1998 to work as a General Manager at Sapura Telecommunications Berhad in 2000, carrying out internal audit plans and investigation exercises for the Sapura Group.

10. TRUSTEE-MANAGER (Cont'd)

From 2001 to 2006, she worked as the Group General Manager (Finance) of KUB Malaysia Berhad, leading the finance and accounts division. From 2006 to 2007, she was appointed as the Chief Financial Officer of UDA Holdings Berhad and was responsible for all financial and fiscal management aspects of the company and its subsidiaries.

From 2007 to 2012, she was the Chief Financial Officer for Biotropics Malaysia Berhad. She was appointed as Group Chief Financial Officer of the Chemical Company of Malaysia Berhad in 2012 and was promoted to Group Managing Director in 2017 up to 2021.

In 2021, she was appointed as the Non-Independent Non-Executive Director of MSM Malaysia Holdings Berhad and Independent Non-Executive Director of FGV Holdings Berhad. She is also the Chairman of the Board Governance & Risk Management Committee of FGV Holdings Berhad.

She is also currently an Independent Non-Executive Director of MBM Resources Berhad and is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of MBM Resources Berhad.

(vi) **Datin Nona Binti Salleh**

Datin Nona Binti Salleh, a Malaysian aged 56, is an Independent Non-Executive Director of the Trustee-Manager. She was appointed to the Board on 20 September 2023.

Datin Nona Binti Salleh graduated in 1990 from London School of Economics and Political Science, University of London, United Kingdom with a Bachelor of Science (Honours) in Economics, specialising in Accounting and Finance. She is a certified member of the Financial Planning Association of Malaysia. She also holds a Capital Markets Services Representative's Licence no. CMSRL/A3012/2007 from the SC, with Phillip Capital Management Sdn. Bhd. listed as her principal entity.

Datin Nona Binti Salleh began her career as an Investment Officer of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) from 1992 to 1994, and was subsequently appointed as an Investment Assistant Manager in January 1995. She then joined BHLB Asset Management Sdn. Bhd. as an Assistant Manager in Investment in February 1995, before being appointed as Investment - Associate Director in January 1997.

She served as Associate Investment Director of Phillip Capital Management Sdn. Bhd. (previously known as Allied Phillip Capital Management Sdn. Bhd) between February 1997 to 1999. Other key past employments include her role as Chief Investment Officer of PPB Assets Management Berhad between 1999 to 2000, and Chief Investment Officer of Maybank Asset Management Sdn. Bhd. (previously known as Maybank Investment Management Sdn Bhd) between 2000 to 2001.

In 2001, she re-joined Phillip Capital Management Sdn. Bhd. as the Executive Director, and was subsequently appointed as Executive Chairperson in 2007, which is a role she still principally undertakes to date. She has 11 other existing non-executive directorships in Malaysian companies within the same group of companies as Phillip Capital Management Sdn. Bhd.

Separately, she is currently also a director of IFS Capital (Malaysia) Sdn. Bhd., (a subsidiary of IFS Capital Limited, Singapore which is a company listed on the Singapore Exchange), Meridian Exquisite (M) Sdn. Bhd., and IFS Factors (Malaysia) Sdn. Bhd.

(vii) Malik Parvez Ahmad Bin Nazir Ahmad

En. Malik Parvez Ahmad Bin Nazir Ahmad, a Malaysian aged 54, is a Non-Independent Executive Director of the Trustee-Manager. He was appointed to the Board on 19 October 2023.

En. Malik graduated in 1992 from International Islamic University, Malaysia with a Bachelor of Accounting. He is a Chartered Accountant of the MIA.

En. Malik has over 30 years of experience in the field of financial management, strategic planning and financial reporting. He started his career in 1992 as an Auditor at KPMG Peat Marwick (as it was then known) where he was involved in audit, business advisory and taxation matters, and was promoted to Senior Auditor in 1996. He then left KPMG Peat Marwick in 1998 and joined Medtexx Partners Inc., a corporation based in the United States of America, as a Financial Controller from 1998 to 2002 where he was mainly involved in financial management and financial reporting matters as well as liaising with the local tax authorities.

From 2002 to 2004, he joined D.B.E. Group of Companies (as it was then known) as a Financial Controller, where he managed the financial and accounting matters of D.B.E. Poultry Sdn. Bhd., with an added focus on the listing of D.B.E Gurney Berhad (as it was then known).

In 2004, he was appointed as Group Financial Officer of Latexx Partners Berhad, with a focus on the restructuring of the company. During the pre-restructuring stage, he was involved in the overseeing of finance and accounting, due diligence and operation matters, and he played an active role in the debt settlement negotiations with the relevant banks. During the post-restructuring stage, he was also responsible for the reporting to Bursa Malaysia Securities Berhad and the securing of financing for working capital and expansion plans.

He left Latexx Partners Berhad and joined PLKH Group in 2008 where he was appointed as Chief Financial Officer of PLKH and was later appointed as Chief Operating Officer (Commercial and Finance) in 2016. On 4 December 2023, he has resigned from his position in PLKH and he immediately assumed the position as Chief Executive Officer of the Trustee-Manager on the same date.

10.4.2 Role of the Board

The Board is entrusted with the responsibility of overseeing the Trustee-Manager's overall management and guiding its strategic direction. The key roles of the Board are to:

- promote good corporate governance culture within the Trustee-Manager which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on key senior management's proposal for the Trustee-Manager and monitor the implementation led by the key senior management;
- ensure that the strategic plan of the Trustee-Manager supports long-term value creation and includes strategies on economic, environmental, safety and health, social and governance underpinning sustainability;
- oversee the conduct of the Trustee-Manager to evaluate and assess management performance and whether the businesses are being properly managed;

10. TRUSTEE-MANAGER (Cont'd)

- assess and identify the principal risks of the Trustee-Manager in recognition that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects the key senior management to operate, and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure the key senior management have the necessary skills and experience; and there are measures in place to provide for orderly succession planning, including appointing, training, fixing the compensation and, where appropriate, replacing the key senior management;
- ensure that the Trustee-Manager has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Trustee-Manager when making business and other decisions;
- ensure the integrity of the Trustee-Manager financial and non-financial reporting; and
- determine and approve the distribution amounts to Unitholders and payment of Trustee-Manager's Fees.

The Board comprises seven (7) members, four (4) of whom are Independent Non-Executive Directors.

Each Director has been appointed on the basis of their professional experience and ability to contribute to the proper guidance of Prolintas Infra BT.

The majority of the Directors are independent and non-executive. This enables the management to benefit from their external, diverse and objective perspectives on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman of the Board and the Chief Executive Officer, provides an arm's length professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by 2 persons to maintain an effective check and balance. The Chairman of the Board is Dato' Ikmal Hijaz Hashim, while the Chief Executive Officer is Malik Parvez Ahmad Nazir Ahmad.

There is a clear separation of the roles and responsibilities between the Chairman of the Board and the Chief Executive Officer of the Trustee-Manager. This is to ensure an appropriate balance of power and authority to facilitate effective oversight and clear segregation of duties.

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10. TRUSTEE-MANAGER (Cont'd)

The Chairman assumes responsibility for the management of the Board which includes to provide leadership to the Board; oversee the Board in the effective discharge of its fiduciary duties; to lead in discussions at meetings and ensure efficient and effective conduct of the Board meetings; and to encourage active participation and allow dissenting views to be freely expressed. The Chief Executive Officer reports to the Board. The Chief Executive Officer assumes the overall responsibilities for the execution of the Trustee-Manager's strategies in line with the Board's direction, oversees the operations of the Trustee-Manager and drives the Trustee-Manager's businesses and performance towards achieving the Trustee-Manager's vision and goals.

The Board has direct access to the advice and services of the key senior management and the company secretary in furtherance of their duties. The Board may seek independent professional advice on any matter connected with the discharge of its responsibilities as it may deem necessary and appropriate.

10.4.3 Principal business activities performed by the Directors outside the Trust Group in the past five years

The principal business activities performed by the Directors outside of the Trust Group as at the LPD or otherwise specifically mentioned, and the directorships held by the Directors outside of the Trust Group at present and in the past five years preceding the LPD or otherwise specifically mentioned are as follows:

(i) Dato' Ikmal Hijaz Bin Hashim

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorships:		
<ul style="list-style-type: none">Kumpulan Perangsang Selangor Berhad	<ul style="list-style-type: none">Investment holding company whereby its subsidiaries are principally involved in: (a) manufacturing and trading of electronic products, plastic moulded components, chemical products, paper products, packaging materials, bedding products and adhesive and household care products; (b) licensing and distribution of bedding products; (c) contractors and subcontractors for the laying of pipes and all kinds of constructional, structural and civil works; and (d) investment holding	<ul style="list-style-type: none">Senior Independent Non-Executive Director (appointed on 1 January 2018)
<ul style="list-style-type: none">Risda Holdings Sdn Bhd	<ul style="list-style-type: none">Investment holding and provision of management services to its subsidiaries	<ul style="list-style-type: none">Director (appointed on 15 August 2011)

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
<ul style="list-style-type: none"> Gading Tegas Sdn. Bhd. 	<ul style="list-style-type: none"> Assembly and erection of prefabricated constructions on the site and export and import of a variety of goods without any particular specialization 	<ul style="list-style-type: none"> Director (appointed on 23 October 2017)
<ul style="list-style-type: none"> MDS Advance Sdn. Bhd. 	<ul style="list-style-type: none"> Manufacturing of high-precision computer numerical control metal machining 	<ul style="list-style-type: none"> Director (appointed on 18 April 2023)
<ul style="list-style-type: none"> Perangsang Dinamik Sdn. Bhd. 	<ul style="list-style-type: none"> Investment holding company whereby its subsidiaries are principally involved in: <ul style="list-style-type: none"> (a) manufacture, assembly and sale of electronic products and plastic moulded components and parts. (b) manufacturing, assembly and sale of plastic injection moulded components and tooling. (c) high precision computer numerical control metal machining business which involves metal cutting and milling. 	<ul style="list-style-type: none"> Director (appointed on 27 March 2018)
<ul style="list-style-type: none"> KPS-HCM Sdn. Bhd. 	<ul style="list-style-type: none"> Buildings and road construction, maintenance and rehabilitation 	<ul style="list-style-type: none"> Director (appointed on 30 May 2018)
<ul style="list-style-type: none"> CPI (Penang) Sdn. Bhd. 	<ul style="list-style-type: none"> Manufacture, assembly and sale of electronic products and plastic moulded components and parts 	<ul style="list-style-type: none"> Director (appointed on 27 March 2018)
<ul style="list-style-type: none"> PLKH 	<ul style="list-style-type: none"> Investment holding whereby its subsidiaries are principally involved in the design, construction, operation and maintenance of highways in the Klang Valley 	<ul style="list-style-type: none"> Director (appointed on 19 May 2017)
<ul style="list-style-type: none"> Projek Lintasan Damansara-Shah Alam Sdn. Bhd. 	<ul style="list-style-type: none"> Provision of operation, maintenance and toll collection services for DASH 	<ul style="list-style-type: none"> Director (appointed on 19 May 2017)

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
<ul style="list-style-type: none"> Projek Lintasan Sungai Besi-Ulu Klang Sdn. Bhd. 	<ul style="list-style-type: none"> Provision of operation, maintenance and toll collection for SUKE 	<ul style="list-style-type: none"> Director (appointed on 19 May 2017)
<ul style="list-style-type: none"> Turnpike Synergy Sdn. Bhd. 	<ul style="list-style-type: none"> Provision of assets management, consulting services, project management services, highway maintenance, repair works and toll management services 	<ul style="list-style-type: none"> Director (appointed on 19 May 2017)
<ul style="list-style-type: none"> Gowell Glove Sdn. Bhd. 	<ul style="list-style-type: none"> Real estate activities with own or leased property, and manufacture of rubber gloves and other rubber product 	<ul style="list-style-type: none"> Director (appointed on 29 July 2021) Shareholder holding direct interest of 50.0%

Previous directorships in the past five years preceding the LPD:

<ul style="list-style-type: none"> Karongsa Private Capital Sdn. Bhd. 	<ul style="list-style-type: none"> Investment holding, venture capital, and provision of assets or portfolio management services 	<ul style="list-style-type: none"> Director (resigned on 10 May 2022) Shareholder with negligible direct interest
<ul style="list-style-type: none"> Century Bond Berhad 	<ul style="list-style-type: none"> Integrated packaging solutions provider 	<ul style="list-style-type: none"> Director (resigned on 31 October 2019)
<ul style="list-style-type: none"> EP Manufacturing Berhad 	<ul style="list-style-type: none"> Investment holding company whereby its subsidiaries are principally involved in manufacturing and distribution of automotive components and parts, electric vehicle sector and property development 	<ul style="list-style-type: none"> Independent Non-Executive Director (resigned on 28 May 2021)
<ul style="list-style-type: none"> EP Equity Sdn. Bhd. 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Director (resigned on 30 April 2019)
<ul style="list-style-type: none"> Nadayu Properties Berhad 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Independent Non-Executive Director (resigned on 28 February 2020)
<ul style="list-style-type: none"> MB World Group Berhad 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Independent Non-Executive Chairman (resigned on 14 September 2020)
<ul style="list-style-type: none"> Toyoplas Manufacturing (Malaysia) Sdn. Bhd. 	<ul style="list-style-type: none"> Manufacturing, assembly and sale of plastic injection moulded components and tooling 	<ul style="list-style-type: none"> Director (resigned on 28 February 2020)

10. TRUSTEE-MANAGER (Cont'd)

(ii) Dato' Mohammad Azlan Bin Abdullah

Name of Company	Principal activities	Involvement in business activities
Present directorships:		
• Sapura Berhad	Energy • Investment holding and provision of management services to its subsidiaries which are principally involved in the oil and gas industry	• Non-Independent Non-Executive Chairman (appointed on 1 October 2019)
• PCSSSB	• Provision of management services	• Director (appointed on 31 May 2022)
Previous directorships in the past five years preceding the LPD:		
• UTEM Holdings Sdn. Bhd.	• An investment holding company to promote consulting activities, research, education, engineering, technology, energy, manufacturing, property, facility management and retail.	• Chairman (resigned on 30 June 2022)
• Universiti Teknikal Malaysia Melaka	• Education	• Independent Non-Executive Director (retired on 13 August 2023)

(iii) Dato' Abdul Mutalib Bin Alias

Name of Company	Principal activities	Involvement in business activities
Present directorships:		
• AirAsia X Berhad	• Provision of long haul air transportation services	• Independent Non-Executive Director (appointed on 29 September 2023)
• Ekuiti Nasional Berhad	• Private equity fund management company established by the Government to promote equitable and sustainable Bumiputera wealth creation and economic participation	• Independent Non-Executive Director (appointed on 1 May 2022)
• Icon Berhad	Offshore • Investment holding whereby the principal activities of its group of companies are vessel owning/leasing and provision of vessel chartering and ship management services to oil and gas related industries	• Non-Independent Non-Executive Chairman (appointed on 6 June 2023)

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
• Value Winners Sdn. Bhd.	• Dormant	• Director (appointed on 22 October 2008) • Shareholder holding direct interest of 99.9%
• Merchant Crest Sdn. Bhd.	• Operator of plantation of all kinds of corps and related business	• Director (appointed on 5 August 2020) • Shareholder holding direct interest of 30.0%

Previous directorships in the past five years preceding the LPD:

• Air 7 (M) Sdn. Bhd.	• Media advertising and promotion	• Director (resigned on 27 September 2023)
• Bintulu Port Holdings Berhad	• Investment holding and provision of management services to its subsidiaries which are principally involved in port services and provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products	• Non-Independent Non-Executive Chairman (resigned on 1 May 2023)
• Corespace Sdn. Bhd.	• Investment holding, export and import of a variety of goods without any particular specialization, and buying, selling, renting and operating of self-owned or leased real estate residential buildings	• Director (resigned on 8 September 2022)

(iv) Datuk Syed Azmi Bin Syed Othman

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorships:		
• Pyramid Oil & Gas Consulting Sdn. Bhd.	• Provision of engineering consultancy services and manpower supply for oil and gas industry	• Director (appointed on 16 October 2013) • Shareholder holding direct interest of 50.0%
Previous directorships in the past five years preceding the LPD:		
• Tadmax Indah Power Sdn. Bhd. (presently known as Pulau Indah Power Plant Sdn. Bhd.)	• Development of the Pulau Indah Power Plant	• Director and manager (resigned on 1 October 2019)
• Solidgold Wealth Management Sdn. Bhd.	• Provision of management consultancy services (Dissolved on 3 July 2019)	• Director • Shareholder holding direct interest of 50.0%

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
• Eastern Famehub Sdn. Bhd.	• Provision of consultancy, advisory, management and project management services in relation to treatment and disposal of hazardous waste (Dissolved on 5 May 2023)	• Director (resigned on 19 February 2019) • Shareholder holding direct interest of 50.0%
• Maxim Maxcap Sdn. Bhd.	• Operation of transmission, distribution and sales of electricity	• Director and manager (resigned on 29 March 2019)
• Inas Angkasa Sdn. Bhd.	• Investment holding in quoted securities for investment purposes	• Director (resigned on 22 March 2021)
• Permai Maxim Sdn. Bhd. (presently known as Madani Maxim Sdn. Bhd.)	• Property developer and construction works	• Director (resigned on 29 March 2019)
Involvement in business activities other than as a director		
• Trans-Global Agencies Berhad	• Trading in building and construction materials	• Shareholder holding direct interest of 4.4%

(v) Nik Fazila Binti Nik Mohamed Shihabuddin

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorships:		
• MSM Malaysia Holdings Berhad	• Investment holding whereby its subsidiaries are involved in sugar refining, trading and marketing of refined sugar products and provision of transportation services	• Non-Independent Non-Executive Director (appointed on 18 October 2021)
• FGV Holdings Berhad	• Investment holding whereby its subsidiaries are involved in the plantation business, sugar business, logistics and consumer products and integrated farming	• Independent Non-Executive Director (appointed on 1 July 2021)
• MBM Resources Berhad	• Investment holding whereby its subsidiaries are involved in marketing and distribution of motor vehicles, spare parts and provision of related motor repair services and automotive parts manufacturing	• Independent Non-Executive Director (appointed on 31 January 2023)

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Previous directorships in the past five years preceding the LPD:		
• Max Agriculture Sdn. Bhd.	• Dormant (Dissolved on 25 March 2022)	• Director
• Yayasan CCM	• To receive and administer funds for education and charitable purposes	• Director (resigned on 5 January 2022)
• Chemical Company of Malaysia Berhad	• Chemical company	• Director and Manager (resigned on 15 December 2021)
• Orica-CCM Energy Systems Sdn. Bhd.	• Manufacturing or blending of bulk emulsions, trading of blasting products, and provision of blasting related services and technology to the mining, quarry and construction industries	• Director (resigned on 15 December 2021)
• CCM Polymers Sdn. Bhd.	• Design, manufacture, sales and trading of specialty chemicals	• Director (resigned on 15 December 2021)
• CCM Chemicals Sdn. Bhd.	• Manufacturing and marketing of chlor-alkali and coagulant products, and marketing of industrial and speciality chemicals	• Director (resigned on 15 December 2021)
• CCM Usaha Kimia (M) Sdn. Bhd.	• Trading of chemicals and other commodities	• Director (resigned on 20 September 2021)
• CCM Fertilizers Sdn. Bhd.	• Trading of fertilizers	• Director (resigned on 20 September 2021)
• Innovative Resins Sdn. Bhd.	• Investment holding in polymer business	• Director (resigned on 20 September 2021)
• CCM Agri-Max Sdn. Bhd.	• Investment holding whereby its subsidiaries are involved in trading of fertilisers	• Director (resigned on 13 August 2021)
• CCM International Sdn. Bhd.	• Investment holding and engaging in distributing and as an agent in industrial and specialty chemicals and chemicals of any kind	• Director (resigned on 13 August 2021)
• CCM Marketing Sdn. Bhd.	• Dormant (Dissolved on 8 July 2021)	• Director

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
<ul style="list-style-type: none"> Innovative Polymer Systems Sdn. Bhd. 	<ul style="list-style-type: none"> Engaged in the manufacturing and selling of hydrogel coating products (Dissolved on 10 February 2021) 	<ul style="list-style-type: none"> Director
<ul style="list-style-type: none"> CCM Watercare Sdn. Bhd. 	<ul style="list-style-type: none"> Dormant (Dissolved on 25 November 2020) 	<ul style="list-style-type: none"> Director
<ul style="list-style-type: none"> Delta Polymer Systems Sdn. Bhd. 	<ul style="list-style-type: none"> Engaged in the manufacturing and selling of industrial cleaner products (Dissolved on 14 July 2020) 	<ul style="list-style-type: none"> Director

(vi) Datin Nona Binti Salleh

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorships:		
<ul style="list-style-type: none"> Pristine Strategy Sdn Bhd 	<ul style="list-style-type: none"> Property investment 	<ul style="list-style-type: none"> Director (appointed on 25 June 2001)
<ul style="list-style-type: none"> CQ Consultancy Sdn. Bhd. 	<ul style="list-style-type: none"> Providing business information services and trading in metastock 	<ul style="list-style-type: none"> Director (appointed on 20 June 2001)
<ul style="list-style-type: none"> Ehsan Astaka Sdn. Bhd. 	<ul style="list-style-type: none"> Investment holding for trusts, funds and similar financial entities not elsewhere classified 	<ul style="list-style-type: none"> Director (appointed on 30 January 2002)
<ul style="list-style-type: none"> Phillip Capital Management Sdn. Bhd. 	<ul style="list-style-type: none"> Fund management 	<ul style="list-style-type: none"> Director (appointed on 20 June 2001)
<ul style="list-style-type: none"> PC Quote (Malaysia) Sdn. Bhd. 	<ul style="list-style-type: none"> Providing business information services, management development and training services 	<ul style="list-style-type: none"> Director (appointed on 25 June 2001)
<ul style="list-style-type: none"> Phillip Capital Holdings Sdn. Bhd. 	<ul style="list-style-type: none"> Investment holding whereby its subsidiaries are principally involved in the management of unit trust funds future (not commodities future), fund management, financial planning and wealth management, broking and on-line trading for local and international financials and commodities future products, research and advisory services 	<ul style="list-style-type: none"> Director (appointed on 25 June 2001)

10. TRUSTEE-MANAGER (Cont'd)

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
• RV Capital Sdn. Bhd.	• Licensed money lender	• Director (appointed on 25 June 2001)
• Meridian Exquisite (M) Sdn. Bhd.	• Investment holding company whereby its subsidiaries are principally involved in lending and factoring business	• Director (appointed on 2 May 2006) • Shareholder holding direct interest of 50.0%
• Fame Platform Sdn. Bhd.	• Software development and database management for the financial industry	• Director (appointed on 29 September 2010)
• Phillip Mutual Bhd	• Management of unit trust funds and distribution of third party unit trust funds under the Institutional Unit Trust Adviser (IUTA) license	• Director (appointed on 13 June 2002)
• Phillip Research Sdn. Bhd.	• Provision of investment research and advisory services	• Director (appointed on 25 June 2001)
• Phillip Wealth Planners Sdn. Bhd.	• Provision of research and consultancy services, insurance agent and training services	• Director (appointed on 25 June 2001)
• Phillip Capital Sdn. Bhd.	• Licensed futures broking and stockbroking for its client and to execute proprietary trades in futures contracts and options	• Director (appointed on 25 January 2008)
• IFS Factors (Malaysia) Sdn. Bhd.	• Debt factoring and provision of other related services, focusing on government related projects	• Director (appointed on 20 October 2022) • Shareholder with negligible direct interest
• IFS Capital (Malaysia) Sdn. Bhd.	• Engaged in hire purchase financing, business debt factoring and providing other related services	• Director (appointed on 2 October 2006)

Previous directorships in the past five years preceding the LPD:

• Infoguard Sdn. Bhd.	• Engaged in the business of information and communication technology including software development, supplying computer hardware and its related products (Dissolved on 26 April 2022)	• Shareholder holding direct interest of 80%
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10. TRUSTEE-MANAGER (Cont'd)

(vii) Malik Parvez Ahmad Bin Nazir Ahmad

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorship:		
• UPNM Holdings Sdn Bhd	• Provision of consultancy services in defence, security, engineering, technical fields, formulation of policies, management techniques in any other fields.	• Director (appointed on 31 May 2023)
• Prolintas BT Capital Sdn. Bhd.	• Other business support service activities not elsewhere classified	• Director (appointed on 2 June 2022)

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10. TRUSTEE-MANAGER (Cont'd)

10.4.4 Remuneration and material benefits-in-kind of the Directors

The aggregate remuneration and material benefits-in-kind (which includes contingent or deferred remuneration) paid or proposed to be paid to the Directors for services rendered in all capacities to the Trustee-Manager for the FYE 31 December 2023 and FYE 31 December 2024 are as follows:

(i) Year 2023 (unaudited)

	Director's Fee (RM'000)	Salary (RM'000)	Contributions to EPF and SOCSO (RM'000)	Bonus (RM'000)	Allowances (RM'000)	Benefits-in- kind (RM'000)	Total (RM'000)
Dato' Ikmal Hijaz Bin Hashim ⁽¹⁾⁽⁴⁾	78	-	-	-	31	-	109
Dato' Mohammad Azlan Bin Abdullah	-	-	-	-	-	-	-
Dato' Abdul Mutalib Bin Alias ⁽¹⁾	41	-	-	-	17	-	58
Datuk Syed Azmi Bin Syed Othman ⁽¹⁾	41	-	-	-	15	-	56
Nik Fazila Binti Nik Mohamed Shihabuddin ⁽¹⁾	42	-	-	-	13	-	55
Datin Nona Binti Salleh ⁽²⁾	22	-	-	-	6	-	28
Malik Parvez Ahmad Bin Nazir Ahmad ⁽³⁾	-	41	8	8	-	2	59

(ii) FYE 2024 (forecast)

	Director's Fee (RM'000)	Salary (RM'000)	Contributions to EPF and SOCSO (RM'000)	Bonus (RM'000)	Allowances (RM'000)	Benefits-in- kind (RM'000)	Total (RM'000)
Dato' Ikmal Hijaz Bin Hashim ⁽³⁾	78	-	-	-	26	-	104
Dato' Mohammad Azlan Bin Abdullah	-	-	-	-	-	-	-

10. TRUSTEE-MANAGER (Cont'd)

	Director's Fee (RM'000)	Salary (RM'000)	Contributions to EPF and SOCSSO (RM'000)	Bonus (RM'000)	Allowances (RM'000)	Benefits-in- kind (RM'000)	Total (RM'000)
Dato' Abdul Mutalib Bin Alias	73	-	-	-	26	-	99
Datuk Syed Azmi Bin Syed Othman	73	-	-	-	22	-	95
Nik Fazila Binti Nik Mohamed Shihabuddin	78	-	-	-	26	-	104
Datin Nona Binti Salleh	72	-	-	-	28	-	100
Malik Parvez Ahmad Bin Nazir Ahmad	-	540	160	270	-	143	1,113

Notes:

- (1) Appointed to the Board on 9 June 2023.
- (2) Appointed to the Board on 20 September 2023.
- (3) Appointed to the Board on 19 October 2023.
- (4) Included director's fee and allowances of the Trust Group as follows:

Concession Companies	Year 2023 (unaudited)		FYE 2024 (forecast)	
	Director's fee	Allowances	Director's fee	Allowances
	RM'000	RM'000	RM'000	RM'000
AKLEH Co	4	4	4	4
GCE Co	4	4	4	4
LKSA Co	4	5	4	4

The remuneration of the Directors, which includes salaries, Directors' fees, bonus and such other allowances as well as other benefits-in-kind, must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by the Board. The Directors' fees must be further approved/endorsed by Unitholders at a general meeting.

10.4.5 Service agreements with the Directors

As at the date of this Prospectus, there are no existing or proposed service agreements between the Trustee-Manager acting on behalf of Prolintas Infra BT and any of the Directors.

10. TRUSTEE-MANAGER (Cont'd)

10.4.6 Audit Committee

The composition of the Audit Committee of the Trustee-Manager is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Nik Fazila Binti Nik Mohamed Shihabuddin	Chairman	Independent Non-Executive Director
Dato' Abdul Mutalib Bin Alias	Member	Independent Non-Executive Director
Datuk Syed Azmi Bin Syed Othman	Member	Independent Non-Executive Director

The terms of reference of the Audit Committee, amongst others, include the following:

- (i) to assist the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that the Trustee-Manager and the Trust Group has in place a sound and robust internal control framework and ensure that such framework has been effectively implemented to enhance the Trustee-Manager's ability to achieve its strategic objectives;
- (ii) to review the financial statements and financial reporting process as well as management of financial and operational risks;
- (iii) to review reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Trustee-Manager's and the Trust Group's policies;
- (iv) to assist the Board in ensuring that the management maintains a sound system of internal controls to safeguard and enhance enterprise value;
- (v) to ensure that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (vi) to oversee the implementation of the Whistleblower Policy and Procedures for the Trustee-Manager and the Trust Group, and ensure effective administration thereof by the Internal Audit function;
- (vii) to follow up with any observations and/or recommendations that the external auditors may provide to the management after the conduct of their annual audits to ensure that the matters highlighted by the external auditors are appropriately addressed and/or implemented, as the case may be;
- (viii) to communicate its insights, views and concerns about relevant transactions and events to internal and external auditors;
- (ix) to communicate the Audit Committee's concerns on matters that may affect the financial or audit of the Trustee-Manager and/or the Trust Group to the external auditor; and
- (x) to ensure there is coordination between internal and external auditors.

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10. TRUSTEE-MANAGER (Cont'd)

10.4.7 Governance, Risk and Integrity Committee

The composition of the Governance, Risk and Integrity Committee of the Trustee-Manager is set out below:

Name	Designation	Directorship
Datin Nona Binti Salleh	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Dato' Abdul Mutalib Bin Alias	Member	Independent Non-Executive Director

The terms of reference of the Governance, Risk and Integrity, amongst others, include the following:

Governance and Integrity

- (i) to oversee issues of corruption, fraud, malpractice, and unethical conduct within the Trustee-Manager and the Trust Group;
- (ii) to assist the Board in carrying out its responsibilities towards an organisation free from corruption, with integrity and good governance, in addition to overseeing the Integrity and Governance Unit in achieving its objectives;
- (iii) to consider other governance and compliance matters as defined by the Board; and
- (iv) to review the Corporate Governance Overview Statement and Corporate Governance Report to be included in the annual report and recommend for approval by the Board.

Risk management

- (i) to assist the Board in the review and assessment of the principal risks in the achievement of the Trustee-Manager's and the Trust Group's objectives and overseeing the implementation of appropriate systems/processes to manage these risks;
- (ii) to review and recommend the risk management framework, policies and procedures for the approval and acknowledgement of the Board and provide guidance on the overall risk management strategy and directives for implementation to ensure principles and requirements of managing risk are consistently adopted throughout the Trustee-Manager and the Trust Group;
- (iii) to review and recommend the business continuity framework, policy and procedures for the approval of the Board and ensure that a robust business continuity management program is consistently adopted throughout the Trustee-Manager and the Trust Group to improve its resilience and preparedness for any disruptions and stress conditions; and
- (iv) to oversee and advise the Board on the current risk exposures of the Trustee-Manager and the Trust Group.

10. TRUSTEE-MANAGER (Cont'd)

Others

- (i) to ensure ongoing awareness programs, communication, training and education on risk and compliance management;
- (ii) to promote healthy governance, risk and integrity culture and behaviours that ensure the effectiveness of the processes (e.g. discourage excessive risk-taking, bribery and corruption due to misaligned key performance indicators and remuneration schemes); and
- (iii) to consider other matters relating to governance, risk and integrity, including relevant legislature applicable in all operating areas of the Trustee-Manager and the Trust Group.

10.4.8 Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee of the Trustee-Manager is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Abdul Mutalib Bin Alias	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Datuk Syed Azmi Bin Syed Othman	Member	Independent Non-Executive Director

The terms of reference of the Nomination and Remuneration Committee, amongst others, include the following:

Nomination

- (i) to assist the Board in reviewing on an annual basis the appropriate size and balance of the Board, including appropriateness of non-executive participation;
- (ii) to review the required mix of skills, experience, knowledge and responsibilities of the Directors of the Board;
- (iii) to recommend members for appointments to the Board and Board Committees and to ensure appropriate assessment of Directors on an ongoing basis; and
- (iv) to ensure there is sufficient succession planning and human capital development focus in the Trustee-Manager and the Trust Group.

Remuneration

- (i) to recommend to the Board the remuneration framework for the Non-Executive Director including the Non-Executive Chairman;
- (ii) to set the policies and procedures on the remuneration framework, including reviewing and making recommendations to the Board on all elements relating to remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the CEO and key pivotal positions; and
- (iii) to set the policy and remuneration framework for employees of the Trustee-Manager and the Trust Group.

10. TRUSTEE-MANAGER (Cont'd)

10.4.9 Tender Committee

The composition of the Tender Committee of the Trustee-Manager is set out below:

Name	Designation	Directorship
Datuk Syed Azmi Bin Syed Othman	Chairman	Independent Non-Executive Director
Nik Fazila Binti Nik Mohamed Shihabuddin	Member	Independent Non-Executive Director
Datin Nona Binti Salleh	Member	Independent Non-Executive Director

The terms of reference of the Tender Committee, amongst others, include the following:

- (i) to ensure principles of tendering outlined in the Trustee-Manager's policy are followed;
- (ii) to appoint sub-committees for technical and commercial evaluations, if necessary;
- (iii) to evaluate and recommend the tender policy recommended by the Management Tender Committee;
- (iv) to evaluate all selected tenders recommended by the Management Tender Committee based on their technical specification and the best terms and conditions of tenders;
- (v) to recommend to the Board the qualified tenderer;
- (vi) to approve qualified tenderers or any tender and quotation, subject to requirements that the Committee feels to be the most advantageous of the Trustee-Manager and/or the Trust Group although such tender may not be the lowest received. If a tender other than the lowest is accepted, the reasons for accepting such tender shall be recorded in the minutes;
 - (a) not be bound to accept any tender or quotation and when the Committee considers it advisable, may call for fresh tenders or quotations; and
 - (b) having the right to refuse the release of any details of any tenderer, tender or quotation where confidentiality is a condition of the tender, or where it is deemed not to be in the Trustee-Manager's and/or the Trust Group's interest.

10.4.10 Investment Committee

The composition of the Investment Committee of the Trustee-Manager is set out below:

Name	Designation	Directorship
Datin Nona Binti Salleh	Chairman	Independent Non-Executive Director
Dato' Mohammad Azlan Bin Abdullah	Member	Non-Independent Non-Executive Director
Nik Fazila Binti Nik Mohamed Shihabuddin	Member	Independent Non-Executive Director

The terms of reference of the Investment Committee, amongst others, include the following:

10. TRUSTEE-MANAGER *(Cont'd)*

- (i) review and recommend to the Board for approval of the Trust Group's investment policies;
- (ii) review and approve proposed business transactions, investments, disposals or key corporate exercises by the Trust Group, subject always to the amount prescribed by the limits of authority;
- (iii) review and make the necessary recommendations with regard to proposed business transactions, investments, disposals or key corporate exercises by the Trust Group to the Directors, subject to the amount prescribed by the limits of authority;
- (iv) review and approve/endorse proposed business transactions, investments, disposals and key corporate exercises by the Trust Group which:
 - (a) may cast significant impact/change to the Trust Group;
 - (b) may create significant consequential change to the Trust Group;
 - (c) may invite significant risk to the Trust Group; and
 - (d) entails participation by the Trust Group in new industries/business areas;
- (v) update the Directors with regard to the implementation status/progress of selected business transactions, investments, disposals or key corporate exercises by the Trust Group;
- (vi) ensure the adequacy of the governance framework (i.e. policies, system, process and structure) for the Trust Group's business, investments, disposals and/or key corporate exercises;
- (vii) catalyse effective and efficient implementation of the governance framework for business transactions, investments, disposals and/or key corporate exercises by the Trust Group; and
- (viii) invite the relevant parties to assist and facilitate deliberations pertaining to business transactions, investments, disposals and key corporate exercises.

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10. TRUSTEE-MANAGER (Cont'd)

10.5 KEY SENIOR MANAGEMENT OF THE TRUSTEE-MANAGER

The key senior management of the Trustee-Manager are entrusted with the responsibility for the daily operations of the Trustee-Manager. The following table sets out information regarding the key senior management of the Trustee-Manager:

No.	Name	Age	Nationality	Designation
1.	Malik Parvez Ahmad Bin Nazir Ahmad	54	Malaysian	Chief Executive Officer
2.	Azmee Bin Nin	61	Malaysian	General Manager (Highway Operations)
3.	Mukholisah Binti Mohd Majid	36	Malaysian	Financial Controller

10.5.1 Expertise and experience of the key senior management of the Trustee-Manager

(i) Malik Parvez Ahmad Bin Nazir Ahmad

En. Malik Parvez Ahmad Bin Nazir Ahmad, a Malaysian aged 54, is the Chief Executive Officer of the Trustee-Manager. Please refer to Section 10.4.1(vii) of this Prospectus "Experience and Expertise of the Board" for his profile.

(ii) Azmee Bin Nin

En. Azmee Bin Nin, a Malaysian aged 61, is the General Manager (Highway Operations) of the Trustee-Manager.

En. Azmee obtained a Diploma in Building from the then Institut Teknologi MARA, Malaysia in 1984. He then graduated in 1990 from Glasgow College of Technology, Scotland with a Bachelor of Science in Building.

En. Azmee has over 35 years of experience in the engineering and infrastructure industry. He started his career at Ingeback (M) Sdn. Bhd. as a Technical Assistant from 1984 to 1987. He then went to pursue a Bachelor of Science in Building at the Glasgow College of Technology before returning to Ingeback (M) Sdn. Bhd. in 1990 where he worked as Site Manager up till 1991.

From 1991 to 1994, he joined Projek Lebuhraya Utara-Selatan Berhad as a Senior Technical Executive and was later promoted to Section Manager (Operations) in 1994, Regional Manager in 1996, Senior Manager (Project Management) in 1998, Senior Manager (Toll Department) in 2000, and subsequently Assistant General Manager (Traffic Safety) in 2003, up to 2005.

From 2006 to 2007, he was appointed as General Manager of Linkedua (M) Sdn. Bhd. and ELITE Expressway (M) Sdn. Bhd.. He joined PLUS BKSP Toll Limited in 2008 as an Operations Director and was appointed as Executive Director in 2009 and held the position up to 2010, where he was responsible for, among others, managing the entire operations and maintenance of the highway, managing project refinancing with the local banks and reporting to the board of directors.

10. TRUSTEE-MANAGER (Cont'd)

From 2010 to 2013, he was appointed as the Chief Executive Director of Indu Navayuga Infra Project Pvt. Ltd., where he developed and implemented strategic and operational plans as well as managed the project refinancing of the corporation. From 2013 to 2016, he joined Projek Lebuhraya Usahama Bhd. as a Senior General Manager and Project Director, managing and overseeing the construction of a new interchange and lane widening works. Later from 2016 to 2018, he joined Lebuhraya Borneo Utara as Head Project Management and was appointed as Head of Operations and Maintenance and General Manager in 2018 up to 2019. During his tenure with Lebuhraya Borneo Utara, he led the construction of the Pan Borneo Highway in Sarawak and led the project planning and management team for the project. In the period of 2019 to 2020, he was mainly engaged in freelance advisory work.

He was subsequently appointed as General Manager of the PLKH Group in 2021. His responsibility includes, among others, the management of the highway operations, toll collection, and traffic safety and maintenance of the highways under the group. He also oversees human capital management and highway development works. On 1 January 2024, he has resigned from his position in PLKH and immediately assumed the position as General Manager (Highway Operations) of the Trustee-Manager on the same date.

(iii) **Mukholisah Binti Mohd Majid**

Cik Mukholisah Binti Mohd Majid, a Malaysian aged 36, is the Financial Controller of the Trustee-Manager.

Cik Mukholisah obtained a Diploma in Accounting from Universiti Teknologi MARA, Malaysia in 2007. She then graduated from Universiti Teknologi MARA in 2010 with a Bachelor in Accounting. She is a Chartered Accountant of the MIA and a Member of the Association of Chartered Certified Accountants.

Cik Mukholisah has over 10 years of experience in the field of financial accounting and management. She started her career as an Account Executive at MNRB Holdings Berhad in 2010, handling credit control and reporting matters. She left MNRB Holdings Berhad in 2014 to join UTSB Management Sdn. Bhd. as an Account Executive where she was mainly involved in the preparation of management accounts, financial reporting and budget exercises.

In 2015, she joined Pfizer (M) Sdn. Bhd. as an Account Executive, managing employee claims and resolving customer invoices and payments. She left in the same year to join Technip Geoproduction Sdn. Bhd. as an Account Executive. During her tenure with Technip Geoproduction Sdn. Bhd., she was involved in a joint-venture financing process where she also conducted invoice reviews, prepared and submitted reports to joint venture partners and monitored the accounts of creditors.

In 2017, she joined Intertek Moody International Sdn. Bhd. as an Accountant, handling the reporting and budgeting exercise of the company. She left in 2019 to join Speedcast (M) Sdn. Bhd. as a Senior Accountant, managing monthly closing activities and financial analysis.

She joined the PLKH Group as a Senior Manager and Financial Controller in 2023. Her responsibility includes, among others, financial reporting, overseeing and managing the finance division operations of the group, and overseeing ad hoc or ancillary financial and accounting matters. On 1 January 2024, she was transferred from PLKH to the Trustee-Manager in the position of Financial Controller.

10.5.2 Roles of the key senior management of the Trustee-Manager

(i) Chief Executive Officer

The Chief Executive Officer will work with the Board to determine the strategy for the Trust. The Chief Executive Officer also will work with the other members of the Trustee-Manager to ensure that the Trust operates per the Trust Deed. In addition, the Chief Executive Officer is also responsible for strategic planning, the day-to-day management and operations of the Trust, and working together with the management team in meeting the strategic and operational objectives of the Trust. The Chief Executive Officer will also identify and evaluate potential acquisitions and related investments to enhance the Trust's portfolio.

(ii) General Manager (Highway Operations)

The General Manager of Highway Operations holds a pivotal role overseeing and managing all aspects of highway and transportation infrastructure operations. This entails responsibilities such as project management, budgeting, maintenance, safety compliance, and team leadership. The General Manager of Highway Operations will coordinate with stakeholders, government agencies, and contractors to ensure the timely and cost-effective execution of projects and maintenance, while also prioritising safety, adherence to regulations, and efficient traffic management. Additionally, the General Manager of Highway Operations is responsible for fostering positive stakeholder relationships, analysing data for informed decision-making, and planning for emergencies. By effectively overseeing infrastructure development, maintenance, and operational efficiency, the General Manager of Highway Operations contributes significantly to the Trust's success in managing operation of the Highways.

(iii) Financial Controller

The Financial Controller would be responsible for the overall finance operation and reporting functions of the Trust. This includes monitoring the cashflow and establishing relevant internal controls to increase efficiency, prevent loss, manage risk, and maintaining liquidity for operational needs. The Financial Controller also contributes to investment analysis, assists in forming financial strategies, and communicates financial information transparently to stakeholders. Ultimately, the role will support the Trust's financial stability, accuracy in reporting, and effective management of resources, contributing to the Trust's overall success and sustainability.

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10. TRUSTEE-MANAGER (Cont'd)

10.5.3 Principal business activities performed by the key senior management of the Trustee-Manager outside the Trust Group in the past five years

Save as disclosed below, as at the LPD, none of the key senior management of the Trustee-Manager are involved in other principal business activities outside the Trust Group or hold directorships in other companies outside the Trust Group, at present and in the past five years preceding the LPD:

(i) Malik Parvez Ahmad Bin Nazir Ahmad

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Present directorship:		
• UPNM Holdings Sdn Bhd	• Provision of consultancy services in defence, security, engineering, technical fields, formulation of policies, management techniques in any other fields.	• Director
• Prolintas BT Capital Sdn. Bhd.	• Other business support service activities n.e.c.	• Director

(ii) Azmee Bin Nin

<u>Name of Company</u>	<u>Principal activities</u>	<u>Involvement in business activities</u>
Previous directorships in the past five years preceding the LPD:		
• DWF Infra Sdn. Bhd.	• Dormant (Dissolved on 13 November 2020)	• Director

The involvements of Malik Parvez Ahmad Bin Nazir Ahmad above in other principal business activities outside of the Trust will not affect their respective commitment and responsibilities to the Trust Group in his/her role as one of the key senior management of the Trustee-Manager given that the day-to-day management and operations of these businesses or corporations are managed by the other shareholders and supported by an independent management team.

10.5.4 Service agreements with the key senior management

As at the date of this Prospectus, there are no existing or proposed service agreements between the Trustee-Manager acting on behalf of Prolintas Infra BT and any of the key senior management of the Trustee-Manager.

10.5.5 Remuneration and material benefits-in-kind of the key senior management

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to the key senior management of the Trustee-Manager, for services rendered or to be rendered to us in all capacities to the Trust Group for the FYE 31 December 2023 and FYE 31 December 2024 are as follows:

10. TRUSTEE-MANAGER (Cont'd)

	Remuneration Band	
	2023 (Paid)	2024 (Proposed)
	(RM'000)	(RM'000)
Key senior management		
Malik Parvez Ahmad Bin Nazir Ahmad	-	1,100– 1,150
Azmee Bin Nin	-	600-650
Mukholisah Binti Mohd Majid	-	300-350

The remuneration of the key senior management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by the Board.

10.6 TRUSTEE-MANAGER'S FEES

10.6.1 Details of the Trustee-Manager's Fees

The Trustee-Manager may elect to receive the Trustee-Manager's fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Trustee-Manager is entitled under the Trust Deed to the following management Fees (exclusive of any applicable tax on service):

(i) **Base Fee**

The base fee (exclusive of any applicable tax on services) is a fixed fee of RM8.0 million per annum, which is subject to increase each year by such percentage representing the percentage increase (if any) in the Malaysia Composite Consumer Price Index ("**Base Fee**").

The amount of the Base Fee is subject to an upward/downward adjustment whenever the Trustee-Manager (on behalf of the Trust) makes an acquisition/disposal of a new Asset which requires the prior approval of the Unitholders to be obtained through a general meeting or such other majority as may be required under the Listing Requirements, BT Guidelines, or any other regulatory guidelines (where applicable) from time to time, and shall be effected by way of a supplemental deed in accordance with the requirements of the Trust Deed and the Applicable Laws and Requirements. This upward/downward adjustment shall take into consideration recovery of cost and the maximum increase/decrease equivalent to the percentage increase/decrease in the total assets of the Trust as a result of the acquisition/disposal. The actual adjustment shall be subject to the approval of the Independent Directors, cost recovery and/or the maximum increase/decrease in the total assets of the Trust as described above.

(ii) **Performance Fee**

The Trustee-Manager is entitled to receive a performance fee (exclusive of any applicable tax on services) ("**Performance Fee**") of 10% per annum of the increase in DPU in a financial year as compared to the DPU in the preceding financial year.

In the event that the actual DPU in a financial year is less than the DPU in the preceding financial year, such deficit shall be brought forward to the subsequent period(s) and shall be set off from any excess DPU before any Performance Fee can be paid.

10. TRUSTEE-MANAGER (Cont'd)

(iii) Acquisition Fee

The acquisition fee of:

- (i) 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the acquisition price where the Promoter has direct or indirect interests of more than 50.0% in the investments acquired directly or indirectly by the Trust; or
- (ii) 1.0% of the acquisition price in all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the acquisition price,

of each of the following transactions where applicable (subject to there being no double-counting): (“**Acquisition Fee**”)

- (a) the acquisition price of any investment in shares or units that would result in the Trust having to hold an equity/unit interest (direct or indirect) in the target company of 20% or more, or having to recognise such investment as an associate company (directly or indirectly) pursuant to MFRS; or
- (b) the acquisition price of any highway operating asset acquired directly or indirectly by the Trust, that would result in the requirement for prior approval of the Unitholders to be obtained through a general meeting,

For the avoidance of doubt, no Acquisition Fee is payable with respect to the acquisition of the Highways in connection with the Listing.

(iv) Divestment Fee

A divestment fee of 0.5% (exclusive of any applicable tax on services) of each of the following transactions where applicable (subject to there being no double-counting): (“**Divestment Fee**”)

- (a) the sale price of any disposal of an equity/unit interest (direct or indirect) of 20% or more in the sale asset, or sale of shares or units of an associate company (direct or indirect) as recognised under MFRS; or
- (b) the sale price of any highway operating asset held directly or indirectly by the Trust, that would result in the requirement for prior approval of the Unitholders to be obtained through a general meeting.

The payment of the Trustee-Manager’s management fee in the form of new units will be in accordance with the following formula:

$$\text{New units are to be issued as payment of the Trustee-Manager's management fee} = \frac{\text{Trustee-Manager's management fee payable in units}}{\text{Market Price}}$$

For this purpose, “Market Price” means the volume-weighted average market price of the units for the last 5 Market Days preceding the following events:

- (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly or annual financial reports; or

10. TRUSTEE-MANAGER (Cont'd)

- (ii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition or divestment,

(each a “**Trigger Event**”).

With reference to any Book Closing Date, where the Trigger Event is before but the issuance of the new units relating to such Trigger Event is after the said Book Closing Date, the Market Price will be further adjusted for the entitlement relating to such Book Closing Date.

The Trustee-Manager will make immediate announcements to Bursa Securities disclosing the number of new Units issued and the issue price of the new Units when new Units are issued as payment for the Trustee-Manager’s fees. Payment of the Trustee-Manager’s fees in Units shall be subject to the Trust complying with the public spread requirements stated in the Listing Requirements and there being no adverse implications under Malaysia Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions.

Payments on account of the Base Fee and Performance Fee are payable every quarter and will be based on the quarterly management accounts of the Trust, and will be reconciled to the amount calculated by reference to the audited financial statements of the Trust for the relevant financial year. Any difference between the total amounts actually paid every quarterly and the amount calculated by reference to the audited financial statements will be paid/repaid in cash accordingly within seven days of the Trustee-Manager determining the difference in consultation with the auditor but in any event, should not be more than seven days after that audited financial statement is issued.

The Base Fee and the Performance Fee are payable pro-rata on a time basis where the Trustee-Manager acts as the Trustee-Manager of the Trust for less than a full quarter of the relevant financial year.

Any payment of the Trustee-Manager’s fees in cash must be paid within seven days of the relevant Trigger Event. Any payment of the management fee in new Units must be paid as soon as practicable after obtaining Bursa Securities’ approval for the listing of and quotation for the said Units. Where such approval cannot be obtained or where payment for such management fee in new Units would result in the Trust not complying with the public spread requirements stated in the Listing Requirements or result in adverse implications under Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-overs, Mergers and Compulsory Acquisitions, then the payment of the Trustee-Manager’s Fees will be in cash.

For the avoidance of doubt, the amounts payable under this section shall be net of all applicable service tax, duties and levies imposed by the relevant authorities in Malaysia.

Any payment to third-party agents or brokers in connection with the acquisition, sale or divestment of any authorised investments for the Trust shall not be paid by the Trustee-Manager out of the Acquisition Fee or the Divestment Fee received or to be received by the Trustee-Manager (but to be borne by the Trust).

Any increase in rates or any change in the formula for calculation of the Trustee-Manager’s fees under the Trust Deed must be approved by a Special Resolution passed at a general meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

10. TRUSTEE-MANAGER (Cont'd)

10.7 UNITHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT OF THE TRUSTEE-MANAGER

The following table sets out the direct and indirect shareholdings of the substantial shareholders, directors and key senior management of the Trustee-Manager in the Trust before and after the IPO:

Name	Nationality/ Country of Incorporation	After the IPO											
		Unitholding immediately prior to the IPO				Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Units	(1)%	No of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%
Substantial Shareholders of the Trustee-Manager													
PLKH	Malaysia	1,100,000,000	100.0	-	-	631,300,000	57.4	-	-	561,000,000	51.0	-	-
PNB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
ASB	Malaysia	-	-	⁽³⁾ 1,100,000,000	100.0	-	-	⁽³⁾ 631,300,000	57.4	-	-	⁽³⁾ 561,000,000	51.0
YPB	Malaysia	-	-	⁽⁴⁾ 1,100,000,000	100.0	-	-	⁽⁴⁾ 631,300,000	57.4	-	-	⁽⁴⁾ 561,000,000	51.0
Directors of the Trustee-Manager													
Dato' Ikmal Hijaz Bin Hashim	Malaysian	-	-	-	-	300,000	0.03	-	-	300,000	0.03	-	-
Dato' Mohammad Azlan Bin Abdullah	Malaysian	-	-	-	-	100,000	0.01	-	-	100,000	0.01	-	-
Dato' Abdul Mutalib Bin Alias	Malaysian	-	-	-	-	250,000	0.02	-	-	250,000	0.02	-	-
Datuk Syed Azmi Bin Syed Othman	Malaysian	-	-	-	-	250,000	0.02	-	-	250,000	0.02	-	-

10. TRUSTEE-MANAGER (Cont'd)

Name	Nationality/ Country of Incorporation	After the IPO											
		Unitholding immediately prior to the IPO				Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Units	(1)%	No of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%	No. of Units	(2)%
Nik Fazila Binti Nik Mohamed Shihabuddin	Malaysian	-	-	-	-	250,000	0.02	-	-	250,000	0.02	-	-
Datin Nona Binti Salleh	Malaysian	-	-	-	-	250,000	0.02	-	-	250,000	0.02	-	-
Malik Parvez Ahmad Bin Nazir Ahmad	Malaysian	-	-	-	-	100,000	0.01	-	-	100,000	0.01	-	-
Key senior management of the Trustee-Manager													
Malik Parvez Ahmad Bin Nazir Ahmad	Malaysian	-	-	-	-	100,000	0.01	-	-	100,000	0.01	-	-
Azmee Bin Nin	Malaysian	-	-	-	-	80,000	0.01	-	-	80,000	0.01	-	-
Mukholisah Binti Mohd Majid	Malaysian	-	-	-	-	70,000	0.01	-	-	70,000	0.01	-	-

Notes:

- (1) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the Pre-IPO Acquisition.
- (2) Based on the total number of 1,100,000,000 Units of Prolintas Infra BT after the IPO and assuming full subscription of the Pink Form Allocation.
- (3) Deemed interested by virtue of the direct interest in PLKH pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of the direct interest in PNB pursuant to Section 8(4) of the Act.

10. TRUSTEE-MANAGER (Cont'd)

10.8 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN THE PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

PLKH is the Promoter for Prolintas Infra BT and will emerge as a substantial Unitholder of Prolintas Infra BT upon completion of the Listing.

Prolintas Managers, being the Trustee-Manager, is a wholly-owned subsidiary of PLKH.

Save as disclosed above, there are no other family relationships or associations between the Promoter, Substantial Unitholders, Trustee-Manager, Directors and key senior management of the Trustee-Manager.

10.9 DECLARATION BY THE PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of the Promoter (which is also the controlling shareholder of the Trustee-Manager) and a substantial Unitholder of Prolintas Infra BT, Directors or key senior management of the Trustee-Manager is and has been involved in any of the following events (whether in or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (b) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) such person was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity; or
- (g) in the last 10 years, such person has been reprimanded or issued any warning by any other regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) any unsatisfied judgment against such person.

10.10 TRUSTEE-MANAGER'S FINANCIAL INFORMATION

The Trustee-Manager was incorporated on 2 June 2022 as a private limited company and it has not commenced operations. Save for auditors' remuneration, the Trustee-Manager has not incurred any operating expenses or generated any revenue since incorporation. As at the LPD, the Trustee-Manager has an issued share capital of RM2.00.

10. TRUSTEE-MANAGER (Cont'd)

10.11 RESIGNATION, REMOVAL AND REPLACEMENT OF THE TRUSTEE-MANAGER

10.11.1 Resignation

The Trustee-Manager may resign by giving 6 months' written notice of its intention of resignation to all Unitholders subject to the resigning Trustee-Manager having appointed a replacement trustee-manager for the Trust who is eligible to be appointed to act as trustee-manager under the CMSA and who has been approved by the SC, only in accordance with the requirements and in the manner as may be specified by the SC. Pursuant to the BT Guidelines, a trustee-manager who proposes to resign must give notice of its intention to resign to all unitholders.

The resignation notice must include:

- (a) reasons for the Trustee-Manager's resignation;
- (b) nomination of another corporation as trustee-manager to be appointed as the replacement trustee-manager, subject to the nominated corporation – (i) meeting the relevant eligibility requirements under the BT Guidelines; and (ii) having given its written consent in writing to serve as the replacement trustee-manager; and
- (c) a statement informing the Unitholders of their right to also nominate another corporation as the replacement trustee-manager.

The nomination of another corporation as the replacement trustee-manager by Unitholders is subject to the following conditions –

- (a) the nomination is made by Unitholder(s) holding at the date of nomination, not less than 10% of the total voting rights of Units;
- (b) the nomination is served on the resigning trustee-manager not more than 21 days after the date of the notice given by the resigning trustee-manager; and
- (c) the nominated corporation has given its consent in writing to serve as the replacement trustee-manager.

The resigning trustee-manager must after 21 days of the date of the notice given of its intention to resign call a general meeting of the Unitholders within 28 days and give to the Unitholders special notice of the meeting and any resolution relating to the replacement trustee-manager to be raised at the meeting.

A replacement trustee-manager must not be appointed without the approval of Unitholders holding in aggregate not less than two-thirds of the voting rights of all Unitholders who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at the meeting.

Resignation of the Trustee-Manager shall not take effect until a replacement trustee-manager is appointed.

10.11.2 Removal and Replacement of the Trustee-Manager

(i) Removal by the SC

Notwithstanding anything in the Trust Deed or in any agreement between the Trustee-Manager and the Unitholders, the SC may remove the Trustee-Manager and appoint in his place another trustee-manager or a holder of a CMSL who carries on the business of fund management.

(ii) Removal by the Unitholders

Unitholders may requisition a meeting to vote on a resolution to remove the Trustee-Manager and appoint a new corporation so nominated by Unitholders as the replacement trustee-manager subject to the new corporation - (i) meeting the relevant eligibility requirements under the BT Guidelines; and (ii) having given its consent in writing to serve as the replacement trustee-manager.

The resolutions to remove the Trustee-Manager and to appoint a replacement trustee-manager is passed when it is passed by Unitholders holding in aggregate not less than two-thirds of the voting rights of all the Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting.

For avoidance of doubt, the Trustee-Manager, any shareholder of the Trustee-Manager which is a Unitholder and/or any related party, may exercise the voting rights for the Units it holds, in a general meeting held for the removal of the Trustee-Manager.

10.12 MATERIAL LITIGATION

As at the LPD, the Trustee-Manager is not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Trustee-Manager and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Trustee-Manager.

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11. SHARIAH ADVISER

11.1 SHARIAH ADVISER

Amanie Advisors Sdn Bhd (“**Amanie**”) has been appointed as the Shariah adviser for the Trust.

Amanie was incorporated on 10 March 2005 under the Companies Act, 1965 and is deemed registered under the Act as a private company limited by shares. Amanie is principally involved in Shariah advisory and supervisory services and is a registered Shariah Adviser (Corporation) with the SC since inception. The registered office of the Shariah Adviser is at Unit 11-3A, 3rd Mile Square, No.151, Jln Klang Lama, Batu 3 ½, 58100 Kuala Lumpur and its business address is at Level 13A-2, Menara Tokio Marine Life, 189, Jalan Tun Razak, 50400 Kuala Lumpur.

Amanie was founded and led by Tan Sri Dr. Mohd Daud Bakar, who is also a registered Shariah Adviser (Individual) with the SC. As at the LPD, there is a total of 10 full-time consultants in Amanie representing dynamic and experienced professionals with a mixture of Shariah law, corporate finance, accounting, product development and education. Amanie has no prior experience in providing Shariah advisory and supervisory services for Islamic business trusts as Prolintas Infra BT shall be the first business trust to be listed in Malaysia.

11.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE SHARIAH ADVISER

As the Shariah Adviser for the Trust, the role of Amanie is to ensure that the operations and investments of the Trust are in compliance with Shariah requirements.

The Shariah Adviser will review the portfolio of the Trust Group on a yearly basis to ensure that its operations and investments comply with Shariah. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Trust Group’s compliance with Shariah through the issuance of monthly confirmation reports. Further, a report on the Shariah compliance status of the Trust Group for the respective financial year will also be prepared to be included in the annual report of the Trust Group.

The general functions, duties and responsibilities of the Shariah Adviser, include but are not limited to the following:

- (a) advise and provide Shariah expertise and guidance on Prolintas Infra BT’s structure, management, investment and other operational matters;
- (b) advise and provide Shariah expertise and guidance on Prolintas Infra BT’s trust deed, offering documents, circular to Unitholders relating to acquisition or disposal of assets, reports and any other relevant documents;
- (c) ensure that Prolintas Infra BT is managed and operated in accordance with Shariah principles and relevant SC regulations and guidelines, including rulings and resolutions issued by the SAC;
- (d) prepare a report to be included in the annual report of Prolintas Infra BT stating its opinion that Prolintas Infra BT has been operated and managed in accordance with Shariah principles for the financial period concerned;
- (e) consult the SAC, where there is ambiguity or uncertainty with regard to any aspects of Prolintas Infra BT; and
- (f) inform the Trustee-Manager immediately where the Shariah Adviser has been deregistered by the SC.

Amanie also reviews the Islamic business trust on annual basis to ensure compliance with Shariah principles or any other relevant principles at all times.

11. SHARIAH ADVISER (Cont'd)

11.3 PROFILES OF SHARIAH PERSONNEL

The designated persons responsible for Shariah matters relating to Prolintas Infra BT are as follows:

Tan Sri Dr. Mohd Daud Bakar (“Tan Sri Dr. Mohd Daud”)

Tan Sri Dr. Mohd Daud Bakar is the designated person in-charge of all Shariah matters in Amanie.

Tan Sri Dr. Mohd Daud received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD in Conflict of Law and the Methodology of Tarjih: A Study in Islamic Legal Theory from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

He is a registered individual Shariah Adviser with the SC and is the Chairman of the Shariah Advisory Council for the following entities:

- (a) Astana International Financial Centre (AIFC) in Kazakhstan;
- (b) First Abu Dhabi Bank in United Arab Emirates; and
- (c) PNB in Malaysia.

Previously, Tan Sri Dr. Mohd Daud was the Chairman of SAC at Bank Negara Malaysia and SC.

Tan Sri Dr. Mohd Daud is a Shariah board member of the National Bank of Oman in Oman, Amundi Asset Management in France, Bank of London and Middle East in London, BNP Paribas Najma in Bahrain, Natixis Bank in Dubai, Morgan Stanley in Dubai, Sedco Capital in Saudi Arabia and Luxembourg and Dow Jones Islamic Market Index in New York, amongst many others.

Currently, Tan Sri Dr. Mohd Daud is the Chairman of the Shariah Advisory Committee in PNB.

Tan Sri Dr. Mohd Daud has been conferred the esteemed Tokoh Maal Hijrah award by the State Government of Kedah in conjunction with the state-level Maal Hijrah celebration in July 2023. In 2022, Tan Sri Dr. Mohd Daud received the “Royal Award for Islamic Finance 2022” by His Majesty, the Yang Di-Pertuan Agong. In 2014, he received the “Most Outstanding Individual” award by, His Majesty, the Yang Di-Pertuan Agong, in conjunction with the national-level Prophet Muhammad’s birthday. Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai in 2015 by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. On 13 November 2021, he was conferred the Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) by His Majesty, the Yang Di-Pertuan Agong which carries the title of “Tan Sri”.

11.4 SHARIAH COMPLIANCE CRITERIA

The following are the Shariah guidelines for Prolintas Infra BT, which the Trustee-Manager is to strictly adhere to on a continuous basis. At all times, the Trustee-Manager shall manage Prolintas Infra BT according to the Shariah principles based on the parameters of the applicable Shariah Advisory Council, relevant Shariah advisory board, and the Shariah Adviser. Any potential departures from these guidelines due to certain unique conditions or unusual situations will require prior approval by Shariah Adviser before implementation.

11. SHARIAH ADVISER (Cont'd)

Prolintas Infra BT has been determined by the Shariah Adviser to be Shariah-compliant based on the following methodology:

- a) The following criteria to be employed in determining the Shariah compliant status of the Islamic business trust;

(1) Quantitative analysis

The core business of the business trust is not in the following Shariah non-compliant activities:

Business activity benchmarks

- Conventional banking and lending;
- Conventional insurance;
- Gambling and gaming;
- Manufacture or sale of non-halal products or related products;
- Shariah non-compliant entertainment;
- Manufacture or sale of tobacco-based products or tobacco-related activities;
- Stockbroking or share trading in Shariah non-compliant securities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC.

If the business trust comprises both Shariah-compliant and Shariah non-compliant activities, the contribution of Shariah non-compliant activities to the total revenue and profit before tax of the Islamic business trust must be less than the business activity benchmarks as follows:

(a) Business activity benchmarks

- i. The 5.0% benchmark would be applicable to the following business activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Tobacco and tobacco-related activities;
- Interest income from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);
- Dividends from Shariah non-compliant investments; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC.

- ii. The 20.0% benchmark would be applicable to the following activities:

This benchmark is used to assess the level of mixed contributions from the activities that are generally permissible according to Shariah and have an element of *maslahah* (public interest), but there are other elements that may affect the Shariah status of these activities. Activities that fall under this category include but not limited to—

11. SHARIAH ADVISER (Cont'd)

- Share trading;
- Stockbroking business;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC.

(b) Financial ratio benchmarks

In addition to the above requirement, a 33% benchmark is applicable in determining the Shariah-compliant status of an Islamic business trust. The 33% benchmark is used to assess the following financial ratios, which is intended to measure riba' and riba'-based elements in terms of investment, deposit and financing:

- Cash over total assets:

Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.

- Debt over total assets:

Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Each of the above ratio must be less than 33 per cent.

(2) Qualitative analysis

The SAC of the SC and/or the Shariah Adviser may also take into account the public perception or image in assessing Shariah compliant status of the Islamic business trust.

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11. SHARIAH ADVISER *(Cont'd)*

In order to ensure compliance with the Shariah-compliance criteria, Prolintas Infra BT shall adhere to the following:

- (a) Prolintas Infra BT shall keep its cash in Islamic money market instruments. For investment in money market, Islamic money market instruments that are endorsed by the Shariah Adviser or approved by the Shariah Adviser upon review of the relevant documents e.g., principal terms and conditions and Shariah pronouncement or approvals.
- (b) For cash placement in deposit, Prolintas Infra BT is prohibited from investing in interest-bearing deposits and recognising any interest income.
- (c) All hedging activities and use of structured instruments shall only be used after written approval of the Shariah Adviser to ensure that they are Shariah compliant.
- (d) Prolintas Infra BT may obtain cash financing to make investments or finance its operational activities by way of obtaining financing provided that the financing instrument adopted is a Shariah compliant instrument only and as approved by the Shariah Adviser.
- (e) Where Prolintas Infra BT intends to insure its assets or properties, it must procure a takaful scheme. Only if the takaful scheme is unable to provide the required and/or sufficient coverage, Prolintas Infra BT may procure a conventional insurance scheme to ensure sufficient coverage of the same.

Further, the Trustee-Manager must:

- (a) obtain the Shariah Adviser's prior approval for any proposal relating to transaction resulting in a significant change in the business direction or policy of the business trust; and
- (b) notify the Shariah Adviser in writing of any such acquisition or disposal of assets within seven days after which the acquisition or disposal was affected.

The Shariah Adviser vide its Shariah Pronouncement Letter dated 4 March 2024 as set out in Annexure D, classified Prolintas Infra BT as Shariah-compliant based on the combined financial statements of AKLEH Co, GCE Co, SILK Co, LKSA Co and Manfaat Tetap, collectively known as the Prolintas Prime Group, for the FYEs 2020, 2021 and 2022. The Accountants' Report in relation to the Prolintas Prime Group for the Period Under Review is appended in Section 17 of the Prospectus.

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12. SALIENT TERMS OF TRUST DEED

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Recipients of this document and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Prolintas Infra BT. The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 12th Floor Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur.

Certain terms of the Trust Deed, and certain rights and obligations of the Trustee-Manager and the Unitholders under the Trust Deed have been prescribed by the BT Guidelines and the ICMPS Guidelines issued by the SC. The BT Guidelines and the ICMPS Guidelines are complex regulations and not all the provisions of the same that may affect your rights as a Unitholder are embodied in the Trust Deed. Prospective investors should refer to the BT Guidelines and the ICMPS Guidelines to confirm specific information or for a detailed understanding of the business trust regulatory framework in Malaysia.

12.1 THE TRUST DEED

Prolintas Infra BT was constituted as a business trust on 11 December 2023 by the Trustee-Manager, as trustee-manager of the Trust, under the Trust Deed for the principal purpose of engaging in the businesses authorised thereunder and seeking a Listing. Prolintas Infra BT has been approved by the SC and is principally regulated by the CMSA, the BT Guidelines, the ICMPS Guidelines and the Listing Requirements.

The terms and conditions, of the Trust Deed and all supplemental deeds shall be binding on each Unitholder (and all persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain covenants on the part of each Unitholder to observe and be bound by all the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

Pursuant to the Trust Deed, the Trustee-Manager shall hold the Assets upon trust for the Unitholders and the Assets so held shall be segregated from the general assets of the Trustee-Manager. The rights of the Unitholders under the Trust Deed are divided into Units.

The provisions of the CMSA, BT Guidelines and ICMPS Guidelines prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

The Trust Deed is governed by, and shall be construed in accordance with, the laws of Malaysia.

12.2 NATURE OF THE UNITS

Each Unit is of equal value and represents an undivided interest in the Trust. There is only one class of Units in the Trust and all issued Units rank *pari passu* in all respects with other issued Units (including voting rights and rights to all distribution of monies to be declared subsequent to the date of allotment of the Units) provided that the issue price is fully paid.

12.3 RIGHTS OF UNITHOLDERS

The Units shall confer on the Unitholder the rights (amongst other) to receive any Distribution entitlements and such other rights, benefits, entitlements and privileges as are conferred on the Units or attached to the Units by the provisions of the Trust Deed.

Subject to Applicable Laws and Requirements, a Unitholder is entitled to:

- (i) receive Distribution entitlements and other distributions attributable to the Trust;

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (ii) receive the interim financial reports no later than two months from the end of the relevant quarter period covered (and annual financial reports no later than four months from the end of each financial year);
- (iii) participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the sale or realisation of the Assets less the liabilities, in accordance with their proportionate interests in the Trust at the date of the termination of the Trust;
- (iv) attend and vote at any meeting of Unitholders, and to appoint another person (whether a Unitholder or not) as its proxy to attend and vote;
- (v) to call for a Unitholders' meeting and to vote for the removal or replacement of the Trustee-Manager by passing a resolution of not less than two-thirds of the voting rights of the Unitholders in accordance with the provisions of the Trust Deed;
- (vi) request the Trustee-Manager to remove the auditor by an Ordinary Resolution in accordance with the provisions of the Trust Deed;
- (vii) take any action against the Trustee-Manager for any breach of their duties as set out in the Applicable Laws and Requirements; and
- (viii) terminate the Trust by passing a Special Resolution in accordance with the provisions of the Trust Deed.

12.4 LIABILITY AND LIMITATION ON RIGHTS OF UNITHOLDERS

Except to the extent provided in the Trust Deed in respect of fees, charges and expenses, the liability of each Unitholder shall be limited to the price payable by the Unitholder for the Units(s) held by the Unitholder and provided that the issue price of the Units are fully paid, no Unitholder shall be under any obligation personally to indemnify the Trustee-Manager or any of the Trustee-Manager's creditors against any debts, liabilities or obligations incurred by the Trustee-Manager in its capacity as trustee-manager for the Trust.

Subject to the rights of the Unitholders created in the Trust Deed and by the Applicable Laws and Requirements:

- (a) a Unitholder has no legal, equitable or proprietary interest in the Assets and is not entitled to the transfer of the Assets (or any part thereof) or of any estate or interest in the Assets (or in any part thereof);
- (b) a Unitholder's right in the Assets and under the Trust Deed is limited to the right to require the discharge of duties and responsibilities of the Trustee-Manager and the due administration of the Trust in accordance with the Trust Deed, including, without limitation, by suit against the Trustee-Manager;
- (c) without limiting the generality of the foregoing, each Unitholder is deemed to acknowledge and agree when he becomes a Unitholder that:
 - (i) he shall not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the Assets (or any part thereof), and shall waive any rights he may otherwise have to such relief, unless the Trustee-Manager purports, attempts, threatens or take steps to terminate the Trust in contravention with the provisions of the Trust Deed, in which case, a Unitholder shall be at liberty to seek an order for specific performance or for injunctive relief in respect of the Assets (or in any part thereof);

12. SALIENT TERMS OF TRUST DEED *(Cont'd)*

- (ii) if the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or monetary compensation from the Trustee-Manager in a court of competent jurisdiction, and;
 - (iii) damages or monetary compensation is an adequate remedy for such breach or threatened breach.
- (d) subject to the Trust Deed and Applicable Laws and Requirements, a Unitholder is deemed to acknowledge and agree when he becomes a Unitholder that he shall not (whether at the meeting of Unitholders or otherwise):
- (i) interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, or restrict the exercise of any discretion expressly conferred on the Trustee-Manager under the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of the Trustee-Manager;
 - (ii) exercise any right in respect of the Assets (or any part thereof) or lodge any caveat or other notice affecting the Assets (or any part thereof) or otherwise claim any interest over the Assets (or any part thereof),
 - (iii) require that any part of the Assets be transferred to the Unitholder or its nominees or to any other person;
 - (iv) give any directions to the Trustee-Manager which shall cause the Trustee-Manager to do or omit to do anything which may result in the Trust ceasing to comply with the Applicable Laws and Requirements or which may result in the Trustee-Manager to be in breach of their duties at law or under the Trust Deed save for directions duly given pursuant to a resolution passed at a duly convened meeting of the Unitholders; and
 - (v) have any right solely by reason of him being a Unitholder to attend any meetings of shareholders, stockholders or debenture holders of the Trustee-Manager or a company whose shares form part of the Assets, or to vote or take part in or consent to any such company or shareholders', stockholders' or debenture holders' action.

There are no restrictions under the Trust Deed on who may purchase (or subscribe for) Units and on the ownership of Units.

12.5 CREATION OF UNITS

Subject to the provisions of the Trust Deed, the Trustee-Manager shall have the exclusive right to effect the issuance of Units for the account of the Trust whether on an initial issue of Units, a rights issue, an issue of new Units otherwise than by way of a rights issue or any issue pursuant to a reinvestment of distribution arrangement provided that the Trustee-Manager shall not be bound to accept an initial application for Units so as to give rise to a holding of fewer than 100 Units (or such other number of Units as may be determined by the Trustee-Manager). The Trustee-Manager may from time to time after the initial Listing, recommend to the Unitholders any subsequent issuance of Units, to increase the size of the Trust by way of an offer for subscription, a restricted offer for subscription, a placement, a rights issue, a bonus issue of Units to existing Unitholders in proportion to their holding of Units, by way of placement to any person, as consideration for acquisition or such other methods as may be permitted by the Applicable Laws and Requirements.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

For as long as the Units are listed, the Trustee-Manager may issue Units on any Market Day at an issue price on market-based principles and at a level which is in the best interest of the Trust and its Unitholders subject to the Unitholders' approval by way of an Ordinary Resolution and the Applicable Laws and Requirements.

The Trustee-Manager may create or cancel the Units at any time and from time to time during the duration of Prolintas Infra BT but must not, in relation to the creation or cancellation of Units, do or omit to do anything which would confer on itself a benefit at the expense of a Unitholder or an investor nor create or cancel Units where the Trustee-Manager considers the creation or cancellation is not in the best interest of Unitholders or it would result in a breach of Applicable Laws and Requirements or the Trust Deed.

A Unit shall be deemed to have been issued to the person entitled to such Unit when the name of such person has been added onto the Record of Depositors. No certificates for the Units shall be issued to any subscribers or purchasers of Units pursuant to this Prospectus.

Subject to the approval of the Unitholders and Bursa Securities and any other relevant regulatory authority (where required) and subject further to any Applicable Laws and Requirements, the Trustee-Manager may at any time on prior written notice to each Unitholder determine that each Unit shall be sub-divided into two or more Units or consolidated within one or more Units and the Unitholders shall be bound accordingly.

There is only one class of Units and every Unit carries the same voting rights.

12.6 SUSPENSION OF DEALING IN AND ISSUE OF UNITS

Without prejudice to the generality of the paragraph below, the Trustee-Manager may, subject to the Listing Requirements and the BT Guidelines and/or the CMSA on or after the date of Listing, seek the suspension of dealings of Units (including issuance of Units) during any of the following events:

- (a) the existence of any state of affairs which, in the opinion of the Trustee-Manager might seriously prejudice the interests of the Unitholders as a whole or of the Assets;
- (b) any breakdown in the means of communication normally employed in determining the price of any Assets and/or permissible investments or (if relevant) the current price thereof on Bursa Securities or when for any reason the prices of any such Assets and/or permissible investments cannot be promptly and accurately ascertained;
- (c) any period when remittance of money which will or may be involved in the realisation of any Assets and/or permissible investments or in the payment for any Assets and/or permissible investments cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;
- (d) any period where the issuance of Units is suspended pursuant to any order or direction issued by the Bursa Securities, SC or any other authorised regulatory body;
- (e) when the business operations of the Trustee-Manager in relation to the operation of the Trust are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (f) in any other situation permitted by the Listing Requirements, BT Guidelines and/or the CMSA.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

Such suspension shall take effect forthwith upon the declaration in writing of the same by the Trustee-Manager and shall terminate on the day following the first Market Day on which the condition or any other conditions giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised shall exist subject always to the Applicable Laws and Requirements. In the event of any suspension while the Units are listed, the Trustee-Manager shall ensure that immediate announcement of such suspension and the cessation of such suspension are made through Bursa Securities.

Notwithstanding the above, the Trustee-Manager shall where it deems appropriate and subject to the BT Guidelines, the Listing Requirements and the CMSA suspend dealing in the Units due to circumstances, where there is a good and sufficient reason to do so, considering the interests of Unitholders or the potential investors. Such suspension shall cease as soon as practicable after the circumstances have ceased, and in any event within 21 days from the commencement of the suspension. Upon such suspension, the Trustee-Manager shall immediately notify the SC and Bursa Securities in writing stating the reasons for suspension, the proposed resumption of dealings in Units and the expected date of the proposed resumption.

12.7 REPURCHASE OF UNITS

Unless otherwise as provided under the Applicable Laws and Requirements, the Unitholders have no right to request the Trustee-Manager to repurchase or redeem their Units while the Units are listed on Bursa Securities. The Unitholders may only deal in their listed Units through trading on Bursa Securities.

12.8 VENDOR UNITS

The Trustee-Manager may issue Units to finance acquisitions and investments in permissible investments in the manner as prescribed by the Trust Deed, the BT Guidelines, the ICMPG Guidelines, the Listing Requirements and any other Applicable Laws and Requirements. If and to the extent required, the acquisition shall be approved by the relevant regulatory authority and/or the Unitholders in accordance with the Listing Requirements and the Applicable Laws and Requirements, notwithstanding that the approved size of the Trust will not be breached after the proposed issue of Units to the vendors of the permissible investments.

12.9 DISTRIBUTIONS

Subject to Applicable Laws and Requirements, the Trustee-Manager may, regardless whether there are any profits or losses, or retained earnings or accumulated losses within a given period, from time to time declare a distribution of all or such lower percentage of profits, income or other payment or returns, whether in the nature of income or capital of the Trust and which the Trustee-Manager reasonably determines to be in excess of the financial needs of the Trust ("**Distribution**") in cash to the Unitholders out of the Assets in respect of such periods, of such amounts, if not on every half year, on such dates as it may think fit, subject to the distribution date, distribution period and adjustments. Any declaration of a Distribution by the Trustee-Manager must be signed by not less than two directors of the Trustee-Manager, must have been approved by the board of directors of the Trustee-Manager where the board of directors is satisfied that after making the distribution, the Trustee-Manager will continue to be able to fulfil, from the Assets, the liabilities of the Trust as and when these liabilities fall due.

Without prejudice to the generality of the foregoing, the Distribution shall be referenced to the Distributable Amount calculated by the Trustee-Manager based on the financial statements of the Trust for that financial year or distribution period as representing the consolidated profit (or, as the case may be, loss) before tax of the Trust for the financial year or the relevant distribution period, after adjusting for the following:

- (i) Deducting taxes payable or paid;

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (ii) Deducting repayment of any principal amount (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- (iii) Deducting capital expenditure for upgrading and development works for the highways (which is not funded by debt/Islamic financing);
- (iv) Adding depreciation, amortisation and impairment;
- (v) Deducting/adding, where applicable, non-cash adjustments such as deferred income, unrealised income or loss, including (without limitation) asset revaluation gains or losses; and
- (vi) Deducting/adding, where applicable, any other adjustments (which may include one-off or non-recurring items) as deemed appropriate by the Trustee-Manager in its sole discretion.

Any proposed Distributions as may be determined by the Trustee-Manager will take into consideration of the Trust's funding requirements, financial position, business prospects and expected financial performance, projected levels of capital expenditure and other investment plans, liabilities and obligations, obligations and covenants to third parties (such as financiers) and working capital requirements.

The Trustee-Manager will also have the discretion to distribute or withhold any additional amounts considering all the above-mentioned factors, and provided that such Distributions will not be detrimental to the Trust's cash requirements, or any plans approved by the Board of the Trustee-Manager. In doing so, the Trustee-Manager should also take into consideration the stability and sustainability of the Distribution and investment objectives of the Trust.

The Trustee-Manager may from time to time (having consulted the auditor, where necessary):

- (a) set aside out of the income of the Trust and/or Assets, and carry in reserve such sums or make such provisions as it thinks fit;
- (b) determine the amounts available for Distribution;
- (c) capitalize any sum for the time being standing in the reserves or otherwise available for Distribution.

The Trustee-Manager may deduct from each Unitholder's Distribution entitlement all amounts which:

- (a) are necessary to avoid distributing a fraction of a sen;
- (b) the Trustee-Manager determines not to be practical to distribute on a Distribution entitlement date;
- (c) equal any amount of tax which has been paid or which the Trustee-Manager determines is or may be payable by it in respect of the portion of the income of the Trust attributable to such Unitholder, or the amount of the distribution otherwise distributable to such Unitholder;
- (d) are required to be deducted by the Applicable Laws and Requirements or the Trust Deed; or
- (e) are payable by the Unitholders to the Trustee-Manager.

No Distribution or other moneys payable on or in respect of a Unit shall bear interest as against the Trust.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

Without prejudice to the power to make cash Distributions under the Trust Deed and any Distribution policy articulated by the Trustee-Manager from time to time, but subject to Applicable Laws and Requirements, the BT Guidelines, and the approval of the Unitholders by Ordinary Resolution, the Trustee-Manager may declare a Distribution other than in cash to the Unitholders to be payable out of the Assets.

The Trustee-Manager will use commercially reasonable endeavors to ensure that for each Financial Year there is at least one Distribution entitlement paid or at such intervals as the Trustee-Manager may determine in its absolute discretion.

There is no time limit after which a Distribution entitlement will lapse.

12.10 INVESTMENT POLICIES OF PROLINTAS INFRA BT

12.10.1 Permissible Investments

Subject to the provisions of the Trust Deed, the Applicable Laws and Requirements and compliance on Shariah requirements, the Trust may only invest in the following investments, directly or indirectly, subject to the provisions of the BT Guidelines:

- (a) a Shariah-compliant portfolio of investments, namely, shares, units, securities, instruments, partnership interests, any other form of economic or participatory interests, and/or any other equity and/or ownership interests, in any corporation, business, firm, partnership, trust and/or other form of entity (incorporated or otherwise) which develops, operates and/or maintains tolled highways, and/or assets comprised in the business of the development, operation and/or maintenance of tolled highways, and other related businesses, assets, undertakings and/or activity which is associated with, ancillary to or incidental to the development, operation and/or maintenance of tolled highways.
- (b) cash, Islamic deposits and Islamic money market instruments; and/or
- (c) any other Shariah-compliant units, securities, instruments, partnership interests and/or any other form of economic or participatory interests, and/or investment products as may be permitted by the SC.

In addition to the foregoing, the Trustee-Manager may invest in future highway assets within the medium to long term in both the domestic and international markets. The Trustee-Manager may take into consideration, without limiting the generality of the following, and subject always to the Applicable Laws and Requirements:

- (i) track record of the target assets, including consistent and predictable traffic volume and toll revenue;
- (ii) positive free cash flow with sustainable Distributable Amount for dividend;
- (iii) medium to long term growth potential of the target assets, which can contribute to sustained dividend growth, yield accretion, potential for future earnings and capital appreciation; and
- (iv) potential portfolio diversification of the Trust Group

For the avoidance of doubt, the Trustee-Manager may use Islamic financial derivatives for the sole purpose of hedging the Trust's existing risk exposure.

12.10.2 Investment Limits

In exercising its powers to make investments on behalf of the Trust, the Trustee-Manager shall ensure that the Trust complies with the BT Guidelines and the ICMPS Guidelines. Investments in permissible investments may be by way of direct ownership or through a shareholding by the Trust in a separate corporation. Investments in other assets are limited to those specified under permissible investments and such requirements as may be imposed by the BT Guidelines, the ICMPS Guidelines and the CMSA.

12.10.3 Restriction on Investment/Activities

Subject always to the provision of the Applicable Laws and Requirements, the Trustee-Manager shall ensure that the Trust shall not, other than as permitted under its investment objectives and permissible investments, at any time be involved in the following activities:

- (a) the extension of financing facilities or any other credit facility to any person other than to any corporation at least 20% of its issued share capital of which is owned by the Trust as part of the Assets (in which case then such financing or facility must be Shariah-compliant);
- (b) financial services based on riba (interest);
- (c) gambling and gaming;
- (d) manufacture or sale of non-halal products or related products;
- (e) conventional insurance;
- (f) entertainment activities that are non-permissible according to Shariah;
- (g) manufacture or sale of tobacco-based products or related products;
- (h) stockbroking or share trading in Shariah non-compliant securities;
- (i) other activities deemed non-permissible according to Shariah; and
- (j) any other activity which does not comply with the BT Guidelines and the ICMPS Guidelines and where no waiver from the SC is obtained to exempt compliance with the relevant guidelines.

12.10.4 Investment Policy

- (a) The objectives of the Trust are to provide Unitholders with stable distributions per Unit with the potential for sustainable long term growth of such distributions.
- (b) The objectives are to be achieved by optimising the performance of the Assets and enhancing the overall quality of a large and geographically diversified portfolio of the Assets which are Shariah-compliant through various investment and business strategies.
- (c) Unless otherwise provided by the Applicable Laws and Requirements, any modification to the Trust Deed involving any change to the investment objectives set out in the Trust Deed thereof must be approved by Unitholders by way of a Special Resolution.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (d) Subject to the provisions of the Trust Deed, the Trustee-Manager subject to the interest of the Unitholders, shall have the discretion to determine the manner in which any cash forming part of the Assets of the Trust should be invested and what purchases, sales, transfers, exchanges, collections, realisations or alterations of investments should be effected and when and how the same should be effected.

12.10.5 Investments in Foreign Markets

Where the Trust proposes to acquire an asset located outside Malaysia, the Trustee-Manager shall ensure that:

- (a) the Applicable Laws and Requirements are complied with;
- (b) the approvals or authorisations from the relevant authorities (local and foreign) have been obtained prior to the acquisition; and
- (c) such an acquisition is in the best interests of the Trust and its Unitholders and must be able to demonstrate an improvement to the overall yield of the Trust.

The Trustee-Manager shall take into account various factors, including but not limited to, the following:

- (a) entry barriers, such as foreign ownership restrictions, foreign exchange and remittance control, and anti-trust/competition provisions;
- (b) economic and political environment, legal, judicial and financial reporting framework and market in the foreign country;
- (c) operational barriers, such as enforcement of legal rights as landlord and transparency of accounting and financial reporting systems;
- (d) taxation matters that may affect operations of the Trust investing in the foreign country concerned;
- (e) (where applicable) the existence of a foreign entity to whom functions are delegated, the ability of the Trustee-Manager to maintain sufficient ongoing supervision of such foreign entity and the presence of any constraint or limitation in engaging such an entity;
- (f) possible exit strategies or mechanisms for the foreign market and termination arrangements for the Trust's foreign investments and additionally, the Trustee-Manager shall ensure that the Trust has a contingency plan that enables it to proactively respond to any urgent need that may arise in the course investment and management of Assets outside Malaysia and its divestment of such Assets;
- (g) practical and effective measures that would address any issue or mitigate the risks that may arise out of the foreign investment;
- (h) necessary experience, capability, resources, and competence that the Trustee-Manager needs to deal with the legal and other regulatory requirements of Assets located outside Malaysia;
- (i) the Trustee-Manager must, at a minimum, be able to demonstrate that it has the requisite competence, experience, and resources to:
 - (i) analyse the issues and risks associated with foreign investments;

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (ii) develop, implement, and keep up-to-date a set of effective internal controls and risk management systems to deal with existing and foreseeable risks associated with foreign investments; and
- (iii) inform Unitholders in a clear, concise, and timely manner of the investment profile and risk to the Trust.

A foreign market is an eligible market where it also has satisfactory provisions relating to:

- (a) the regulation of the foreign market;
- (b) the general carrying on of business in the market with due regard to the interests of the public;
- (c) adequacy of market information;
- (d) corporate governance;
- (e) disciplining of participants for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of, or a failure to comply with, the rules of the market; and
- (f) arrangements for the unimpeded transmission of income and capital from the foreign market to the Trust.

Notwithstanding the above, investments are limited to foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO).

12.11 MEETING OF UNITHOLDERS

The Trustee-Manager shall call for an annual general meeting of the Unitholders ("**AGM**") within 18 months of the approval for establishment of the Trust and thereafter, once in every calendar year within four months of the financial year end and not more than 15 months after the holding of the last preceding AGM.

A meeting of Unitholders ("**Unitholders' Meeting**"):

- (a) may be convened by the Trustee-Manager at any time, other than the required circumstances provided for in the Applicable Laws and Requirements; or
- (b) may be convened by the Trustee-Manager if:
 - (i) not less than 50 Unitholders or Unitholders holding not less 10% of total voting rights of all Unitholders direct the Trustee-Manager to do so;
 - (ii) the direction is given to the Trustee-Manager in writing at its registered office; and
 - (iii) the purpose of the Unitholders' Meeting is to consider any matter raised by the Unitholders in relation to the Trust or the Trust Deed; and
- (c) shall be conducted in accordance with the Trust Deed.

Where the Trustee-Manager decides to convene a Unitholders' Meeting, the Trustee-Manager must give or cause to be given to the Unitholders:

- (a) at least 14 days' notice in writing of any Unitholders' Meeting (save an AGM or general meeting for the passing of a Special Resolution which requires 21 days' notice);

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (b) the Trustee-Manager must specify, in the notice for Unitholders' Meetings, the place, time and the terms of the resolution to be proposed and the general nature of business to be conducted at the Unitholders' Meetings; and
- (c) the Trustee-Manager must publish an advertisement giving the relevant notice of the Unitholders' Meeting in the national language and English daily newspaper circulating in Malaysia and must be announced in writing to Bursa Securities.

Where a Unitholders' Meeting is requested by the Unitholders pursuant to the above, the Trustee-Manager must:

- (a) call the Unitholders' Meeting within 21 days after the direction is given to the Trustee-Manager in writing at its registered office;
- (b) give notice to the Unitholders in accordance with Section 256ZC of the CMSA; and
- (c) specify in the notice for the Meeting, the place, time (being a time not later than 2 months after the giving of such notice), the terms of the resolution to be proposed and the general nature of business to be conducted at the Unitholders' Meeting.

If the Trustee-Manager fails to convene the Unitholders' Meeting as requested by the Unitholders, the Unitholders or any of them representing more than 50.0% of the total voting rights of the Unitholders may themselves convene a Unitholders' Meeting but any such meeting so convened shall be held within three months from the date of the direction to the Trustee-Manager. The Trustee-Manager shall pay to the Unitholders any reasonable expenses incurred by the Unitholders in convening the Unitholders' Meeting by reason of the failure of the Trustee-Manager to convene the Unitholders' Meeting.

Unless otherwise provided in the Trust Deed, the Trustee-Manager must not exercise the voting rights for the Units it holds or its nominees in any Unitholders' Meeting, regardless of the party who requested for the Unitholders' Meeting and the matter that is laid before the Unitholders' Meeting. However, the Trustee-Manager may exercise the voting rights for the Units it holds, in a general meeting held for the removal of the Trustee-Manager.

12.12 VOTING RIGHTS

A Unitholder shall be entitled to attend and vote at any meeting of Unitholders and shall be entitled to appoint another person (whether a Unitholder or not) as to act as his proxy to attend and vote.

A resolution (including a Special Resolution) put to the vote at a general meeting of the Trust must be determined by a show of hands or by poll in accordance with the Applicable Laws and Requirements. Computation of the majority on a poll demanded shall be made in accordance with the Applicable Laws and Requirements.

If voting by a show of hands is permitted or required pursuant to the Applicable Laws and Requirement, each Unitholder present in person or by proxy has one vote on a show of hands. On a poll, each Unitholder present in person or by proxy has one vote for each whole fully paid Unit held.

The quorum required for a Unitholder's meeting is five Unitholders, whether present in person or represented by proxy PROVIDED ALWAYS the quorum for Meeting at which a Special Resolution is proposed to be passed, must be at least five Unitholders whether present in person or by proxy holding in aggregate at least twenty-five percent (25.0%) of the Units in issue at the time of the Meeting.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

12.13 CONCERNING THE TRUSTEE-MANAGER

Subject to the BT Guidelines, the Listing Requirements and the terms of the Trust Deed, the Trustee-Manager shall, among others:

- (a) carry out all activities as the Trustee-Manager may deem necessary for the management of the Trust and its business, and observe its obligations, duties and responsibilities set out in the Trust Deed;
- (b) in managing the Trust, undertake primary management activities in relation to the Trust, including but not limited to overall strategy, risk management strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Trust Deed; and
- (c) have all the powers in respect of the Trust that is possible under the law to confer on a trustee and as though it were the absolute owner of the Assets of the Trust and acting in its personal capacity, acting as custodian of the Trust and to safeguard the interests of the Unitholders of the Trust; and
- (d) ensure that the Assets are clearly identified as assets of the Trust and held separately from the assets of the Trustee-Manager.

12.14 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

Please refer to Section 10.2 “Functions, Duties and Responsibilities” of this Prospectus for details of the functions, duties and responsibilities of the Trustee-Manager.

12.15 RESIGNATION, REMOVAL AND REPLACEMENT OF THE TRUSTEE-MANAGER

Please refer to Section 10.11 “Resignation, Removal and Replacement of the Trustee-Manager” of this Prospectus for details of the resignation, removal and replacement of the Trustee-Manager.

12.16 RESIGNATION, REMOVAL AND REPLACEMENT OF THE DIRECTORS OF THE TRUSTEE-MANAGER

The directors on the Board of Directors of the Trustee-Manager shall not be subject to any removal, replacement or resignation by way of any resolution of the Unitholders. Any removal, replacement and/or resignation of a director of the Trustee-Manager shall be subject to and in accordance with the constitution of the Trustee-Manager, the Listing Requirements and Applicable Laws and Requirements.

12.17 LIMITATION OF LIABILITY AND INDEMNITY OF THE TRUSTEE-MANAGER

If the Trustee-Manager acts in good faith and without wilful default, recklessness or negligence, fraud, breach of trust or breach of its contractual duty under the Trust Deed, it is not responsible to the Unitholders for any loss suffered by the Trust. In particular but without limitation, if for any reason it becomes, unlawful, impracticable or impossible to comply with any of the provisions of the Trust Deed, the Trustee-Manager shall incur no liability to any person whomsoever, and to each other, by reason of such non-compliance.

The Trustee-Manager does not incur any liability in respect of or be responsible for the following, subject to it duly observing its covenants under the Trust Deed:

- (a) any action taken or thing suffered by it in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties;

12. SALIENT TERMS OF TRUST DEED (Cont'd)

- (b) doing or (as the case may be) failing to do an act or thing which, by reason of any provision of any present or future legislation or guidelines made pursuant thereto or of any decree, order or judgement of any court or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise), they or either of them shall be directed or requested to do or perform or to forbear from doing or performing;
- (c) it becoming impossible or impracticable for any reason to carry out the provisions of the Trust Deed;
- (d) the authenticity of any signature on or any seal affixed to any transfer, application form, endorsement or other document received by it in connection with the Trust or any forged or unauthorised signature on or seal affixed to any such document or for acting on or giving effect to any such forged or unauthorised signature or seal, but so that the Trustee-Manager and the Trustee-Manager shall nevertheless each be entitled but not bound to require that the signature of any person to any such document required to be signed by him under or in connection with the Trust Deed shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction;
- (e) acting upon any resolution purporting to have been passed at any meeting of Unitholders in respect of which minutes have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason such resolution was not binding upon all persons; or
- (f) any misconduct, mistake, oversight, error of judgement, forgetfulness or want of prudence on the part of any such banker, broker, lawyer, agent or other person of the Trustee-Manager or for anything done or omitted or suffered in good faith in reliance upon any advice or information obtained from any such person.

The Trustee-Manager shall also not liable for anything done or omitted to be done in accordance with a direction given to him by the Unitholders at any meeting called under Sections 256ZC of the CMSA.

Subject to the BT Guidelines as would affect the extent of such indemnity, the Trustee-Manager is entitled to be indemnified and will be indemnified for the actual losses, claims, damages, suits and costs and expenses arising or for any liability incurred or to be incurred by the Trustee-Manager arising from the execution of the Trust Deed or in performing or exercising any of its powers or duties in relation to the Trust.

This indemnity is in addition to any indemnity allowed by law, but does not extend to liabilities caused by or arising:

- (a) from any negligence, recklessness or willful act or omission or breach of trust on the part of the Trustee-Manager or breach of any provision of the CMSA by the Trustee-Manager; or
- (b) where the Trustee-Manager is grossly negligent and fails to show the degree of care and diligence and vigilance required of a trustee-manager having regard to its powers, authorities and discretions under the Trust Deed, the CMSA, the BT Guidelines or Applicable Laws and Requirements or where a special majority which is to be measured by a percentage of the votes of all Unitholders for the time being, voting at a meeting summoned for the purpose, released the Trustee-Manager with respect to specific acts or omissions.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

12.18 TRUSTEE-MANAGER'S FEES

The provisions on the Trustee-Manager's fees are as set out in the Trust Deed. Please refer to Section 10.6 "Trustee-Manager's Fees" of this Prospectus for details of the Trustee-Manager's fees.

12.19 FINANCING FACILITIES

Subject to the financing limits in the, the Applicable Laws and Requirements and Shariah principles, the Trustee-Manager may, whenever it considers necessary or desirable:

- (a) to acquire or invest in permissible investments or for capital expenditure purposes (including any future acquisition of permissible investments, subject to the terms of the Trust Deed);
- (b) for working capital purposes of the Trust;
- (c) for purposes of refinancing or redeeming its existing financing facilities; or
- (d) for redemption of Units with a view to privatise or withdrawal of the listing status of the Trust from the Main Market of Bursa Securities,

obtain financing facilities to raise money (upon such terms and conditions as the Trustee-Manager thinks fit and in particular by charging or mortgaging all or any of the investments) provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, mortgage or agreement which (in the opinion of the Trustee-Manager) would cause the Trustee-Manager's liability to extend beyond the limits of the Assets.

Subject to the financing limits in the Trust Deed, the Trustee-Manager may, whenever it considers necessary or desirable:

- (a) in the interests of the Unitholders to do so; or
- (b) to enable the Trust to meet any of its liabilities as aforesaid,

raise any sum or sums of money, obtain financing facilities and, to such end, may, without limitation, issue debt securities in respect of any fund raising, financing facilities or any liability, encumber any investments and secure the repayment of monies and profit rates costs and other charges and expenses in such manner and upon such terms and conditions in all respects as the Trustee-Manager may think fit and in particular by charging or mortgaging all or any of the investments or provide such priority, subordination or sharing of any or all of the liabilities owing to the Trust in such manner and upon such terms and conditions in all respects as the Trustee-Manager may think fit.

Unless otherwise provided by the Applicable Laws and Requirements, there are no limits applicable to the total financing facilities of the Trust (including financing through the issuance of securities or Sukuk, term financing and deferred payment arrangements of the Trust).

12.20 PERMITTED CHARGES OF PROLINTAS INFRA BT

The Trustee-Manager in addition to its remuneration and rights to indemnification or reimbursement conferred under any other provision of the Trust Deed or by any Applicable Laws and Requirements, shall be respectively be indemnified and shall be reimbursed out of either the income of the Trust or the capital of the Trust (as determined from time to time between the Trustee-Manager after consultation with the auditor) for all fees, costs, charges, expenses and outgoings reasonably and properly incurred by or on behalf of the Trustee-Manager as the case may be, that are directly related and necessary to the business of the Trust.

12. SALIENT TERMS OF TRUST DEED (Cont'd)

12.21 MODIFICATION OF THE TRUST DEED

All modifications to the Trust Deed must comply with Shariah principles and the Applicable Laws and Requirements and be made through a restated/substitution deed or a supplemental deed to the Trust Deed and will take effect only upon the passing of a Special Resolution by the Unitholders to that effect. The Principal Adviser or Trustee-Manager must submit any such restated/substitution deed or supplemental deed to the SC within seven (7) days from the modification or replacement of the Trust Deed.

The Trustee-Manager may make any modifications, additions to or deletions from the Trust Deed through a restated/ substitution deed or supplemental deed together without the approval by a resolution of the Unitholders, passed at the meeting of the Unitholders duly convened and held in accordance with provisions in the Trust Deed if such alteration, modification, addition or deletion is required by law.

In any other case, such alteration, modification, addition or deletion may only be effected with a Special Resolution of all Unitholders that are present and voting at a Unitholders' Meeting.

For the avoidance of doubt, any related party which is a Unitholder is entitled to cast the votes attached to its Units in respect of any resolution referred to for modification of the Trust Deed, unless the resolution involves the interest, direct or indirect, of the Trustee-Manager or any related party and the related party is therefore required to abstain under Applicable Laws and Requirements and/or the Trust Deed.

Notwithstanding the above, if the SC considers any such modification, addition or deletion to the Trust Deed, prejudices the interests of the Unitholders, the SC shall be entitled to direct the Trustee-Manager to convene a Unitholders' Meeting to obtain their consent to such alteration, modification, addition or deletion by way of the resolution as referred to below. The Trustee-Manager shall be bound to act on the direction of the SC in this regard.

If in the opinion of the Trustee-Manager any such alteration, modification, addition or deletion to the Trust Deed may materially or adversely affect the rights of Unitholders then such alteration, modification, addition or deletion may only be effected with the consent by way of a resolution of not less than two thirds (2/3) of all Unitholders that are present and voting at the meeting (such other majority as may be required by the CMSA or the BT Guidelines) given at a meeting duly convened and held in accordance with the provisions of the Trust Deed.

12.22 TERMINATION AND WINDING UP AND DELISTING OF PROLINTAS INFRA BT

12.22.1 Duration

The Trust shall not have a fixed duration and shall continue in operation until terminated upon the occurrence of any of the events listed in the Trust Deed in relation thereto in accordance with the provisions of the Trust Deed and the BT Guidelines. The Trustee-Manager shall immediately announce to Bursa Securities of any intention to vary the duration of the Trust or the termination of the Trust.

12.22.2 Termination Events

(a) Termination due to withdrawal of the SC's approval or winding up

The Trustee-Manager shall terminate the Trust upon the occurrence of any of the following events:

- (i) the SC's approval in relation to the registration of the Trust is withdrawn;
- (ii) the Trustee-Manager has applied to the SC for deregistration of the Trust following a Special Resolution being passed at a Unitholders' Meeting; or

- (iii) upon an order being granted by the court for winding up of the Trust, on the application by the Trustee-Manager, a Unitholder or a creditor of the Trust or the SC.

Notwithstanding the foregoing, the Trust must be terminated upon the SC's approval in relation to the registration of the Trust being withdrawn.

(b) Termination due to impracticability, suspension of units or scheme of transfer

Subject to the Trust Deed, the Trustee-Manager may, upon giving three months' notice in writing, terminate the Trust in any of the following circumstances:

- (i) if, the Trustee-Manager is of the opinion that it is impracticable or inadvisable to continue the Trust, taking into account factors such as changes in economic climate or taxation law which have caused or likely to cause Unitholders to be detrimentally affected, and the Trustee-Manager shall convene a meeting of Unitholders and at that meeting the Trustee-Manager sets out the recommended action and a Special Resolution (or otherwise in accordance with the requirement of the BT Guidelines), is passed for the Trust to be terminated;
- (ii) if at any time after the date of Listing, the Units are suspended from Listing and not readmitted for Listing within a continuous period of 90 Market Days after such suspension and the Unitholders shall thereafter resolve to wind-up the Trust, if not by order of the court, by way of the passing of a Special Resolution at a Unitholders' meeting, in which case, the winding-up of the Trust in accordance with the Trust Deed shall commence immediately upon obtaining approval from the Unitholders; or
- (iii) if a scheme for the transfer of all of the assets of the Trust (which has been approved in accordance with Applicable Laws and Requirements), has been effected and resulted in the Trust being left with no assets or properties.

(c) During termination

While the Trust is being terminated:

- (i) the financial period of the Trust will continue to run; and
- (ii) the annual reports of the Trust continue to be required, unless after consulting the auditor and the SC, the Trustee-Manager has taken reasonable care to determine that timely production of an annual report is not required in the interests of Unitholders. The Trustee-Manager must ensure that, in addition to the requirements in the BT Guidelines, the annual report must contain information on the progress of the termination of the Trust.

In the event the Trust is terminated due to the withdrawal of the registration of the Trust by the SC, such withdrawal shall not operate as to:

- (i) avoid or affect any agreement, transaction or arrangement involving the Trust which has been entered into before the withdrawal of the registration of the Trust; or

- (ii) affect any right, obligation or liability arising under such agreement, transaction, or arrangement.

(d) Release of Trustee-Manager's obligations

Upon the Trust being terminated, the Trustee-Manager shall be released from its obligations under the Trust Deed provided always that any such release shall not in any way prejudice or affect the liability of the Trustee-Manager to the Unitholders for any such claim arising out of the Trustee-Manager's negligence or for any breach of trust or breach of its duties whether under the Trust Deed or imposed by the Applicable Laws and Requirements

12.22.3 Winding up

(a) Notice in the event of termination or winding up

In the event of termination of the Trust, the Trustee-Manager shall undertake the following:

- (i) in circumstances where Unitholders' Special Resolution for the termination is:
 - (A) required (where termination is not by order of the court), the Trustee-Manager must:
 - (1) notify the SC in writing of the proposed termination or winding-up within 7 days after the passing of the Special Resolution, and the completion of the termination or winding-up within 2 Market Days of completion; and
 - (2) give notice of the passing of the Special Resolution in an advertisement published in a national language or English daily newspapers circulating in Malaysia, within 10 days after the passing of the Special Resolution.
 - (B) not required (where termination is by order of the court), the Trustee-Manager must notify the SC in writing of the order of the court within 7 days after the issuance of the order and the completion of the termination or winding-up within 2 Market Days of completion.

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(b) Winding Up Process

Upon termination of the Trust, the Trustee-Manager shall proceed as follows:

- (i) the Trustee-Manager shall as soon as practicable sell, call in and convert into money all investments then remaining in its hands as part of the Assets of the Trust, and shall pay any financing facility under the Trust Deed (together with any monies due and remaining unpaid) for the time being outstanding, and thereafter divide the proceeds of such sale, calling in and conversion less all proper costs and disbursement, commissions, brokerage fees, fees payable to the Trustee-Manager on termination of the Trust and other outgoings and income and all provisions for liabilities of the Trust, among the Unitholders in proportion to the number of Units which they hold respectively at the date of termination of the Trust provided that the Trustee-Manager may at its discretion make a partial distribution of capital from time to time and the Trustee-Manager shall on termination be deemed as preferential creditors;
- (ii) the Trustee-Manager may postpone the sale, calling in and conversion of any part of the Assets of the Trust for such time as it thinks desirable to do in the interest of the Unitholders and shall not be responsible for any loss attributable to such postponement except to the extent that such loss may be attributable to the Trustee-Manager's own neglect or default;
- (iii) the Trustee-Manager may retain or control for such time as it thinks desirable to do so in the interest of the Unitholders such part of the Trust's monies as in its opinion may be required to meet any outgoings of the Trust or any of the investments provided that the investments or monies so retained to the extent that they are ultimately found not to be so required shall remain subject to the Trust for conversion and distribution in accordance with the Trust Deed; and
- (iv) any unclaimed proceeds or other cash held by the Trustee-Manager under the provisions of the Trust Deed in respect of the termination of the Trust may at the expiration of 12 months from the date upon which the same were payable be transferred to the Registrar of Unclaimed Moneys, in accordance with the requirements of the Unclaimed Moneys Act 1965 (Act 370).

(c) Trustee-Manager's obligations after completion of termination

Within two months of the completion of the termination of the Trust, the following must be provided to the Unitholders and submitted to the SC:

- (i) a copy of the final audited financial statements of the Trust (in which the Trustee-Manager is to arrange for the auditor to conduct a final audit of the Trust's financial statements upon completion of the termination of the Trust;
- (ii) an explanation as to how the Assets have been disposed of, salient terms of disposal and the net proceeds; and
- (iii) a report that the Trustee-Manager has terminated the Trust in accordance with the BT Guidelines and the Trust Deed.

(d) Trustee-Manager's entitlement upon winding up

The Trustee-Manager is entitled to:

- (i) be paid from the proceeds of realisation of the Trust before any payment is made to the Unitholders, all costs incurred:
 - (A) by the Trustee-Manager before the voluntary winding-up which has not been recouped;
 - (B) by the Trustee-Manager in connection with the voluntary winding-up of the Trust and the realisation of the Assets of the Trust;
 - (C) by or on behalf of any creditor of the Trust, in connection with the voluntary winding-up of the Trust; and/or
 - (D) by or on behalf of any agent, solicitor, banker, accountants or other persons employed by the Trustee-Manager in connection with the voluntary winding-up of the Trust; and
- (ii) be remunerated in accordance with the provisions of the Trust Deed following the termination of the Trust and until the process of voluntary winding-up of the Trust is completed.

(e) Notification upon termination or winding up

The Trustee-Manager must notify the SC in writing and make an announcement to Bursa Securities upon completion of the termination or winding up of the Trust in accordance with the Trust Deed and the Applicable Laws and Requirements.

12.22.4 De-Listing

In the event the Trust subsequently becomes de-listed, the Trust shall continue to subsist subject to the approval of the Unitholders by Special Resolution (by way of polling) being obtained and the prior approval of the SC and/or any other relevant regulatory authority, where applicable, being obtained and the execution of a new or supplemental or substituted trust deed, and the current Trust Deed shall no longer have any force and effect.

12.22.5 Withdrawal of Listing

The Trust may submit a request to Bursa Securities for the withdrawal of its listing from the Official List in the following events:

- (a) in relation to a take-over offer under the Take Overs and Mergers Code, upon 90% of its Units being held by a Unitholder, either individually or jointly with associates of the said Unitholder;
- (b) in relation to a corporate proposal undertaken by or in relation to the Trust upon 100% of the Units of the Trust being held by a Unitholder either individually or jointly with associates of the said Unitholder;
- (c) the termination of the Trust; or
- (d) the Trust convenes a general meeting to obtain its Unitholders' approval in accordance with the Listing Requirements, and the passing of the resolution for the withdrawal of listing of the Trust is subject to the following conditions:

12. SALIENT TERMS OF TRUST DEED *(Cont'd)*

- (i) the resolution is approved by a majority of Unitholders representing 75% of the total number of the Units held by the Unitholders, present and voting either in person or by proxy at each meeting; and
- (ii) the number of votes cast against the resolution, if any, is not more than 10% of the total number of Units held by the Unitholders, present and voting either in person or by proxy at each meeting.

12.22.6 De-Listing by Bursa Securities

Bursa Securities may at any time de-list the Trust from the Official List, subject to the de-listing provisions of the Listing Requirements.

12.22.7 De-Listed Status

The Trust shall not be an unlisted business trust save with the prior approval of the SC, and in the absence of any such approval having been obtained within 6 months from the date of the de-listing, the winding-up of the Trust in accordance with the terms of the Trust Deed shall commence immediately upon the expiry of such 6-month period.

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13. RELATED PARTY TRANSACTIONS

13.1 RELATED PARTY TRANSACTIONS OF THE TRUST GROUP AND TRUSTEE-MANAGER

13.1.1 Related party transactions

Under the BT Guidelines, a “**related party transaction**” is a transaction between the business trust (or any of its subsidiary entities) and its related parties. A “**related party**” includes:

- (i) the trustee-manager of the business trust;
- (ii) a major unitholder of the business trust;
- (iii) a director or major shareholder of the trustee-manager;
- (iv) a person connected with any a director or major shareholder of the trustee-manager; or
- (v) a person connected with the trustee-manager or a major unitholder of the business trust.

A person connected in relation to a director or major shareholder of the trustee-manager, the trustee-manager or major unitholder of the business trust (each the “**said person**”), means such person who falls under any of the following categories:

- (i) a family member of the said person;
- (ii) a partner of the said person; or a partner of a person connected with that said person;
- (iii) a person who is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of said person;
- (iv) a person in accordance with whose directions, instructions or wishes of the said person, is accustomed or is under obligation, whether formal or informal, to act;
- (v) a body corporate which is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said person;
- (vi) the director of a body corporate under paragraph (v), who is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said person;
- (vii) a body corporate or its directors whose directions, instructions or wishes the said person, is accustomed or under obligation, whether formal or informal, to act;
- (viii) a body corporate in which the said person; and/or persons connected to him are entitled to exercise or control the exercise of, not less than 15% of the votes attached to the voting shares in the body corporate; or
- (ix) a body corporate which is a related corporation.

13. RELATED PARTY TRANSACTIONS (Cont'd)

13.1.2 Material related party transactions

(i) Historical related party transactions of the Trust Group

Save as disclosed below, there are no other material transactions entered or to be entered into by the Trust Group which involves the interest, direct or indirect, of the Directors, major Unitholders and/or persons connected with them for the Period under Review and the subsequent period from 1 October 2023 up to the LPD:

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
(a)	SILK Co and Turnpike	Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager. The following are the interested directors that sit on the board of both Turnpike and SILK Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	Turnkey contract whereby Turnpike is appointed to design, construct, install, test, complete and commission the Proposed Fourth Lane Widening of Kajang SILK Highway from Sungai Ramal Interchange to UNITEN Interchange (SILK Phase 2) in accordance with the requirements and standards of the concessionaire, subject to the terms and conditions of the contract.	-	-	20,635 14.12% of the Trust Group's profit from operations	26,751 122.43% of the Trust Group's profit from operations	7,449
(b)	LKSA Co and PNB	PNB is an indirect major Unitholder of the Trust and an indirect major shareholder of the Trustee-Manager.	Accrued profits to be paid by LKSA Co to PNB (being the sole holder of the Sukuk Mudharabah issued by LKSA Co). The Sukuk Mudharabah including accrued profits has been redeemed as part of the Islamic Financing as discussed in Section 6.1.8(ii) of this Prospectus.	36,807 24.00% of the Trust Group's profit from operations	38,708 22.40% of the Trust Group's profit from operations	40,816 27.92% of the Trust Group's profit from operations	31,974 146.33% of the Trust Group's profit from operations	9,975
(c)	Manfaat Tetap and PLKH	PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager. The following are the interested directors that sit on the board of both Manfaat Tetap and PLKH: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	Payments have been made by Manfaat Tetap to PLKH (being the sole holder of the Sukuk Mudharabah issued by Manfaat Tetap).	126,670 3.94% of the Trust Group's total liabilities	110,925 3.57% of the Trust Group's total liabilities	68,309 2.25% of the Trust Group's total liabilities	152,934 5.43% of the Trust Group's total liabilities	100,452

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
			The Sukuk Mudharabah has been redeemed as part of the Islamic Financing as discussed in Section 6.1.8(ii) of this Prospectus.					
(d)	GCE Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and GCE Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>GCE Co has entered into an O&M agreement with Turnpike, whereby Turnpike had been appointed to perform the following services:</p> <p>(i) Routine maintenance services⁽¹⁾</p> <p>(ii) Ad-hoc repair works⁽²⁾</p> <p>(iii) Toll operation services⁽³⁾</p> <p>Following completion of the Pre-IPO Reorganisation on 1 January 2024, the O&M agreement has been terminated and GCE Co will undertake the O&M works for the GCE highway by itself.</p>	<p>5,849 3.81% of the Trust Group's profit from operations</p> <p>3,213 2.10% of the Trust Group's profit from operations</p> <p>12,034 7.85% of the Trust Group's profit from operations</p>	<p>8,471 4.90% of the Trust Group's profit from operations</p> <p>2,883 1.67% of the Trust Group's profit from operations</p> <p>10,003 5.79% of the Trust Group's profit from operations</p>	<p>5,303 3.63% of the Trust Group's profit from operations</p> <p>2,550 1.74% of the Trust Group's profit from operations</p> <p>11,002 7.53% of the Trust Group's profit from operations</p>	<p>5,677 25.98% of the Trust Group's profit from operations</p> <p>2,999 13.73% of the Trust Group's profit from operations</p> <p>6,475 29.63% of the Trust Group's profit from operations</p>	<p>3,054</p> <p>1,076</p> <p>2,491</p>

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
(e)	LKSA Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and LKSA Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wahi; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>LKSA Co has entered into an O&M agreement with Turnpike, whereby Turnpike had been appointed to perform the following services:</p> <p>(i) Routine maintenance services⁽¹⁾</p> <p>(ii) Ad-hoc repair works⁽²⁾</p> <p>(iii) Toll operation services⁽³⁾</p> <p>Following completion of the Pre-IPO Reorganisation on 1 January 2024, the O&M agreement has been terminated and LKSA Co will undertake the O&M works for the LKSA highway by itself.</p>	<p>1,975 1.29% of the Trust Group's profit from operations</p> <p>1,594 1.04% of the Trust Group's profit from operations</p> <p>4,639 3.03% of the Trust Group's profit from operations</p>	<p>10,441 6.04% of the Trust Group's profit from operations</p> <p>1,724 1.00% of the Trust Group's profit from operations</p> <p>4,578 2.65% of the Trust Group's profit from operations</p>	<p>4,233 2.90% of the Trust Group's profit from operations</p> <p>1,800 1.23% of the Trust Group's profit from operations</p> <p>5,875 4.02% of the Trust Group's profit from operations</p>	<p>3,675 16.82% of the Trust Group's profit from operations</p> <p>1,268 5.80% of the Trust Group's profit from operations</p> <p>3,036 13.89% of the Trust Group's profit from operations</p>	<p>172</p> <p>608</p> <p>1,157</p>
(f)	AKLEH Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and AKLEH Co.</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji;</p>	<p>AKLEH Co has entered into an O&M agreement with Turnpike whereby Turnpike had been appointed to perform the following services:</p> <p>(i) Routine maintenance services⁽¹⁾</p>	<p>1,252 0.82% of the Trust Group's profit from operations</p>	<p>2,894 1.67% of the Trust Group's profit from operations</p>	<p>2,252 1.54% of the Trust Group's profit from operationst</p>	<p>2,606 11.93% of the Trust Group's profit from operationst</p>	<p>1,134</p>

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
		(e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	(ii) Ad-hoc repair works ⁽²⁾ (iii) Toll operation services ⁽³⁾ Following completion of the Pre-IPO Reorganisation on 1 January 2024, the O&M agreement has been terminated and AKLEH Co will undertake the O&M works for the AKLEH highway by itself.	1,385 0.90% of the Trust Group's profit from operations	927 0.54% of the Trust Group's profit from operations	1,568 1.07% of the Trust Group's profit from operations	1,359 6.22% of the Trust Group's profit from operations	472
				3,909 2.55% of the Trust Group's profit from operations	3,259 1.89% of the Trust Group's profit from operations	6,214 4.25% of the Trust Group's profit from operations	2,395 10.96% of the Trust Group's profit from operations	953
(g)	SILK Co and PLKH	PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager. The following are the interested directors that sit on the board of both PLKH and SILK Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to SILK Co. Upon completion of the Pre-IPO Acquisition, such management support services will no longer be provided to SILK Co and the Trust Group has entered into a service level agreement with PCSSSB, a wholly-owned subsidiary of PLKH for the provision of corporate shared services.	524 0.34% of the Trust Group's profit from operations	2,140 1.24% of the Trust Group's profit from operations	2,071 1.42% of the Trust Group's profit from operation	1,575 7.21% of the Trust Group's profit from operation	1,046

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
(h)	GCE Co and PLKH	<p>PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both PLKH and GCE Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to GCE Co.</p> <p>Upon completion of the Pre-IPO Acquisition, such management support services will no longer be provided to GCE Co and the Trust Group has entered into a service level agreement with PCSSSB, a wholly-owned subsidiary of PLKH for the provision of corporate shared services.</p>	1,099 0.72% of the Trust Group's profit from operations	1,052 0.61% of the Trust Group's profit from operations	1,008 0.69% of the Trust Group's profit from operations	894 4.09% of the Trust Group's profit from operations	479
(i)	AKLEH Co and PLKH	<p>PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both PLKH and AKLEH Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to AKLEH Co.</p> <p>Upon completion of the Pre-IPO Acquisition, such management support services will no longer be provided by PLKH to AKLEH Co and the AKLEH Co has entered into a service level agreement with PCSSSB, a wholly-owned subsidiary of PLKH for the provision of corporate shared services.</p>	972 0.63% of the Trust Group's profit from operations	958 0.55% of the Trust Group's profit from operations	921 0.63% of the Trust Group's profit from operations	830 3.80% of the Trust Group's profit from operation	361

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
(j)	LKSA Co and PLKH	<p>PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both PLKH and LKSA Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to LKSA Co.</p> <p>Upon completion of the Pre-IPO Acquisition, such management support services will no longer be provided to LKSA Co and the Trust Group has entered into a service level agreement with PCSSTB, a wholly-owned subsidiary of PLKH for the provision of corporate shared services.</p>	952 0.62% of the Trust Group's profit from operations	938 0.54% of the Trust Group's profit from operations	914 0.63% of the Trust Group's profit from operations	836 3.83% of the Trust Group's profit from operations	395
(k)	AKLEH Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and AKLEH Co.</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Revenue sharing whereby AKLEH Co engaged Turnpike from FYE 2020 up to April 2021 for the provision of highway ancillary facilities management for outdoor advertising and renting of space for telco towers.</p> <p>Due to internal restructuring within the PLKH Group in 2021, such engagement with Turnpike has been discontinued and was undertaken by PHSSB.</p>	378 0.25% of the Trust Group's profit from operations	43 0.02% of the Trust Group's profit from operations	-	-	-
(l)	AKLEH Co and PHSSB	<p>PHSSB, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both PHSSB and AKLEH Co:</p> <p>(a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Revenue sharing whereby AKLEH Co engages PHSSB for the provision of highway ancillary facilities management for outdoor advertising and renting of space for telco towers.</p> <p>Such arrangement is expected to subsist after the Listing.</p>	-	262 0.15% of the Trust Group's profit from operations	430 0.29% of the Trust Group's profit from operations	145 0.66% of the Trust Group's profit from operations	224

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
(m)	GCE Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and GCE Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim; (d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Revenue sharing whereby GCE Co engaged Turnpike from FYE 2020 up to April 2021 for the provision of highway ancillary facilities management for, amongst others, setting up of petrol stations and the operating of convenience stores, outdoor advertising, renting of commercial space at the RSAs and renting of space for construction of telco towers.</p> <p>Due to internal restructuring within the PLKH Group in 2021, such engagement with Turnpike has been discontinued and was undertaken by PHSSB.</p>	318 0.21% of the Trust Group's profit from operations	18 0.01% of the Trust Group's profit from operations	-	-	-
(n)	GCE Co and PHSSB	<p>PHSSB, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both PHSSB and GCE Co:</p> <p>(a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.</p>	<p>Revenue sharing whereby GCE Co engages PHSSB for the provision of highway ancillary facilities management for, amongst others, setting up of petrol stations and the operating of convenience stores, outdoor advertising, renting of commercial space at the RSAs and renting of space for construction of telco towers.</p> <p>Such arrangement is expected to subsist after the Listing.</p>	-	344 0.20% of the Trust Group's profit from operations	626 0.43% of the Trust Group's profit from operations	476 2.18% of the Trust Group's profit from operations	249
(o)	LKSA Co and Turnpike	<p>Turnpike, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager.</p> <p>The following are the interested directors that sit on the board of both Turnpike and LKSA Co:</p> <p>(a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim;</p>	<p>Revenue sharing whereby LKSA Co engaged Turnpike from FYE 2020 up to April 2021 for the provision of highway ancillary facilities management for outdoor advertising, renting of event space and renting of space for construction of telco towers.</p>	412 0.27% of the Trust Group's profit from operations	63 0.04% of the Trust Group's profit from operations	-	-	-

13. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties	Nature of Relationship	Nature of Transaction	Transaction value				
				FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)	⁽⁴⁾ From 1 October 2023 up to LPD (RM'000)
		(d) Datin Suryani binti Tun Ahmad Sarji; (e) Datin Shelina binti Razaly Wah; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	Due to internal restructuring within the PLKH Group in 2021, such engagement with Turnpike has been discontinued and was undertaken by PHSSB.					
(p)	LKSA Co and PHSSB	PHSSB, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager. The following are the interested directors that sit on the board of both PHSSB and LKSA Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	Revenue sharing whereby LKSA Co engages PHSSB for the provision of highway ancillary facilities management for outdoor advertising, renting of event space and renting of space for construction of telco towers. Such arrangement is expected to subsist after the Listing.	-	372 0.22% of the Trust Group's profit from operations	513 0.35% of the Trust Group's profit from operations	349 1.60% of the Trust Group's profit from operations	177
(q)	SILK Co and PHSSB	PHSSB, which is a wholly-owned subsidiary of PLKH, is a person connected to PLKH. PLKH is a major Unitholder of the Trust and is a major shareholder of the Trustee-Manager. The following are the interested directors that sit on the board of both PHSSB and SILK Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa	Revenue sharing whereby SILK Co engages PHSSB for the provision of highway ancillary facilities management for outdoor advertising, renting of event space and renting of space for construction of telco towers. Such arrangement is expected to subsist after the Listing.	-	-	-	128 0.59% of the Trust Group's profit from operations	68

13. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

- (1) Routine maintenance services means periodically scheduled maintenance services and/or works required in respect of the Highways including landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance and security maintenance.
- (2) Ad-hoc repair works means maintenance services and/or works in respect of the Highways which are not periodically scheduled.
- (3) Toll operation services means the operation, management and maintenance services and/or works in respect of toll equipment and collection of toll at the Highways.
- (4) Percentage contributions are not available as there are no audited financial statements for the period from 1 October 2023 up to the LPD for the Trust Group.

Save for (b) and (c) above, the related party transactions set out above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the Trust Group's minority Unitholders on the basis that the terms of the related party transactions have been subject to transfer pricing analysis, including market benchmarking studies, undertaken by independent taxation advisers engaged by the Trust Group. Notwithstanding that the terms of the Sukuk Mudharabah issued by LKSA Co and Manfaat Tetap in (b) and (c) above are not on an arm's length basis and on normal commercial terms, such terms are not detrimental to LKSA Co and Manfaat Tetap.

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13. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) Potential and/or recurrent related party transactions of the Trust Group

(a) Provision of corporate shared services by PCSSSB

The Trust Group has entered into service level agreements on 1 January 2024 with PCSSSB for corporate shared services, for amongst others, in the areas comprising:

- finance;
- legal;
- innovation & technology (e.g., management of information technology strategies and operations);
- human capital management (e.g., talent acquisition, people and organisational development);
- corporate communications;
- administration (e.g., supervising management of utilisation of office space and facilities) and purchasing;
- company secretarial services;
- sustainability (e.g., creating overarching strategy for sustainability programmes); and
- quality, environment, safety and health (e.g, development and implementation of procedures for maintenance, operation and traffic safety, monitoring environmental, safety and health policies, arranging for occupational health and safety assessment and/or evaluations).

PCSSSB (which is a wholly-owned subsidiary of PLKH) is a person connected to PLKH, a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

The aggregate value of such transactions for the Trust Group for FYE 2024 is estimated at RM9.21 million.

(b) Provision of management services in relation to the Highways by PHSSB

The Trust Group has entered into service level agreements on 1 January 2024 with PHSSB for the provision of management services for, among others: the setting up of operating petrol stations and convenience stores; outdoor advertising; renting of space; commercial agriculture; and other general business trading and services.

PHSSB (which is a wholly-owned subsidiary of PLKH) is a person connected to PLKH, a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

The aggregate value of such transactions for the Trust Group for FYE 2024 is estimated at RM2.09 million.

13. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Provision of consultancy services and/or turnkey contract services by Turnpike

In addition to the above, post Listing, the Trust Group is expected to continue to engage Turnpike for the provision of the following services:

- (i) consultancy service for matters such as those pertaining to civil and structure, mechanical, electrical and electronics, as well as traffic and safety matters to the Concession Companies; and
- (ii) turnkey contract services for highway upgrading and development works including the subsequent phases of lane widening for SILK Co and construction of Strathairlie Interchange for GCE Co.

The Trust Group has entered into service level agreements with Turnpike on 1 January 2024 to provide the Trust Group with consultancy services for FYE 2024 as described under item (c)(i) above. The aggregate value of such transactions under items (c)(i) for the Trust Group for FYE 2024 is estimated at RM1.66 million.

For the Period Under Review and up to the LPD, the Trust Group has engaged Turnpike for turnkey contract services in relation to lane widening on SILK as disclosed under Section 13.1.2(i)(a) and the provision of such services is also to be carried out by Turnpike for FYE 2024. For future turnkey contract services, such contracts will only be awarded to the contractor (which may include Turnpike) after a tender process.

Turnpike (which is a wholly-owned subsidiary of PLKH) is a person connected to PLKH, a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

(iii) Potential and/or recurrent related party transactions of the Trustee-Manager

(a) Pre-IPO Acquisition

The Pre-IPO Acquisition is deemed a related party transaction under the BT Guidelines in view that PLKH is a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT. The Pre-IPO Acquisition will be carried out on an arm's length basis as the purchase consideration of RM1,100 million for Concession Companies is supported by the valuation range of RM1,140 million to RM1,286 million as ascribed by KPMG, being the Independent Valuer for the Pre-IPO Acquisition.

13. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Management fees

The Trustee-Manager of Prolintas Infra BT, is entitled to charge management fees to the Trust Group, comprising the base fee, performance fee, acquisition fee and divestment fee, in accordance with to the provisions of the Trust Deed. The Trustee-Manager is wholly-owned by PLKH which is a major Unitholder of Prolintas Infra BT. Accordingly, the payment of the Trustee-Manager's Fees by Prolintas Infra BT to the Trustee-Manager will be a related party transaction.

The aggregate value of such transactions for the Trustee-Manager for FYE 2024 is estimated at RM8.0 million.

(c) Provision of corporate shared services by PCSSSB and PLKH

The Trustee-Manager has entered into a service level agreement dated 4 December 2023 with PCSSSB for corporate shared services in the areas comprising:

- finance;
- legal;
- innovation & technology (e.g., management of information technology strategies and operations);
- human capital management (e.g., talent acquisition, people and organisational development);
- corporate communications;
- administration (e.g., supervising management of utilisation of office space and facilities) and purchasing;
- company secretarial services;
- sustainability (e.g., creating overarching strategy for sustainability programmes); and
- quality, environment, safety and health (e.g, development and implementation of procedures for maintenance, operation and traffic safety, monitoring environmental, safety and health policies, arranging for occupational health and safety assessment and/or evaluations).

PCSSSB (which is a wholly-owned subsidiary of PLKH) is a person connected to PLKH, a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

The Trustee-Manager has entered into service level agreements on 1 January 2024 with PLKH for corporate shared services in the areas comprising:

- company secretary;
- integrity (e.g., development of policies for corporate integrity, anti-bribery and mitigating identified corruption risks);
- risk management and compliance (e.g., managing business continuing planning); and
- internal audit.

PLKH is a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

The aggregate value of the transactions for the Trustee-Manager for FYE 2024 is estimated at RM0.76 million.

13. RELATED PARTY TRANSACTIONS *(Cont'd)*

(d) Rental of office premises

Prolintas Managers will pay PLKH a rental fee for the use of office premises. PLKH is a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT.

The aggregate value of the transactions for the Trustee-Manager for FYE 2024 is estimated at RM0.19 million.

(e) Licensing agreement for use of intellectual property

Prolintas Managers will pay PLKH a minimal fee for the use of the Prolintas logo trademark, which is registered under PLKH. PLKH is a major shareholder of the Trustee-Manager and a major Unitholder of Prolintas Infra BT

The aggregate value of such transactions for the Trust Group for FYE 2024 is estimated at RM100.

The Audit Committee has reviewed the salient terms of the above material transactions which will subsist after the Listing and confirmed that the above material transactions were transacted on an arm's length basis. The Audit Committee are of the opinion that the salient terms are not detrimental to the Trust Group's minority Unitholders on the basis that the terms of the related party transactions have been subject to transfer pricing analysis, including market benchmarking studies, undertaken by independent taxation advisers engaged by the Trust Group.

The Directors confirm that the above material transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and accordingly were not detrimental or unfavourable to the non-interested Unitholders.

The Directors also confirm that there are no other material transactions that have been entered into by the Trust Group that involve the interest, direct or indirect, of the Directors, major Unitholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

To safeguard the interest of the Trust Group and the minority Unitholders, and to mitigate any potential conflict of interest situation, the Board Audit Committee (acting in its capacity as Trustee-Manager) will, among others, review the terms of all potential and/or recurrent related party transactions of the Trust Group and report and recommend to the Board for further action to ensure that the related party transactions are carried out on an arm's length basis and under normal commercial terms and in the best interest of the Unitholders. Where necessary, the Board will make appropriate disclosures in Prolintas Infra BT's annual report with regard to any related party transactions entered into by the Trust Group.

In the event that there are any proposed related party transaction that involve the interest, whether direct or indirect, of the Directors of the Trustee-Manager, the interested Director(s) shall disclose his/her interest to the Board, the nature and extent of his/her interest including all matters in relation to the proposed related party transaction that he/she is aware and will also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction.

13. RELATED PARTY TRANSACTIONS (Cont'd)

In the event there are any proposed related party transaction that requires the approval of Prolintas Infra BT's Unitholders in accordance with the Listing Requirements, the Directors, major Unitholders and/or persons connected with them who have any interest, whether direct or indirect in the proposed related party transaction will abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Such interested Director and/or major Unitholder will also undertake to ensure that persons connected with him/her, if any, will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

13.1.3 Transactions entered into that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which the Trust Group were a party in respect of the Period Under Review and the subsequent period from 1 January 2023 up to the LPD.

13.1.4 Outstanding financing and/or financial assistance made to or for the benefit of related parties

As at the LPD, there are no outstanding financing (including guarantees of any kind) and/or financial assistance made by the Trustee-Manager and/or the Trust Group to or for the benefit of any related party.

The Trust Group has put in place strict internal control and compliance procedures in relation to financial assistance to third parties, and no further financial assistance will be given to any related parties by the Trust Group unless such financial assistance is permitted under law and subject to compliance with the Listing Requirements and brought to the Board Audit Committee and the Board for deliberation and approval.

13.1.5 Provision of guarantees by the major shareholder for financing facilities granted to the Trust Group

For the Period Under Review, PLKH has provided corporate guarantees for certain outstanding financing facilities extended by BPMB and Bank Islam Malaysia Berhad to GCE Co and LKSA Co respectively.

As highlighted in Section 6.1.8(ii) of this Prospectus, the outstanding debt of the Trust Group (including outstanding financing facilities extended by BPMB and Bank Islam Malaysia Berhad to GCE Co and LKSA Co) has been paid as part of the Islamic Financing.

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13. RELATED PARTY TRANSACTIONS (Cont'd)

13.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

13.2.1 Audit Committee review

The Audit Committee reviews related party transactions and conflicts of interest situations that may arise within the Trust Group and any related parties outside the Trust Group. The Audit Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity, including the related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost/benefit to the Trust Group is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (iv) that the transactions are not detrimental to Prolintas Infra BT's minority Unitholders.

All reviews by the Audit Committee are reported to the Board for its further action.

13.2.2 The Trust Group's policy on related party transactions

Upon the Listing, Prolintas Infra BT will be subject to the BT Guidelines and/or the Listing Requirements (where applicable) on related party transactions (including recurrent related party transactions). Compliance by Prolintas Infra BT with the BT Guidelines and the Listing Requirements will ensure that related party transactions will not prejudice the interests of the Unitholders as a whole.

Related party transactions by their very nature, involve conflicts of interest between the Trust Group and the related parties with whom the Trust Group has entered into such transactions. Some of the Directors are also directors and in some cases, shareholders of the related parties of the Trust Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. For instance, in the event the Trustee-Manager proposes to acquire SUKE and/or DASH (whether directly or indirectly through acquisition of shares in Projek Lintasan Damansara-Shah Alam Sdn Bhd and/or Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd), on behalf of Prolintas Infra BT, the proposed transaction will be a related party transaction. It is the policy of the Trust Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with the Trust Group and are not to the detriment of non-interested Unitholders.

The Trustee-Manager shall ensure adherence to all relevant guidelines in dealing with conflict of interest situations to ensure the related party transactions are carried out at arm's length. For example, the Listing Requirements provide, among others, where the percentage ratio of a related party transaction is 5.0% or more and the value of the consideration of the transaction is RM500,000 or more, an independent adviser who is permitted to carry on the regulated activity of advising on corporate finance under the CMSA must be appointed before the terms of the transaction are agreed upon and approval of the Unitholders in a general meeting must be obtained for the transaction. In addition, the BT Guidelines also provides that related parties of the Trustee-Manager must not vote at a general meeting if they have interest in the outcome of a transaction tabled for approval which is different from the interests of other Unitholders.

13. RELATED PARTY TRANSACTIONS *(Cont'd)*

In addition, the Board plans to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon the Listing. The procedures which may form part of the framework includes, amongst other things, the following:

- (i) the Board will undertake an annual assessment of independent Directors;
- (ii) the Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with the Trust Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. The management will propose the transactions to the Audit Committee for evaluation and assessment who would in turn, make a recommendation to the Board.

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14. CONFLICT OF INTERESTS

14.1 INTEREST IN BUSINESS OR CORPORATIONS WHICH CARRY ON A SIMILAR TRADE AS THAT OF THE TRUST GROUP OR WHICH ARE THE TRUST GROUP'S CUSTOMERS OR SUPPLIERS

As at the LPD, save as disclosed below, none of the Directors and Substantial Unitholders have any interest, whether direct or indirect, in any businesses or corporations which are (i) carrying on a similar trade as that of the Trust Group; or (ii) who are customers or suppliers of the Trust Group

<u>Company</u>	<u>Principal activities</u>	<u>Directors and/or Substantial Unitholder</u>	<u>Nature of interest</u>
Projek Lintasan Damansara-Shah Alam Sdn Bhd	Provision of operation, maintenance and toll collection services for DASH	<ul style="list-style-type: none"> • PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim 	<ul style="list-style-type: none"> • Projek Lintasan Damansara-Shah Alam Sdn Bhd is a wholly-owned subsidiary of PLKH, which is the Promoter and a Substantial Unitholder of Prolintas Infra BT. • Dato' Mohammad Azlan Bin Abdullah, a Non-Independent Non-Executive Director of Prolintas Managers, is the Chief Executive Officer of PLKH. • Dato' Ikmal Hijaz Bin Hashim, the Non-Independent Non-Executive Chairman of Prolintas Managers, is a director of Projek Lintasan Damansara-Shah Alam Sdn Bhd and PLKH.
Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd	Provision of operation, maintenance and toll collection for SUKE	<ul style="list-style-type: none"> • PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim 	<ul style="list-style-type: none"> • Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd is a wholly-owned subsidiary of PLKH, which is the Promoter and a Substantial Unitholder of Prolintas Infra BT. • Dato' Mohammad Azlan Bin Abdullah, a Non-Independent Non-Executive Director of Prolintas Managers, is the Chief Executive Officer of PLKH. • Dato' Ikmal Hijaz Bin Hashim, the Non-Independent Non-Executive Chairman of Prolintas Managers, is a director of Sungai Besi-Ulu Klang Sdn Bhd and PLKH.
Turnpike	Provision of assets management consulting services, highway project management services, highway maintenance, repair works and toll management services	<ul style="list-style-type: none"> • PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim 	<ul style="list-style-type: none"> • Turnpike is a wholly-owned subsidiary of PLKH, which is the Promoter and a Substantial Unitholder of Prolintas Infra BT. • Dato' Mohammad Azlan Bin Abdullah, a Non-Independent Non-Executive Director of Prolintas Managers, is the Chief Executive Officer of PLKH. • Dato' Ikmal Hijaz Bin Hashim, the Non-Independent Non-Executive Chairman of Prolintas Managers, is a director of Turnpike and PLKH

14. CONFLICT OF INTERESTS (Cont'd)

The Board is of the view that the interests of PLKH, Dato' Mohammad Azlan Bin Abdullah and Dato' Ikmal Hijaz Bin Hashim in the abovementioned companies would not give rise to a conflict of interest situation after taking into consideration the following factors:

(i) **Projek Lintasan Damansara-Shah Alam Sdn Bhd**

Projek Lintasan Damansara-Shah Alam Sdn Bhd is primarily involved in the operation, maintenance and toll collection services for DASH. DASH begins in Puncak Perdana and ends at Penchala Interchange, over a distance of 20.1 km. DASH is directly linked to the Penchala Link, Damansara-Puchong Expressway and GCE and will serve as a critical link between the eastern and western parts of the Klang Valley.

Accordingly, the operational territory of the Concession Companies and Projek Lintasan Damansara-Shah Alam Sdn Bhd is clearly demarcated geographically and are not in competition with one another. In addition, as DASH is directly linked to GCE, DASH will bring about connectivity to GCE for road users.

(ii) **Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd**

Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd is primarily involved in the operation, maintenance and toll collection services for Sungai Besi-Ulu Kelang Expressway (SUKE), which is a three-lane, dual-carriageway running from Sri Petaling to Ulu Kelang. SUKE will complete a ring of networked highways and roads in and around Klang Valley as well as the existing Shah Alam Expressway (KESAS), KL-Seremban Highway (KL-SEREMBAN), Sungai Besi Expressway (BESRAYA), Kuala Lumpur Middle Ring Road 2 (MRR2), Cheras-Kajang Highway (CHERAS-KAJANG), Ampang-Kuala Lumpur Elevated Highway (AKLEH) and Duta-Ulu Klang Expressway (DUKE).

Accordingly, the operational territory of the Concession Companies and Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd is clearly demarcated geographically and are not in competition with one another. In addition, as SUKE completes a ring of networked highways and roads in and around Klang Valley including AKLEH, SUKE will bring about connectivity to AKLEH for road users.

(iii) **Turnpike**

As stated in Sections 6.1.8(iii) of this Prospectus, following the Pre-IPO Reorganisation effected on 1 January 2024, all of the existing O&M arrangements and agreements with Turnpike has been terminated. Moving forward, all O&M Services including liaison directly with the relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies. The Trust Group may still engage Turnpike for turnkey contract services for highway upgrading and development works as well as for consultancy services for matters pertaining to civil and structure, mechanical, electrical and electronics, and traffic and safety matters as and when required by the Concession Companies.

In the event the Trust Group enters into transactions with Turnpike in the future, such transactions will be carried out on arm's length basis and on normal commercial terms which are not more favourable to these companies than those generally available to third parties. Further, such transactions are envisaged to be carried out as and when required, such as upgrading works, major repair works, and major maintenance works leveraging on Turnpike's relevant expertise, experience and its familiarity with the Concession Companies. In order to safeguard the interest of the Trust Group and minority Unitholders, the Board Governance, Risk and Integrity Committee and the Board Tender Committee will supervise and monitor any potential conflict of interest situation and report to the Board for further deliberation and action.

14. CONFLICT OF INTERESTS (Cont'd)

14.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

14.2.1 Declaration by AmInvestment Bank

AmInvestment Bank, is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, “**AmBank Group**”) form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. AmBank Group’s securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the accounts of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in future, may have interests or take actions that may conflict with the interest of the Trust Group.

As at the LPD, AmBank Group has not extended any credit facility to the Trustee-Manager and the Trust Group.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser, Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter in relation to the IPO is not likely to result in a conflict of interest or potential conflict of interest situation in view that:

- (i) AmBank Group forms a diversified financial group and are engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Principal Adviser, Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter for the IPO is in the ordinary course of its business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within AmBank Group have separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is also regulated by Bank Negara Malaysia.

Premised on the above, AmInvestment Bank confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter in relation to the IPO.

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14. CONFLICT OF INTERESTS (Cont'd)

14.2.2 Declaration by CIMB IB

CIMB IB, as well as its holding company, CIMB Group Holdings Berhad, and the subsidiaries, related and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and fund management and credit transaction services businesses. CIMB Group has engaged and may in the future, engage in transactions with and perform services for the Trust Group. In addition, in the ordinary course of business, any member of CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with the Trust Group and/or its affiliates or any other entity or person, hold long or short positions in securities issued by the Trust Group and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Trust Group and/or its affiliates. This is a result of the business of CIMB Group generally acting independently of each other, and accordingly, there may be situations where parts of CIMB Group and/or its customers now have or in the future, may have interests or take actions that may conflict with the interests of the Trust Group and/or its affiliates.

As at the LPD, there is no existing credit facility extended by CIMB Group to the Trustee-Manager, Trust Group and PLKH Group.

CIMB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Joint Bookrunner and Joint Underwriter for the IPO as the conduct of CIMB Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013, Capital Markets and Services Act, 2007 and CIMB Group's own internal controls and checks.

Accordingly, CIMB IB confirms that there is no conflict of interest situation in its capacity as the Joint Bookrunner and Joint Underwriter for the IPO.

14.2.3 Declaration by Maybank IB

Maybank IB, being the Joint Underwriter and Joint Bookrunner in relation to the IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for the Trust Group and/or its affiliates, in addition to the roles set out in this Prospectus.

In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Trust Group, its shareholders and/or affiliates and/or any other entity or person, hold long or short positions in securities issued by the Trust Group and/or its affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of the Trust Group and/or its affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Trust Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

14. CONFLICT OF INTERESTS (Cont'd)

As at the LPD, Malayan Banking Berhad, the holding company of Maybank IB, has extended credit facilities to the PLKH Group amounting to approximately RM1,009.3 million in its ordinary course of business. It is expected that part of the borrowings owing to Malayan Banking Berhad will be paid by PLKH Group using the proceeds raised from the Offer for Sale.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Joint Underwriter and Joint Bookrunner for the IPO due to the following:

- 1) Malayan Banking Berhad is a licensed commercial bank and the extension of credit facilities to PLKH Group arose in its ordinary course of business;
- 2) the conduct of Malayan Banking Berhad in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal controls and checks; and
- 3) the total aggregate outstanding amount owed by PLKH Group to Malayan Banking Berhad of about RM1,005.4 million as at the LPD is not material when compared to its audited Net Assets as at 31 December 2022 of RM88.9 billion.

Accordingly, Maybank IB confirms that there is no conflict of interest situation in its capacity as the Joint Underwriter and Joint Bookrunner for the IPO.

14.2.4 Declaration by RHB IB

RHB IB and its related and associated companies ("**RHB Banking Group**") form a diversified financial group and engage in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for the Trust Group, in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of the Trust Group, Unitholders, affiliates and/or any other entity or person, hold long or short positions in securities issued by the Trust Group and/or its affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of the Trust Group and/or its affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the Trust Group. The related companies of RHB IB may also bid for the Units to be offered under the Institutional Offering.

RHB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Joint Underwriter for the IPO due to the following:

- 1) RHB IB is a licensed investment bank and its appointment as the Joint Underwriter for the IPO is in the ordinary course of its business and RHB IB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Joint Underwriter for the IPO;
- 2) RHB IB is also required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and BNM governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;

14. CONFLICT OF INTERESTS (Cont'd)

- 3) The conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the CMSA and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB IB confirms that it is not aware of any circumstance that exists or is likely to exist to give rise to a conflict of interest situation in its capacity as the Joint Underwriter for the IPO.

14.2.5 Declaration by Ernst & Young PLT

Ernst & Young PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to Prolintas Infra BT in relation to the IPO.

14.2.6 Declaration by Kadir, Andri & Partners

Kadir, Andri & Partners confirms that there is no conflict of interest in its capacity as the Legal Adviser to the Trustee-Manager and Prolintas Infra BT as to Malaysian law in relation to the IPO.

14.2.7 Declaration by Frost & Sullivan

Frost & Sullivan confirms that there is no conflict of interest in its capacity as the IMR in relation to the IPO.

14.2.8 Declaration by Rahmat Lim & Partners

Rahmat Lim & Partners confirms that there is no conflict of interest in its capacity as the legal adviser to the Lead Bookrunner, Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law in relation to the IPO.

14.2.9 Declaration by Perunding Trafik Klasik Sdn Bhd

Perunding Trafik Klasik Sdn Bhd confirms that there is no conflict of interest in its capacity as the Traffic Consultant in relation to the IPO.

14.2.10 Declaration by Amanie Advisors Sdn Bhd

Amanie Advisors Sdn Bhd confirms that there is no conflict of interest in its capacity as the Shariah Adviser to Prolintas Infra BT in relation to the IPO.

14.2.11 Declaration by KPMG Corporate Advisory Sdn Bhd

KPMG Corporate Advisory Sdn Bhd confirms that there is no conflict of interest in its capacity as the Independent Valuer to Prolintas Infra BT in relation to the Pre-IPO Acquisition.

14.2.12 Ernst & Young Tax Consultants Sdn Bhd

Ernst & Young Tax Consultants Sdn Bhd confirms that there is no conflict of interest in its capacity as the Taxation Adviser to Prolintas Infra BT in relation to the IPO.

15. FINANCIAL INFORMATION

15.1 HISTORICAL FINANCIAL INFORMATION

As Prolintas Infra BT was constituted pursuant to a Trust Deed dated 11 December 2023 and the Pre-IPO Acquisition was completed on 21 December 2023, there are no consolidated financial statements of the Trust Group for the Period Under Review (i.e. FYE 2020, FYE 2021, FYE 2022 and FPE 2023).

The historical combined financial information for the Period Under Review presented below have been extracted from the combined financial statements contained in the Accountants' Report included in Section 17 of this Prospectus, which have been prepared in accordance with MFRS and IFRS.

All the entities included in the Trust Group (Trust Group here is referring to the four Concession Companies) have been under the common control of PLKH for the Period Under Review. The combined financial statements of the Trust Group have been prepared as if the Trust Group has operated as a single economic entity throughout the Period Under Review and have been prepared from the books and records maintained by each entity.

The selected historical financial information presented below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 15.2 of this Prospectus and the Accountants' Report, together with its related notes, as set out in Section 17 of this Prospectus.

15.1.1 Historical combined statements of profit or loss and other comprehensive income

The table below presents the audited combined statements of profit or loss and other comprehensive income of the Trust Group for the Period Under Review, which have been extracted from the Accountants' Report in Section 17 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	394,372	365,800	384,161	285,315	228,570
Construction cost ⁽¹⁾	(4,320)	(23,897)	(3,464)	(1,941)	(2,231)
Other income	10,152	6,861	9,213	6,599	8,037
Staff cost	(6,704)	(7,343)	(6,682)	(5,069)	(4,421)
Amortisation of HDE	(121,151)	(103,842)	(149,946)	(113,128)	(32,863)
Impairment loss on HDE	(56,004)	-	-	-	(124,244)
Other operating expenses	(62,995)	(64,786)	(87,114)	(62,032)	(50,998)
Profit from operations	153,350	172,793	146,168	109,744	21,850
Finance costs	(146,651)	(146,765)	(150,501)	(110,896)	(107,450)
PBT/(LBT)	6,699	26,028	(4,333)	(1,153)	(85,599)
Income tax credit/(expense)	745	113,937	(9,228)	(8,445)	(171,352)
PAT/(LAT), representing total comprehensive income/(loss) for the financial year/period	7,444	139,965	(13,561)	(9,598)	(256,951)
Attributable to:					
Equity holder of the group	9,934	142,649	(11,283)	(7,942)	(241,253)
Non-controlling interest ⁽²⁾	(2,490)	(2,684)	(2,278)	(1,656)	(15,698)
	7,444	139,965	(13,561)	(9,598)	(256,952)
Supplementary financial information					
EBITDA (RM'000)⁽³⁾	307,979	259,452	268,857	203,215	165,350
EBITDA margin (%) ⁽³⁾⁽⁴⁾	78.1%	70.9%	70.0%	71.2%	72.3%
PBT margin (%) ⁽⁵⁾	1.7%	7.1%	(1.1%)	(0.4%)	(37.4%)
PAT margin (%) ⁽⁶⁾	1.9%	38.3%	(3.5%)	(3.4%)	(112.4%)
Number of Units outstanding upon the Listing ('000) ⁽⁷⁾	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Basic/diluted EPU (sen) ⁽⁸⁾	0.7	12.7	(1.2)	(0.9)	(23.4)

15. FINANCIAL INFORMATION (Cont'd)

Notes:

GP and GP margin are not applicable in this business. The principal revenue of the Trust Group is generated from toll collection. The operating expenses (which include highway operations, repair and maintenance costs) are not directly attributable to the traffic volume and hence, the toll collection revenue, and as a result thereof, the Trust Group does not record any cost of goods sold/cost of services or gross profit.

- (1) Construction costs tied to the construction revenue are recognised as required under IC 12 and in accordance with MFRS 15 in respect of highway development works undertaken during the year, without realising any mark-up on these activities, as the Trust Group had outsourced the construction services to third parties.
- (2) The non-controlling interest represents the 10.0% equity interest in LKSA Co that was not held by PLKH during the Period Under Review. For the avoidance of doubt, as at the LPD, the Trust holds 100.0% equity interest in LKSA Co following the completion of the Pre-IPO Acquisition.
- (3) The table below reconciles the Trust Group's PBT to EBITDA for the Period Under Review:

EBITDA Reconciliation	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT/(LBT)	6,699	26,028	(4,333)	(1,153)	(85,599)
Add:					
Amortisation of HDE	121,151	103,842	149,946	113,128	32,863
Impairment loss on HDE	56,004	-	-	-	124,244
Finance cost	146,651	146,765	150,501	110,896	107,450
Less:					
Amortisation of deferred income	(12,374)	(10,322)	(18,044)	(13,057)	(5,571)
Other Income	(10,152)	(6,861)	(9,213)	(6,599)	(8,037)
EBITDA	307,979	259,452	268,857	203,215	165,350

EBITDA and EBITDA margins are supplemental measures of the Trust Group's performance and liquidity that are not required by or presented in accordance with the MFRS and IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with MFRS and IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term and hence, a direct comparison of EBITDA between companies or business trusts may not be possible. Other companies or business trusts may calculate EBITDA differently from the Trust Group, limiting its usefulness as a comparative measure.

- (4) Computed based on EBITDA divided by revenue.
- (5) Computed based on PBT/(LBT) divided by revenue.
- (6) Computed based on PAT/(LAT) divided by revenue.
- (7) Total issued Units of the Trust Group of 1,100,000,000 Units upon the Listing. The Trust Group does not have any outstanding warrants, options, convertible securities, or uncalled capital.
- (8) Computed based on PAT/(LAT) divided by total issued Units of the Trust Group of 1,100,000,000 Units upon the Listing.

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15. FINANCIAL INFORMATION (Cont'd)

15.1.2 Historical combined statements of financial position

The table below presents the audited historical combined statements of the financial position of the Trust Group for the Period Under Review, which have been extracted from the Accountants' Report in Section 17 of this Prospectus.

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE2022 RM'000	FPE 2023 RM'000
Assets				
Non-current assets				
Highway development expenditure ⁽¹⁾	2,768,765	2,660,890	2,509,499	2,342,109
Biological assets	1,510	1,510	1,510	-
Deferred tax assets ⁽²⁾	84,549	209,364	214,896	37,175
Trade and other receivables	9,848	9,165	8,482	7,970
Total non-current assets	2,864,672	2,880,929	2,734,387	2,387,254
Current assets				
Trade and other receivables ⁽³⁾	167,265	237,126	186,759	68,759
Tax recoverable	305	89	2,130	27
Other investments ⁽⁴⁾	111,238	20,988	36,985	7
Deposits, cash and bank balances	237,011	251,793	315,382	348,469
Total current assets	515,819	509,996	541,256	417,262
Total assets	3,380,491	3,390,925	3,275,643	2,804,516
Equity and liabilities				
Equity reserve	708,182	708,182	708,182	708,182
Accumulated losses	(512,781)	(397,133)	(431,816)	(673,068)
	195,401	311,049	276,366	35,114
Non-controlling interests ⁽⁵⁾	(28,041)	(30,725)	(33,002)	(48,701)
Total equity	167,360	280,324	243,364	(13,587)
Non-current liabilities				
Deferred income	140,010	125,391	104,309	109,117
Financing / Borrowings	1,765,656	1,631,949	1,517,864	1,444,276
Provisions ⁽⁶⁾	354,772	302,713	189,752	298,186
Accrued finance cost on Sukuk				622,308
Mudharabah ⁽⁷⁾	557,748	586,283	641,245	
Deferred liabilities	6,976	6,525	6,073	5,735
Deferred tax liabilities	69,861	79,345	83,824	64,631
Total non-current liabilities	2,895,023	2,732,206	2,543,067	2,544,253
Current liabilities				
Deferred income	10,315	14,612	17,649	7,271
Financing / Borrowings	99,464	121,290	131,485	90,916
Provisions ⁽⁶⁾	44,543	80,837	174,806	28,991
Trade and other payables	114,745	126,973	138,730	132,432
Accrued finance cost on Sukuk				
Mudharabah ⁽⁷⁾	48,590	34,232	24,758	11,042
Deferred liabilities	451	451	451	451
Provision for tax	-	-	1,333	2,747
Total current liabilities	318,108	378,395	489,212	273,850
Total liabilities	3,213,131	3,110,601	3,032,279	2,818,103
Total equity and liabilities	3,380,491	3,390,925	3,275,643	2,804,516

15. FINANCIAL INFORMATION (Cont'd)

Selected supplementary financial information

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Long- and short-term financing / borrowings	1,865,119	1,753,239	1,649,349	1,535,192
Long- and short-term accrued finance cost on Sukuk Mudharabah ⁽⁷⁾	606,338	620,515	666,003	633,350
Total Debt	2,471,457	2,373,754	2,315,352	2,168,542
Less: Deposits, cash and bank balances	<u>(237,011)</u>	<u>(251,793)</u>	<u>(315,382)</u>	<u>(348,469)</u>
Net debt	2,234,446	2,121,961	1,999,970	1,820,073
Total equity	167,360	280,324	243,364	(13,587)
Gearing ratio (times) ⁽⁸⁾	14.8	8.5	9.5	N/A
Net gearing ratio (times) ⁽⁹⁾	13.4	7.6	8.2	N/A

The Trust Group recorded a negative total equity of RM13.6 million as at FPE 2023. This was mainly due to the loss after tax for FPE 2023 arising from the decrease in the Trust Group's revenue, impairment on HDE of AKLEH and LKSA as well as the reversal of deferred tax assets from both LKSA Co and SILK Co.

Notwithstanding the above, upon formation of Prolintas Infra BT and completion of the Pre-IPO Restructuring, the Trust Group will prepare the financial statements on a consolidated basis. Hence, the Trust Group is expected to report a positive total equity mainly attributable to certain HDE that will be reflected at its fair value in accordance with MFRS 3: Business Combinations. Please refer to Section 15.5 of this Prospectus for the pro forma consolidated statements of financial information for the Trust Group as at FPE 2023.

Notes:

- (1) Highway development expenditure comprises construction, development and upgrading expenditure incurred in relation to the concession highways and bridge (including finance costs relating to the financing of the development of the highways and bridge). HDE is stated at cost less amortisation and impairment losses.
- (2) The increase in deferred tax assets from FYE 2020 to FYE 2021 of RM124.8 million was mainly arising from previously unrecognised unutilised business losses from SILK Co of RM125.9 million. The decrease in deferred tax assets from FYE 2022 to FPE 2023 of RM177.7 million was mainly due to reversal of deferred tax assets previously recognised of RM184.7 million arising from the unutilised business losses from both LKSA Co and SILK Co due to insufficient future taxable profits, which is projected based on the SCAs 2022.
- (3) Current trade and other receivables mainly comprise the compensation claim receivable from the Government in accordance with the toll compensation provisions under the respective Concession Agreements.
- (4) Other investments comprise of investment in unit trust.
- (5) The non-controlling interest represents the 10.0% equity interest in LKSA Co that was not held by PLKH during the Period Under Review. For the avoidance of doubt, as at the LPD, the Trust holds 100.0% equity interest in LKSA Co following the completion of the Pre-IPO Acquisition.
- (6) Provisions relates to provisions for road and pavement resurfacing, lane widening, construction of interchange and replacement cost.
- (7) Comprises finance costs accrued for Sukuk Mudharabah facilities. It is recognised in the non-current and current liabilities, depending on the quantum due within the next 12 months.
- (8) Computed based on total financing / borrowings (including lease liabilities and accrued finance cost on Sukuk Mudharabah) over the total equity as at the end of the respective financial year/period.
- (9) Computed based on net debt (total debt less deposits, cash and bank balances) over total equity.

15. FINANCIAL INFORMATION (Cont'd)

15.1.3 Historical combined statement of cash flows

The table below presents the historical combined statements of the cash flow of the Trust Group for the Period Under Review, which have been extracted from the Accountants' Report in Section 17 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Cash receipts from toll collection	230,706	209,192	294,644	222,684	214,426
Receipts from expressway ancillary facilities	1,860	1,589	1,856	1,147	843
Government compensation received	29,037	50,054	147,714	147,714	100,456
Payments to suppliers, contractors, employees, controlling shareholders, related companies and other operating expenses	(75,766)	(58,947)	(105,748)	(77,298)	(102,027)
Finance cost paid	(137,469)	(120,206)	(91,205)	(74,325)	(125,694)
Income tax paid	(1,706)	(1,178)	(12,047)	(3,513)	(9,308)
Income tax refunded	-	-	1,057	43	-
Net cash generated from operating activities	46,662	80,504	236,271	216,452	78,697
Cash flows from investing activities					
Income received from other investments and deposits with licensed banks	11,055	6,778	8,801	5,100	7,580
Payment for highway development expenditure	(4,320)	(24,050)	(3,438)	(2,294)	(9,463)
(Additional placement)/ proceeds from redemption of other investments	(105,425)	91,279	(15,963)	(15,722)	36,978
Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee	124,433	(28,419)	149,112	113,020	(57,331)
Advances to immediate holding company	-	-	(34,000)	(34,000)	34,000
Net cash generated from investing activities	25,743	45,588	104,512	66,103	11,764
Cash flows from financing activities					
Payment of principal portion of lease liabilities	(272)	(209)	(169)	(111)	(41)
Payment of financing / borrowings	(139,059)	(112,519)	(104,514)	(77,034)	(114,665)
Dividend paid	-	(27,000)	(23,400)	(23,400)	-
Net cash used in financing activities	(139,331)	(139,728)	(128,083)	(100,545)	(114,706)
Net increase/(decrease) in cash and cash equivalents	(66,926)	(13,637)	212,700	182,010	(24,245)
Cash and cash equivalents at beginning of year	180,745	113,819	100,182	100,182	312,882
Cash and cash equivalents at end of year	113,819	100,182	312,882	282,192	288,637
Add: Deposits with licensed banks with tenure of more than 3 months	120,692	149,111	-	-	57,332
Add: Amount pledged as security for bank guarantee	2,500	2,500	2,500	2,500	2,500
Deposits, cash and bank balances	237,011	251,793	315,382	284,692	348,469

15. FINANCIAL INFORMATION (Cont'd)

15.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND FINANCIAL CONDITION

The following management's discussion and analysis of the financial condition and results of operations for the Period Under Review are based on, and should be read in conjunction with the accompanying notes, assumptions and bases set out in the Accountants' Report in Section 17 of this Prospectus and Section 15.1 above of the "Selected Financial Information".

The management's discussion and analysis contain data derived from the Trust Group's audited financial statements and include forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors which may cause future results to differ significantly from those included in the forward-looking statements are discussed in the "Forward-Looking Statements" section of this Prospectus and elsewhere in this Prospectus, in particular the risk factors in Section 5 of this Prospectus. Such forward-looking statements should not in any manner or circumstance be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager or any other persons. Investors are cautioned not to place undue reliance on the forward-looking statements made as of the date of this Prospectus.

15.2.1 Overview of the Trust Group's business operations

The Trust Group, through its subsidiaries, is principally involved in the construction, operation, maintenance and toll collection of the Highways and the provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience.

The Highways held by the Trust Group (through the Concession Companies) are as follows, which are strategically located within the Klang Valley:-

- (i) **AKLEH**, a 7.4 km highway, which links Kuala Lumpur's eastern corridor to the city centre, as an alternative route to Jalan Ampang. It supports Ampang and Hulu Klang's rapid urbanisation, facilitating access between Kuala Lumpur – Jelatek / Setiawangsa – Middle Ring Road 2 and Ampang;
- (ii) **GCE**, a 25.0 km highway, which connects to nearby townships such as Shah Alam, Bukit Jelutong, Denai Alam, Elmina, Subang, Sungai Buloh and Rawang, facilitating convenient access to multiple destinations. Situated between Shah Alam and Rawang, GCE forms the western link of the Kuala Lumpur Outer Ring Road (KLORR) and complements the North-South Expressway (NSE) via the Kuala Lumpur-Kuala Selangor Expressway. Additionally, GCE is interlinked with the North-South Expressway Central Link (ELITE) and the upcoming West Coast Expressway (WCE), facilitating connections to the southern and northern states respectively;
- (iii) **LKSA**, a 14.7 km highway, which connects areas of Shah Alam and Kota Kemuning, serving as the primary link to Shah Alam Expressway in the south from Shah Alam and to Federal Highway Route 2 in the north from Kota Kemuning. Furthermore, LKSA plays a pivotal role as the primary access point to the Alam Impian township; and
- (iv) **SILK**, a 37.0 km highway, which alleviates the traffic in the Kajang town centre, covers catchment areas around Kajang and its vicinities such as Bangi, Sungai Ramal, Sungai Long and Semenyih and has emerged as the primary ring road of Kajang, enabling the local community to circumvent the congested public roads.

The Trust Group operates and maintains the Highways under the respective Concession Agreements, which stipulate the scope of each of the Concession Companies' business activities and its rights and obligations with respect to the Highways.

The Concession Companies' obligations extend to ancillary facilities related to the Highways, including lay-bys and RSAs.

15. FINANCIAL INFORMATION (Cont'd)

The Trust Group utilises an open toll system, whereby the toll charges are fixed according to the class of the vehicle regardless of the distance travelled or where the vehicle enters or leaves the Highways.

The Trust Group collects tolls through an automated ETC. The ETC collects tolls from road users via third-party electronic payment systems or methods, namely *Touch 'n Go*, *SmartTAG* and RFID.

15.2.2 Significant factors affecting the Trust Group's financial conditions and results of operations

Significant factors that had affected and are expected to continue to affect the Trust Group's financial conditions and results of operations are as follows:

(a) Traffic volume

Being an open system, the revenue depends on the number and types of vehicles using the Highways and passing through their respective toll gates.

Several factors, directly and indirectly, affect traffic volume, including but not limited to the general development of areas served by the Highways, vehicle ownership growth, population growth, quality and cost of using the Highways, connectivity of the Highways as well as the availability and affordability of alternative roads and other competing modes of transportation.

Below is the Trust Group's traffic volume from FYE 2017 (3 years before the onset of the COVID-19 pandemic) up to FPE 2023.

	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	(1)FPE 2022	(1)FPE 2023
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Traffic volume								
AKLEH	18,849	17,522	16,459	11,292	9,414	13,948	10,205	11,500
GCE	38,847	39,363	41,100	30,678	26,162	42,973	31,849	33,166
LKSA	26,081	27,253	28,737	23,502	22,884	29,501	21,984	23,092
SILK	69,154	68,167	69,611	54,193	50,839	71,789	53,110	56,620
Total	152,931	152,306	155,907	119,665	109,300	158,212	117,148	124,378
Year-on-year change/ Period- on-period change		(%)	(%)	(%)	(%)	(%)		(%)
AKLEH		(7.0)	(6.1)	(31.4)	(16.6)	48.2		12.7
GCE		1.3	4.4	(25.4)	(14.7)	64.3		4.1
LKSA		4.5	5.4	(18.2)	(2.6)	28.9		5.0
SILK		(1.4)	2.1	(22.1)	(6.2)	41.2		6.6
Total		(0.4)	2.4	(23.2)	(8.7)	44.8		6.2
Comparison to FYE 2019				(%)	(%)	(%)		
AKLEH				(31.4)	(42.8)	(15.3)		
GCE				(25.4)	(36.3)	4.6		
LKSA				(18.2)	(20.4)	2.7		
SILK				(22.1)	(27.0)	3.1		
Total				(23.2)	(29.9)	1.5		

Note:

(1) Trust Group's 9-month traffic volume from 1 January to 30 September.

15. FINANCIAL INFORMATION (Cont'd)

As shown in the table above, the traffic volume of each Highway was affected in FYE 2020 and FYE 2021, where traffic volume reduced by 23.2% to 119.7 million vehicles in FYE 2020 from 155.9 million in FYE 2019. Similarly, the traffic volume declined further in FYE 2021 to 109.3 million or 29.9% from FYE 2019. This was a direct result of the MCO implemented in various stages by the Government to contain the outbreak of the COVID-19 pandemic. With the quarantine and movement restriction measures in place, individuals were only permitted to travel within a limited radius of their homes. Additionally, many switched to work-from-home arrangements for their employees. Consequently, these restrictions reduced the traffic volume on the Highways and the corresponding toll collection. Nevertheless, the Trust Group's collective traffic volume gradually recovered to the pre-COVID-19 level in FYE 2022, recording traffic of 158.2 million vehicles or an increase of 1.5% compared to FYE 2019, following the easing of the movement restrictions by the Government and the recovery of economic activities in the country. The Trust Group's traffic volume in FPE 2023 has further increased in the first 9 months as compared to FPE 2022, which is consistent with the recovery momentum post-COVID 19. Traffic volume grew on average of 6.2% in FPE 2023 as compared to FPE 2022 across all Highways.

Apart from the impact of COVID-19, AKLEH had experience a decrease in traffic from FYE 2017 to FYE 2019 mainly due to the opening of the Tun Razak Link at Duta-Ulu Kelang Expressway (DUKE) Phase 2 in 2017 and the widening of Jalan Ampang in 2018, both of which had the effect of drawing traffic away from AKLEH.

On the other hand, SILK's traffic decreased by 1.4% in FYE 2018 mainly due to the opening of Phase 2 of the Kajang MRT Line (connecting Semantan station to Kajang station) and a bypass road from Bandar Baru Bangi to Bandar Teknologi Kajang, both in 2017.

(b) Traffic mix

In addition to overall traffic volume, the Highways' revenue is also driven by the traffic mix within the vehicle classes given the different toll rates applied based on vehicle classification as further elaborated in Section 15.2.2 (c) below.

Nevertheless, it should be noted that the higher frequency of use by heavy vehicles (namely Classes 2, 3 and 5) would also result in higher degradation of the Highways, translating to higher repair and maintenance cost.

The average traffic mix for the Highways for the Period Under Review is summarised as follows:

Average traffic mix by vehicle class	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	98.5%	0.4%	0.0%	1.0%	0.1%
GCE	90.7%	4.9%	4.0%	0.3%	0.2%
LKSA	94.1%	3.6%	1.4%	0.3%	0.6%
SILK	94.5%	3.3%	1.5%	0.4%	0.3%
Total (average)	93.8%	3.5%	2.0%	0.4%	0.3%

Given AKLEH's position to enhance connectivity and access within KL inner-city, it has a low proportion of traffic contribution from commercial vehicles (i.e., Class 2 and Class 3) relative to the 3 other Highways which serve a broader geography covering various key townships with industrial elements.

15. FINANCIAL INFORMATION (Cont'd)

(c) Agreed and gazetted toll rates

Agreed Toll Rates: The toll rates which the Concession Companies are entitled to charge to road users are based on the agreed toll rates stipulated in the respective Concession Agreements (and as supplemented by supplemental concession agreements thereafter).

Gazetted Toll Rates: The toll rates which the road users actually pay is based on the rate as gazetted by the Government, which will directly affect the Concession Companies' toll collection revenue.

Taking into account the effects of the SCAs 2022, the tables below set out the respective Highways' (i) Agreed Toll Rates for the Period Under Review and for the subsequent periods commencing 1 January 2023; and (ii) commencement dates for Gazetted Toll Rates applicable during the Period Under Review.

AKLEH - Agreed Toll Rates

Period	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
2020 to 2021	3.50	7.00	10.50	1.80	3.50
2022	4.50	9.00	13.50	2.30	4.50
2023 to 2037	2.13	7.00	10.50	1.53	1.28

AKLEH - Gazetted Toll Rates

Commencement Date	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
15 October 2015	2.50	7.00	10.50	1.80	1.50
20 October 2022	2.13	7.00	10.50	1.53	1.28

GCE - Agreed Toll Rates

Period	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
2020 to 2021	2.60	5.20	7.80	1.30	2.60
2022	3.50	7.00	10.50	1.70	3.50
2023 to 2032	1.75	3.80	5.70	0.83	1.29
2033 to 2042	2.59	5.20	7.80	1.23	1.91
2043 to 2062	3.40	7.00	10.50	1.70	2.83

GCE - Gazetted Toll Rates

Commencement Date	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
15 October 2015	1.90	3.80	5.70	0.90	1.40
20 October 2022	1.75	3.80	5.70	0.83	1.29

LKSA - Agreed Toll Rates (Seri Muda Toll Plaza / Alam Impian Toll Plaza)

Period	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
2020 to 2022	2.30 / 1.20	4.60 / 2.40	6.90 / 3.60	1.20 / 1.20	2.30 / 1.20
2023 to 2032	1.56 / 0.83	3.40 / 1.80	5.10 / 2.70	0.83 / 0.83	1.10 / 0.55
2033 to 2042	2.31 / 1.23	6.00 / 3.00	9.00 / 4.50	1.23 / 1.23	1.63 / 0.81
2043 to 2062	3.42 / 1.82	9.40 / 4.80	14.10 / 7.20	1.82 / 1.82	2.41 / 1.21

LKSA - Gazetted Toll Rates (Seri Muda Toll Plaza / Alam Impian Toll Plaza)

Commencement Date	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
15 October 2015	1.70 / 0.90	3.40 / 1.80	5.10 / 2.70	0.90 / 0.90	1.20 / 0.60
20 October 2022	1.56 / 0.83	3.40 / 1.80	5.10 / 2.70	0.83 / 0.83	1.10 / 0.55

15. FINANCIAL INFORMATION (Cont'd)

SILK - Agreed Toll Rates					
Period	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
1 Jan 2020 to 6 Feb 2020	1.80	3.60	5.40	0.90	1.80
7 Feb 2020 to 2022	2.40	4.80	7.20	1.20	2.40
2023 to 2032	1.66	3.60	5.40	0.83	0.92
2033 to 2042	2.15	4.80	7.20	1.07	1.19
2043 to 2062	2.30	4.80	7.20	1.20	1.54

SILK - Gazetted Toll Rates					
Commencement Date	Class 1 (RM)	Class 2 (RM)	Class 3 (RM)	Class 4 (RM)	Class 5 (RM)
15 October 2015	1.80	3.60	5.40	0.90	1.00
20 October 2022	1.66	3.60	5.40	0.83	0.92

(d) **Toll compensation**

As highlighted above, as at 1 January 2023, the Agreed Toll Rates and Gazetted Toll Rates are identical. However, during FYE 2020 to FYE 2022, the Gazetted Toll Rates for all Highways are generally lower than the Agreed Toll Rates. In such circumstances, the Concession Companies will be entitled to compensation from the Government for any reduction in toll collections ("**Toll Compensation**") based on a formula as stipulated in the Concession Agreements. Pursuant to the SCA 2022, the Toll Compensation formula for GCE and SILK was amended to that of AKLEH and LKSA.

In summary, the applicable Toll Compensation during the respective periods are set out below:

Period	Highways	Summary of Toll Compensation formula
FYE 2020 to FYE 2022	For AKLEH and LKSA	a. Agreed Toll Rates for each class of vehicle multiplied by the actual traffic volume for the particular class in relevant concession year; minus: b. actual toll revenue and ancillary income collected by the Concession Company for the relevant concession year.
FYE 2020 to FYE 2022	For GCE and SILK	a. Agreed Toll Rates for each class of vehicle multiplied by the annualised traffic volume for the particular class in the preceding six months of the relevant concession year; minus: b. actual toll revenue collected by the Concession Companies for the relevant concession year.
From 1 January 2023 onwards	For all 4 Highways	No toll compensation from the Government in view that the Agreed Toll Rates and Gazetted Toll Rates are identical. In the event that the Government gazettes a toll rate which differs from the Agreed Toll Rate in the future, the compensation formula for the Concession Companies shall be as follows:

15. FINANCIAL INFORMATION (Cont'd)

Period	Highways	Summary of Toll Compensation formula
		a. Agreed Toll Rates for each class of vehicle multiplied by the actual traffic volume for the particular class in relevant concession year; minus: b. actual toll revenue and ancillary income collected by the Concession Company for the relevant concession year.

The different approach in determining the reference traffic volume (i.e., annualisation of traffic from the preceding six months of the relevant concession year as compared to actual traffic in the said concession year) would have a bearing on the toll compensation revenue during FYE 2020 to FYE 2022 which the individual Concession Companies are entitled to as elaborated in Section 15.2.4 (iii)(b)(II) of this Prospectus below.

(e) **Highway operations and maintenance**

As an operator of tolled highways, the Trust Group is responsible at its own cost for the operation and maintenance of the Highways throughout the operating concession period.

For the Period Under Review, AKLEH Co, GCE Co and LKSA Co had outsourced majority of their O&M Services for their respective Highways to Turnpike, whereby Turnpike had been appointed to perform, amongst others the following services:-

- **Routine maintenance services** - Periodically scheduled maintenance services and/or works required in respect of the respective Highways including landscaping, grass cutting, highway maintenance, drainage maintenance, building maintenance, mechanical and electrical maintenance and security maintenance.
- **Ad-hoc repair works** - Maintenance services and/or works in respect of the respective Highway which are not periodically scheduled.
- **Toll operation services** - Operation, management and maintenance services and/or works in respect of toll equipment and collection of tolls at the respective Highways.

The O&M works for SILK Co were managed by its in-house department and hence, significantly all the staff cost of the Trust Group for the Period Under Review was attributable to SILK Co.

SILK Co contracts Turnpike and Turnpike, in turn, sub-contracts part of the O&M Services to external service providers via separate operation and maintenance contracts for certain O&M Services, such as the provision of routine highway maintenance services and ad-hoc highway repair and maintenance services.

For FYE 2020, FYE 2021, FYE 2022 and FPE 2023, staff cost, highway O&M (including provisions for road and pavement resurfacing) and toll management fees collectively amounts to RM50.5 million, RM48.3 million, RM69.7 million and RM39.4 million respectively, contributing approximately 72.5%, 67.0%, 74.3% and 71.1% respectively of the Trust Group's total operating expenses (excluding construction cost and amortisation and impairment on HDE), and representing 12.8%, 13.2%, 18.1% and 17.2% respectively of the Trust Group's total revenue of the respective financial years/period.

15. FINANCIAL INFORMATION (Cont'd)

Following the completion of the Pre-IPO Reorganisation on 1 January 2024, the existing O&M arrangements and agreements between AKLEH Co, GCE Co and LKSA Co and Turnpike have been mutually terminated. Moving forward, all O&M Services including liaison with relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

(f) Highway development expenditure

As set out in Section 7.27 of this Prospectus, SILK Co and GCE Co are obligated under the terms of their Concession Agreements to undertake certain highway development activities, namely lane widening on SILK and construction of the Strathairlie Interchange on GCE, respectively (“**Development Works**”).

Please refer to Sections 15.2.14 of this Prospectus below for the estimated future cost relating to the Development Works.

As set out in Section 6.1.8(ii) of this Prospectus, the Trust Group has secured the Islamic Financing of up to RM2,700 million, of which up to RM300.0 million is expected to be drawn for the purpose of financing the Development Works.

Upon completion, the Development Works are expected to enhance the traffic flow on SILK and drive further traffic growth for GCE with the new Strathairlie Interchange, providing connectivity for the upcoming developments between Lagong Toll Plaza and Paya Jaras Interchange.

(g) Finance costs on financing / borrowings

For FYE 2020, FYE 2021, FYE 2022 and FPE 2023, finance cost on financing / borrowings (which includes Sukuk Mudharabah, Government support loan and syndicated Islamic financing facilities) amounted to RM136.0 million, RM134.0 million, RM136.0 million and RM96.8 million respectively.

Outstanding debts amounting to RM751.0 million have since been fully paid on 21 December 2023, except for the Sukuk Mudharabah amounting to RM1,452.1 million which was redeemed on 22 December 2023 via the proceeds raised from the Islamic Financing. The Islamic Financing is on floating rate basis based on BPMB's cost of funds.

For illustrative purposes, assuming the entire Islamic Financing of RM2,700 million is drawn, an increase / decrease in profit rates of 25 basis points would increase / decrease annual finance cost by RM6.75 million.

The Trust Group remains mindful of prevailing interest rate fluctuations due to the global macro-economic conditions where BNM through its Overnight Policy Rate (“**OPR**”) determines these rates. In this connection, BNM had increased the OPR 4 times between March 2022 and November 2022, cumulating in a 100-basis-points increase. The OPR was further raised in May 2023 by 25-basis-points in line with economic conditions and BNM's monetary policies. Any upturn in interest rates may exert upward pressure on borrowing costs, potentially impacting profitability.

15.2.3 Significant accounting estimates and judgements

The preparation of the historical combined financial statements in accordance with MFRS and IFRS requires the management to make certain judgements, estimates and assumptions that affect the application of the Trust Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures. Actual results may differ from these estimates. These estimates and underlying assumptions are assessed on an on-going basis, and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The management believes that there are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the historical combined financial statements, other than those as set out below. 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:

(a) Amortisation of HDE

HDE is amortised over the toll collection period under the intangible asset model based on a formula which directly relates to the traffic volume (both actual and expected), as follows:

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume over} \\ \text{remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \left[\begin{array}{l} \text{(Opening net book value} \\ \text{+ Additions} \\ \text{during the year)} \end{array} \right]$$

Significant estimates are required in determining the estimated traffic volume for the forecasted future years up to expiry of the concession period.

In making the estimates, the Trust Group evaluates the projected traffic volume for the concession period projected by independent professional firm of traffic consultants in the projection study commissioned by the Trust Group.

The traffic consultants have derived future traffic volume based on, amongst others, the following information and assumptions:

- Anticipated level of development that would occur during the concession period based on published information on large-scale land use and the transportation development in the Klang Valley and Selangor that were collated from the respective district structure plans.
- Future population and economic growth based on Government published economics reports.
- Socio-economic and demographics trend in Klang Valley and Selangor to establish new forecast for variables such as growth in population, gross domestic product, employment, car ownership and value of time.
- Qualitative judgements to determine the targeted progress of the land use development and their potential impact on the road network in the Klang Valley and Selangor.

For FYE 2020, FYE 2021, FYE 2022 and FPE 2023, amortisation of HDE amounted to RM121.2 million, RM103.8 million, RM149.9 million and RM32.9 million respectively. The amortisation of HDE for FPE 2023 reduced significantly in view of the extended concession periods for the Highways pursuant to the SCAs 2022.

(b) Impairment for HDE and goodwill

The Trust Group assesses at each reporting date whether there is any objective evidence that HDE and goodwill is impaired. To determine whether there is objective evidence of impairment, the Trust Group considers factors such as permanent decline in actual traffic volume compared to estimate traffic forecast.

When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In FYE 2020, the Trust Group had recognised an impairment on HDE of RM56.0 million, arising from decline in both actual and forecasted traffic volume for AKLEH during the COVID-19 pandemic.

In FPE 2023, the Trust Group had further recognised an impairment on HDE of RM124.2 million. This is due to the effect of the SCAs 2022, whereby, in consideration of the toll reduction, AKLEH and LKSA enjoyed relatively shorter concession extension (i.e., extended by 8 years and 15 years respectively) whereas GCE and SILK's concession periods were extended by 26 years and 25 years respectively. As a result, the expected cash flows for AKLEH and LKSA were below the value-in-use prior to the Toll Restructuring.

(c) Provision for road and pavement resurfacing, lane widening and construction of interchange

In accordance with IC Interpretation 12 Service Concession Agreements ("**IC 12**"), where the operator has an obligation to maintain or construct additional infrastructure to meet a specified level of serviceability, the contractual obligations should be measured in accordance with MFRS 137: Provisions, Contingent Liabilities and Contingent Assets.

To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Trust Group takes into consideration factors such as past experience and other available information.

Provision for road and pavement resurfacing is recognised and measured at the present value of the future expenditure expected to be incurred over a 7-year road and pavement resurfacing cycle, whereas provision for SILK's lane widening and construction of GCE's Strathairlie Interchange is recognised and measured at the present value of the estimated expenditures expected to be required to fulfil the obligation.

As at 30 September 2023, the Trust Group has recognised provisions for road and pavement resurfacing, SILK's lane widening and construction of GCE's Strathairlie Interchange of RM18.1 million, RM241.4 million and RM59.9 million respectively.

(d) Provision for replacement cost

In order to carry out the highway services, the Trust Group has the obligation to replace the moveable assets, such as furniture and fittings for the Highways, office equipment, office furniture and fittings and motor vehicles for example, during the concession period. Therefore, a provision for replacement cost shall be recognised and measured in accordance with MFRS 137: Provisions, Contingent Liabilities and Contingent Assets.

15. FINANCIAL INFORMATION (Cont'd)

To determine whether it is probable that an outflow of resources will be required to replace the moveable assets and the reliable amount of estimates can be made, the Trust Group takes into consideration factors such as the expected timing of the replacement, past historical experience and other available information.

Provision for replacement cost of highway concession assets is recognised and measured at the present value of the future expenditure expected to be incurred over a 5-year replacement cycle.

As at 30 September 2023, the Trust Group has recognised provisions for replacement cost of RM7.8 million.

(e) Income taxes and deferred tax assets

Estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Trust Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for unabsorbed capital allowances, unutilised tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which unabsorbed capital allowances and other temporary differences can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

15.2.4 Results of operations - Revenue

(i) Revenue – Analysis by Highways

The following table illustrates the total revenue generated for the Period Under Review based on each Highway.

Revenue	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
AKLEH	52,332	13.3	42,927	11.8	80,113	20.9
GCE	122,459	31.0	110,184	30.1	110,723	28.8
LKSA	47,163	12.0	53,076	14.5	59,935	15.6
SILK	172,418	43.7	159,613	43.6	133,390	34.7
Total	394,372	100.0	365,800	100.0	384,161	100.0

Revenue	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
AKLEH	58,391	20.5	30,128	13.2
GCE	82,959	29.1	67,906	29.7
LKSA	44,490	15.6	31,734	13.9
SILK	99,475	34.9	98,802	43.2
Total	285,315	100.0	228,570	100.0

The traffic revenue of each Highway primarily correlates to their traffic volume and toll rates as set out in Sections 15.2.2 (a) and (c) above.

15. FINANCIAL INFORMATION (Cont'd)

The table above illustrates that SILK was the highest revenue generator for the Trust Group, contributing an average 41.1% of total revenue for the Period Under Review (with average traffic volume contribution of approximately 45.6% for the Period Under Review). GCE follows this with an average of 30.0% of the total revenue for the Period Under Review (with average traffic volume contribution of approximately 26.7% for the Period Under Review).

Despite LKSA having a higher average traffic volume contribution of 18.6% compared to AKLEH's 9.2%, LKSA only contributes 14.0% of average revenue during the Period Under Review compared to AKLEH of 15.0% in view of the following:

- (a) its lower toll rate structure particularly that of Alam Impian Toll Plaza; and
- (b) AKLEH having a component of deferred toll compensation revenue (as further elaborated in Section 15.2.4 (iii)(b)(i) of this Prospectus below), which is over and above the direct revenue generated from its traffic volume.

To facilitate the Listing, the Concession Companies had entered into the SCAs 2022 with the Government to, amongst others, restructure the toll rates whereby the toll rates had been reduced effective from 1 January 2023.

(ii) Revenue – Analysis by segments

The revenue contribution of the Trust Group comes from the following segments:

- (a) Revenue from toll collection;
- (b) Revenue from Government toll compensation;
- (c) Non-toll revenue; and
- (d) Construction revenue.

The revenue contribution from the various segments is illustrated in the table below.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Toll collection	228,947	58.0	209,092	57.2	295,168	76.8
Government toll compensation	159,245	40.4	131,222	35.9	83,674	21.8
Non-toll revenue	1,860	0.5	1,589	0.4	1,855	0.5
Construction revenue	4,320	1.1	23,897	6.5	3,464	0.9
Total	394,372	100.0	365,800	100.0	384,161	100.0

	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Toll collection	222,780	78.1	214,727	93.9
Government toll compensation	59,446	20.8	10,479	4.6
Non-toll revenue	1,148	0.4	1,133	0.5
Construction revenue	1,941	0.7	2,231	1.0
Total	285,315	100.0	228,570	100.0

Toll-related revenue (i.e., from toll collection and Government toll compensation) contributed 98.4%, 93.1%, 98.6% and 98.5% of the total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 or an average of 97.2%. Contribution from non-toll revenue was marginal throughout the Period Under Review of 0.5% on average, whereas the contribution from construction revenue was about 0.9% to 1.1%, except for FYE 2021, which was 6.5%. Detailed explanations on each segment of revenue contribution are provided in the following sections.

15. FINANCIAL INFORMATION (Cont'd)

(iii) Revenue – Segmental analysis for each Highway

(a) Revenue from toll collection

The Concession Companies only operate via an open toll system. In an open toll system, road users are charged fixed toll rates based on their vehicle classes, regardless of the distance travelled. The toll collection revenue is accounted for as and when the toll is charged for the usage of Highways based on prevailing Gazetted Toll Rates. The toll collection (as part of the revenue) received by Concession Companies is the net amount after deducting the transaction commission rate charged by Touch 'n Go Sdn Bhd.

The toll collection revenue, which is a function of traffic volume and Gazetted Toll Rates, recorded over the Period Under Review is as set out below:

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
AKLEH	27,955	12.2	23,331	11.2	33,204	11.2
GCE	64,868	28.3	55,814	26.7	88,270	30.0
LKSA	33,907	14.8	33,475	16.0	42,018	14.2
SILK	102,217	44.7	96,472	46.1	131,676	44.6
Total	228,947	100.0	209,092	100.0	295,168	100.0

	Increase/(Decrease)		Increase/(Decrease)	
	FYE 2021 to FYE 2020		FYE 2022 to FYE 2021	
	RM'000	(%) Change	RM'000	(%) Change
AKLEH	(4,624)	(16.5)	9,873	42.3
GCE	(9,054)	(14.0)	32,456	58.2
LKSA	(432)	(1.3)	8,543	25.5
SILK	(5,745)	(5.6)	35,204	36.5
Total	(19,855)	(8.7)	86,076	41.2

	FPE 2022		FPE 2023		Increase/(Decrease)	
	RM'000	%	RM'000	%	RM'000	(%) Change
AKLEH	25,113	11.3	23,848	11.1	(1,265)	(5.0)
GCE	66,562	29.9	64,027	29.8	(2,535)	(3.8)
LKSA	31,865	14.3	30,389	14.2	(1,476)	(4.6)
SILK	99,240	44.5	96,463	44.9	(2,777)	(2.8)
Total	222,780	100.0	214,727	100.0	(8,053)	(3.6)

The Trust Group's toll collection revenue decreased by 8.7% from FYE 2020 to FYE 2021 which was in line with changes in traffic volume over the same period and mainly due to the imposition of the MCO in various stages starting from March 2020 until April 2022.

Conversely, the toll collection revenue increased by 41.2% in FYE 2022 due to the lifting of the MCO where traffic volume eventually exceeded pre-COVID-19 pandemic levels (with the exception of AKLEH). The rate of increase in revenue was slightly lowered than the rate of increase of traffic volume in FYE 2022 (total of 44.8%) in view of the lower Gazetted Toll Rates commencing 20 October 2022.

To facilitate the Listing, the Concession Companies had entered into the SCAs 2022 with the Government to, amongst others, restructure the toll rates whereby the toll rates had been reduced effective from 1 January 2023.

15. FINANCIAL INFORMATION (Cont'd)

The Trust Group's toll collection revenue decreased by 3.6% from FPE 2022 to FPE 2023 which was mainly due to the lower Gazetted Toll Rate pursuant to the SCAs 2022. However, this was partially offset by the increase in the Trust Group's total traffic volume of 6.2% over the same period arising from the continued recovery of economic activities in the country after the lifting of the MCO.

(b) Revenue from Government toll compensation

Revenue from Government toll compensation comprises of 2 distinct components as follows:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Total Government toll compensation	159,245	131,222	83,674
Comprising:			
(i) Amortisation of deferred income	12,374	10,322	18,044
(ii) Toll Compensation revenue	146,871	120,900	65,630
	<u>FPE 2022</u>	<u>FPE 2023</u>	
	<u>RM'000</u>	<u>RM'000</u>	
Total Government toll compensation	59,446	10,478	
Comprising:			
(i) Amortisation of deferred income	13,057	5,571	
(ii) Toll compensation revenue	46,389	4,907	

**Some figures may not add up due to rounding differences*

(I) Amortisation of deferred income

In 2001, AKLEH Co agreed to a reduction in the toll rate structure stipulated in the Concession Agreement. In consideration, the Government agreed to pay cash compensation amounting to RM290.9 million. The toll increment was changed from every five years to every seven years. The amount paid by the Government in advance is recognised as deferred income and amortised over the concession period in accordance with the following formula:

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume over} \\ \text{remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \text{Opening carrying amount of} \\ \text{deferred income}$$

As at 30 September 2023, the balance unamortised deferred income is RM116.4 million. The deferred income for AKLEH Co in FPE 2023 is lower than FPE 2022 as the deferred income in FPE 2023 is amortised over an extended concession period pursuant to the SCA 2022.

(II) Toll Compensation revenue

As set out in Section 15.2.2 (d) above, the Concession Companies would be entitled to receive Toll Compensation in the event that the Gazetted Toll Rates are lower than the Agreed Toll Rates. The Toll Compensation revenue during the Period Under Review is as set out below:

15. FINANCIAL INFORMATION (Cont'd)

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
AKLEH	10,765	7.3	8,968	7.4	28,434	43.3
GCE	54,614	37.2	43,485	36.0	20,587	31.4
LKSA	12,035	8.2	11,873	9.8	15,880	24.2
SILK	69,457	47.3	56,574	46.8	728	1.1
Total	146,871	100.0	120,900	100.0	65,629	100.0

	Increase/(Decrease)		Increase/(Decrease)	
	FYE 2021 to FYE 2020		FYE 2022 to FYE 2021	
	RM'000	(%) Change	RM'000	(%) Change
AKLEH	(1,797)	(16.7)	19,466	217.1
GCE	(11,129)	(20.4)	(22,898)	(52.7)
LKSA	(162)	(1.3)	4,007	33.7
SILK	(12,883)	(18.5)	(55,846)	(98.7)
Total	(25,971)	(17.7)	(55,271)	(45.7)

	FPE 2022		FPE 2023		Increase/(Decrease)	
	RM'000	%	RM'000	%	RM'000	(%) Change
AKLEH	20,087	43.3	565	11.5	(19,522)	(97.2)
GCE	14,931	32.2	1,554	31.7	(13,377)	(89.6)
LKSA	11,370	24.5	614	12.5	(10,756)	(94.6)
SILK	-	-	2,175	44.3	2,175	100.0
Total	46,388	100.0	4,908	100.0	(41,480)	(89.4)

AKLEH recognised a decrease of 16.7% in Toll Compensation revenue in FYE 2021 as compared to FYE 2020 in line with decrease in traffic volume over the same period of 16.6%. However, the increase in Toll Compensation of 217.1% in FYE 2022 as compared to FYE 2021 was significantly higher than the traffic volume increases of 48.2%. This was mainly due to the 2 factors as follows:

- (1) In FYE 2022, AKLEH had a scheduled increase in Agreed Toll Rates, where the Class 1 rate (which is AKLEH's predominant vehicle class) had increased from RM3.50 to RM4.50. Compared against the Gazetted Toll Rate in FYE 2021 of RM2.50, this translates to an increase in compensation per Class 1 vehicle from RM1.00 to RM2.00 or an increase of 100.0%.
- (2) Commencing 20 October 2022, AKLEH's Gazetted Toll Rates had decreased. In respect of Class 1, the reduction was from RM2.50 to RM2.13, thus further increasing the compensation per Class 1 vehicle to RM2.37 or 137.0%.

LKSA recognised a decrease of 1.3% in Toll Compensation revenue in FYE 2021 as compared to FYE 2020 in line with decrease in traffic volume over the same period of 2.6%. The increase in Toll Compensation of 33.8% in FYE 2022 as compared to FYE 2021 was higher than the traffic volume increases of 28.9% mainly due to the decrease in Gazetted Toll Rates commencing 20 October 2022.

GCE's and **SILK's** movement in Toll Compensation revenue for FYE 2021 and FYE 2022 is not in line with changes in their respective traffic volume over the same periods by virtue of the Toll Compensation formula which stipulates that the traffic volume of the six (6) months of the preceding year is taken into consideration.

15. FINANCIAL INFORMATION (Cont'd)

Specifically, Toll Compensation for FYE 2021 is lower than FYE 2020 given that FYE 2020 Toll Compensation was based on annualised traffic volume for the period from July to December 2019 (relatively higher during pre-COVID-19 pandemic) compared to 2020 traffic volume (relatively lower during COVID-19 pandemic) i.e., resulting in relatively higher Toll Compensation revenue in FYE 2020.

Similarly, Toll Compensation for FYE 2022 is lower than FYE 2021 given that FYE 2022 Toll Compensation was based on annualised traffic volume for the period from July to December 2021 (relatively lower during pandemic) compared to 2022 traffic volume (relatively higher post-COVID-19 pandemic) i.e., resulting in relatively lower Toll Compensation revenue in FYE 2022.

In the case of GCE, the inverse impact of such formula was mitigated in FYE 2022 as it had benefited from an increase in Agreed Toll Rates, particularly the increase in Class 1 rates from RM2.60 to RM3.50.

For FPE 2023, the Concession Companies are no longer entitled to receive toll compensation from the Government in view that the agreed toll rates pursuant to the SCAs 2022 and the Gazetted Toll Rates are identical. However, in FPE 2023, the Government agreed for the Concession Companies to receive toll compensation for certain toll-free festive public holidays, amounting to RM4.9 million in FPE 2023.

(c) Non-toll revenue

Non-toll revenue includes revenue sharing not limited to advertising billboards, space rental for telco towers and rental from stall operators in RSAs.

For FYE 2020 up to April 2021, the Concession Companies engaged Turnpike for the provision of highway ancillary facilities management services for, amongst others, the setting up of petrol stations and the operating of convenience stores, outdoor advertising and renting of space. The Concession Companies receive revenue sharing from such arrangement. However, due to an internal restructuring within PLKH Group in FYE 2021, such engagement with Turnpike for highway ancillary facilities management services had been discontinued and was thereafter undertaken by PHSSB.

From April 2021, PHSSB has been providing highway ancillary facilities management services to the Concession Companies, including managing the in-house advertising structures, monitoring third-party advertising structures and managing any rental of commercial spaces at the ancillary facilities along the Highways.

Please refer to Section 7.6 of this Prospectus for further details of the revenue sharing arrangement in respect of ancillary facilities.

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15. FINANCIAL INFORMATION (Cont'd)

The non-toll revenue recorded over the Period Under Review are as follows:

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
AKLEH	381	20.5	305	19.2	430	23.2
GCE	320	17.2	363	22.8	626	33.7
LKSA	415	22.3	441	27.8	513	27.7
SILK	744	40.0	480	30.2	286	15.4
Total	1,860	100.0	1,589	100.0	1,855	100.0

	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
AKLEH	135	11.8	145	12.8
GCE	404	35.2	475	41.9
LKSA	375	32.7	348	30.7
SILK	234	20.3	165	14.6
Total	1,148	100.0	1,133	100.0

The Trust Group's non-toll revenue has remained relatively consistent throughout the Period Under Review.

(d) Construction revenue

Construction revenues are stated as required under IC 12, whereby the Trust Group contracts a private operator to develop (or upgrade), operate and maintain the infrastructure assets. It is measured by using the input method based on MFRS 15. This revenue is then net off with the construction costs incurred in accordance with IC 12, and such assets and its cost are recognised as a concession intangible asset by the Trust Group.

For the avoidance of doubt, in respect of lane widening, construction of interchanges and road and pavement resurfacing which were previously provided for, the subsequent utilisation of such provisions will not result in the recognition of construction revenue.

The construction revenue recorded over the Period Under Review are as follows:

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
AKLEH	858	19.9	-	-	-	-
GCE	2,657	61.5	10,522	44.0	1,239	35.8
LKSA	805	18.6	7,288	30.5	1,524	44.0
SILK	-	0.0	6,087	25.5	701	20.2
Total	4,320	100.0	23,897	100.0	3,464	100.0

	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
AKLEH	-	-	-	-
GCE	1,061	54.7	1,849	82.9
LKSA	880	45.3	382	17.1
SILK	-	-	-	-
Total	1,941	100.0	2,231	100.0

The construction revenue arose from the following projects carried out during the Period Under Review:

- major construction works to upgrade Elmina RSA and Bukit Jelutong lay-by in GCE;
- development of Shah Alam Urban Park in LKSA;
- installation of a smart LED lighting system along SILK;

15. FINANCIAL INFORMATION (Cont'd)

- installation, testing and commissioning of RFID systems at GCE and SILK's toll plazas; and
- design, installation and commissioning of solar panels at RSAs and at GCE's Elmina toll plaza.

All the abovementioned projects have been completed as at the LPD.

Corresponding construction costs are recognised at the same quantum as the construction revenue for each of the financial year/period as the Trust Group had outsourced the construction services to third parties.

15.2.5 Results of operations - Other income

This component mainly includes income received from investments in unit trust and deposits with licensed banks.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Income received from other investments and deposits with licensed banks	10,082	99.3	6,752	98.4	9,079	98.5
Others	70	0.7	109	1.6	134	1.5
Total	10,152	100.0	6,861	100.0	9,213	100.0

	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Income received from other investments and deposits with licensed banks	6,319	96.5	7,788	96.9
Others	280	3.5	249	3.1
Total	6,599	100.0	8,037	100.0

(a) FYE 2021 compared to FYE 2020

Other income decreased by RM3.3 million or 32.4% from RM10.2 million in FYE 2020 to RM6.9 million in FYE 2021 primarily attributable to a reduction in deposits, cash and bank balances as well as other investments in unit trust by 21.7% from RM348.2 million in FYE 2020 to RM272.78 million in FYE 2021.

(b) FYE 2022 compared to FYE 2021

Other income increased by RM2.3 million or 34.3% from RM6.9 million in FYE 2021 to RM9.2 million in FYE 2022. This increase was primarily attributable to an increase in deposits, cash and bank balances as well as other investments in unit trust by 29.2% from RM272.78 million in FYE 2021 to RM352.4 million in FYE 2022.

(c) FPE 2023 compared to FPE 2022

Other income increased by RM1.4 million or 21.8% from RM6.6 million in FPE 2022 to RM8.0 million in FPE 2023. The increase was primarily due to higher deposits placed with licensed banks in FPE 2023 of RM246.9 million with higher average profit rate of 3.25% in FPE 2023 as compared to 2.54% in FPE 2022.

15. FINANCIAL INFORMATION (Cont'd)

15.2.6 Results of operations - Amortisation of HDE

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Amortisation of HDE	121,151	103,842	149,946	113,128	32,863

(a) FYE 2021 compared to FYE 2020

The overall amortisation costs decreased by RM17.3 million or 14.3% from RM121.1 million in FYE 2020 to RM103.8 million in FYE 2021. This was primarily due to an 8.7% decline in traffic volume of 119.7 million in FYE 2020 to 109.3 million in FYE 2021 for all four Highways.

(b) FYE 2022 compared to FYE 2021

The overall amortisation cost increased by RM46.1 million or 44.4% from RM103.8 million in FYE 2021 to RM149.9 million in FYE 2022 in tandem with the increase in traffic volume from 109.3 million in FYE 2021 to 158.2 million in FYE 2022 for all four Highways.

(c) FPE 2023 compared to FPE 2022

The overall amortisation cost decreased by RM80.3 million or 71.0% from RM113.1 million in FPE 2022 to RM32.9 million in FPE 2023. The lower amortisation in FPE 2023 was primarily due to the extended concession period based on the SCAs 2022, whereby the HDE of the Highways will be amortised over a longer concession period commencing 1 January 2023 pursuant to the Toll Restructuring.

15.2.7 Results of Operations - Impairment loss on HDE

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Impairment loss on HDE	56,004	-	-	-	124,244

In FYE 2020, the Trust Group recognised impairment losses of RM56.0 million, which represented the write-down of certain highway development expenditures in AKLEH to the recoverable amount as a result of the decline in both actual and forecasted traffic volume due to various measures implemented by the Government to control the spread of Covid-19 pandemic.

In FPE 2023, the Trust Group had further recognised impairment losses of RM124.2 million. This is due to the effect of the SCAs 2022, whereby, in consideration of the toll reduction, AKLEH and LKSA enjoyed relatively shorter concession extension (i.e., extended by 8 years and 15 years respectively) whereas GCE and SILK's concession periods were extended by 26 years and 25 years respectively. As a result, the expected cash flows for AKLEH and LKSA were below the value-in-use prior to the Toll Restructuring.

15.2.8 Results of operations - Operating expenses

Operating expenses have been presented as the combination of staff cost and other operating expenses in view that during the Period Under Review:

- (a) AKLEH Co, GCE Co and LKSA Co had outsourced majority of O&M services to Turnpike. Accordingly, AKLEH Co, GCE Co and LKSA Co had minimal number of employees; and

15. FINANCIAL INFORMATION (Cont'd)

- (b) The O&M services for SILK Co were overseen by its in-house department and hence, the Trust Group's staff cost for the Period Under Review was significantly attributable to SILK Co.

The following table set out the operating expenses components in absolute terms and as a proportion of operating expenses for the financial year/period indicated.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
Highway repair and maintenance costs ⁽¹⁾	16,079	23.1	19,537	27.1	31,079	33.1
Toll management fees ⁽²⁾	20,581	29.5	17,840	24.7	23,090	24.6
Provision for road and pavement resurfacing ⁽³⁾	7,146	10.3	3,534	4.9	8,825	9.4
Utilities ⁽⁴⁾	7,139	10.2	6,494	9.0	6,825	7.3
Staff costs ⁽⁵⁾	6,704	9.6	7,343	10.2	6,682	7.1
Management fees to PLKH ⁽⁶⁾	3,547	5.1	5,088	7.0	4,913	5.2
Provision for replacement cost ⁽⁷⁾	2,265	3.2	5,318	7.4	4,278	4.6
Other expenses ⁽⁸⁾	6,238	9.0	6,975	9.7	8,104	8.7
Total	69,699	100.0	72,129	100.0	93,796	100.0

	FPE 2022		FPE 2023	
	RM'000	(%)	RM'000	(%)
Highway repair and maintenance costs ⁽¹⁾	18,962	28.3	18,333	33.1
Toll management fees ⁽²⁾	17,095	25.5	11,950	21.6
Provision for road and pavement resurfacing ⁽³⁾	6,485	9.7	4,552	8.2
Utilities ⁽⁴⁾	4,521	6.7	5,054	9.1
Staff costs ⁽⁵⁾	5,069	7.5	4,421	8.0
Management fees to PLKH ⁽⁶⁾	3,801	5.7	4,134	7.5
Provision for replacement cost ⁽⁷⁾	4,251	6.3	2,242	4.0
Other expenses ⁽⁸⁾	6,917	10.3	4,733	8.5
Total	67,101	100.0	55,419	100.0

	Increase/(Decrease)		Increase/(Decrease)	
	FYE 2021 to FYE 2020		FYE 2022 to FYE 2021	
	RM'000	(%) Change	RM'000	(%) Change
Highway repair and maintenance	3,458	21.5	11,542	59.1
Toll management fees	(2,741)	(13.3)	5,250	29.4
Provision for road and pavement resurfacing	(3,612)	(50.5)	5,291	149.7
Utilities	(645)	(9.0)	331	5.1
Staff cost	639	9.5	(661)	(9.0)
Management fees to PLKH	1,541	43.4	(175)	(3.4)
Provision for replacement cost	3,053	134.8	(1,040)	(19.6)
Other expenses	736	11.8	1,129	16.2
Total	2,429	3.5	21,667	30.0

15. FINANCIAL INFORMATION (Cont'd)

	Increase/(Decrease)	
	FPE 2022 to FPE 2023	
	RM'000	(%) Change
Highway repair and maintenance	(629)	(3.3)
Toll management fees	(5,145)	(30.1)
Provision for road and pavement resurfacing	(1,933)	(29.8)
Utilities	533	11.8
Staff cost	(648)	(12.8)
Management fees to PLKH	333	8.8
Provision for replacement cost	(2,009)	(47.3)
Other expenses	(2,184)	(31.6)
Total	(11,682)	(17.4%)

Notes:

- (1) Include toll plaza and toll collection system repair and maintenance costs, repair and maintenance costs for highway structures, as well as highway heavy repairs (but excluding provisions for road and pavement resurfacing which have been separately presented).
- (2) Toll management fees payable to Turnpike in consideration for O&M Services provided to AKLEH Co, GCE Co and LKSA Co. Toll management fees are derived based on 10% of toll collection revenue (excluding amortisation of deferred income).
- (3) Provision for road and pavement resurfacing cost involved as part of obligation to carry out the addition of bituminous structural overlays on the Highway, on a 7-year cycle basis.
- (4) Include charges for electricity, telephone and water usage.
- (5) Include wages, salaries and bonuses, defined contribution plan and social security contributions.
- (6) Fees payable to PLKH in consideration for management support services provided to the Concession Companies including corporate communications, operations, asset control, human resource and finance.
- (7) Provision for replacement cost involved as part of obligation to replace moveable assets required to carry out highway services during the concession period, on a 5-year replacement cycle basis.
- (8) Include (a) professional fees for lawyers, external auditors, tax agents and other consultants; (b) enterprise resource planning software subscription and licence fees; and (c) other expenses including public and media relations, bank charges, printing and stationery.

(a) FYE 2021 compared to FYE 2020

The Trust Group's operating expenses increased by RM2.4 million or 3.5% from RM69.7 million in FYE 2020 to RM72.1 million in FYE 2021. This was primarily due to:

- an increase in highway repair and maintenance cost by RM3.4 million or 21.5% from RM16.1 million in FYE 2020 to RM19.5 million in FYE 2021. This is mainly due to the increase in maintenance and repair work as well as road and pavement resurfacing activities which were planned in FYE 2020, and were postponed to FYE 2021 due to MCO;
- an increase in replacement cost by RM3.0 million or 134.8% from RM2.3 million in FYE 2020 to RM5.3 million in FYE 2021. The replacement cost represents a movement in provision for the replacement of highway related assets, based on the previous five-year trend; and
- an increase in management fees to PLKH of RM1.6 million or 43.4% from RM3.5 million in FYE 2020 to RM5.1 million in FYE 2021 as SILK Co had commenced receipt of human resource management services from PLKH in FYE 2021;

15. FINANCIAL INFORMATION (Cont'd)

which was partially offset by the following:

- a decrease in provision for road and pavement resurfacing cost of RM3.6 million or 50.5% from RM7.1 million in FYE 2020 to RM3.5 million in FYE 2021, mainly attributable to SILK Co's reversal of RM0.08 million in FYE 2021 as opposed to a recognition of provision of RM3.5 million in FYE2020. This in turn was due to SILK not undertaking any resurfacing activities in FYE 2021; and
- a decrease in toll management fees of RM2.8 million or 13.3% from RM20.6 million in FYE 2020 to RM17.8 million in FYE 2021. Such decrease is directly attributable to the decrease in toll-related revenue (excluding amortisation of deferred toll income) of AKLEH Co, GCE Co and LKSA Co in tandem with lower traffic flow during MCO period.

(b) FYE 2022 compared to FYE 2021

The Trust Group's operating expenses increased by RM21.7 million or 30.0% from RM72.1 million in FYE 2021 to RM93.8 million in FYE 2022. This was primarily due to:

- an increase in highway repair and maintenance cost of RM11.6 million or 59.1% from RM19.5 million in FYE 2021 to RM31.1 million in FYE 2022.

Further, provisions for road and pavement resurfacing cost had also increased by RM5.3 million or 149.7% from RM3.5 million in FYE 2021 to RM8.8 million in FYE 2022.

Both such increases were attributed to the fact that during the MCO period in 2020 and 2021, usage of Highways was lower and hence, "wear and tear" of roads was much lesser. Furthermore, there were movement restrictions even for contractors. Where possible, unless deemed necessary, maintenance and repair work as well as road and pavement resurfacing activities planned during the MCO period were postponed to later years, resulting in the sudden spike in FYE 2022; and

- an increase in toll management fee to Turnpike of RM5.3 million or 29.4% from RM17.8 million in FYE 2021 to RM23.1 million in FYE 2022 as a consequence of higher traffic flow and toll collection.

(c) FPE 2023 compared to FPE 2022

The Trust Group's operating expenses decreased by RM11.7 million or 17.0% from RM67.1 million in FPE 2022 to RM55.4 million in FPE 2023. This was primarily due to:

- a decrease in toll management fees of RM5.2 million or 30.1% from RM17.1 million in FPE 2022 to RM12.0 million in FPE 2023. Such decrease is directly attributable to the decrease in toll collection revenue for the Concession Companies as a result of lower toll rates pursuant to the respective SCAs 2022;
- a decrease in road and pavement resurfacing of RM1.8 million or 28.3% from RM6.5 million in FPE 2022 to RM4.5 million in FPE 2023. Such decrease was due to the normalisation of the road and pavement resurfacing cost in 2023 due to the reasons as explained in Section 15.2.8(b) above; and
- a decrease in replacement cost of RM2.0 million or 54.2% from RM4.3 million in FPE 2022 to RM2.2 million in FPE 2023 which is generally based on the Concession Companies' asset replacement plan over a 5-year cycle; and

15. FINANCIAL INFORMATION (Cont'd)

- a decrease in other expenses of RM2.0 million or 28.7% from RM6.9 million in FPE 2022 to RM4.9 million in FPE 2023. This is mainly due to the absence of the one-off consultancy fees relating to engineering assessment and bridge inspection performed in FPE 2022.

15.2.9 Results of operations - Finance costs

Finance costs, primarily comprise the following:

- Finance cost on financing / borrowings, which includes Sukuk Mudharabah, Government support loan, syndicated Islamic financing facilities as well as lease liabilities;
- Unwinding of discounts on provisions for road and pavement resurfacing, replacement cost, lane widening and construction of interchange, which is recognised at the discounted present value; and
- Others, which includes amortisation of debt issuance expenses.

The table below sets out the components of the finance costs in absolute terms and as a proportion of the finance costs for the financial year/period indicated.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
Finance cost on financing / borrowings	136,038	92.8	134,004	91.3	135,956	90.4
Unwinding of discount	9,438	6.4	11,891	8.1	13,752	9.1
Others	1,175	0.8	870	0.6	793	0.5
Total	146,651	100.0	146,765	100.0	150,501	100.0

	FPE 2022		FPE 2023	
	RM'000	(%)	RM'000	(%)
Finance cost on financing / borrowings	99,898	90.1	96,833	90.1
Unwinding of discount	10,404	9.4	9,053	8.4
Others	594	0.5	1,564	1.5
Total	110,896	100.0	107,450	100.0

The table below further sets out the components of the finance costs on financing / borrowings in absolute terms and as a proportion of the finance costs on financing / borrowings for the financial year/period indicated.

	FYE 2020		FYE 2021		FYE 2022	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
Sukuk Mudharabah for SILK	46,385	34.1	47,609	35.5	50,768	37.4
Sukuk Mudharabah for LKSA	36,807	27.1	38,708	28.9	40,816	30.0
Tawarruq financing for GCE	33,004	24.2	31,554	23.5	29,991	22.1
Syndicated Islamic financing for LKSA	16,303	12.0	13,462	10.1	12,699	9.3
Government support loan for AKLEH	3,530	2.6	2,671	2.0	1,682	1.2
Lease liability	9	0.0	-	-	-	-
Total	136,038	100.0	134,004	100.0	135,956	100.0

15. FINANCIAL INFORMATION (Cont'd)

	FPE 2022		FPE 2023	
	RM'000	(%)	RM'000	(%)
Sukuk Mudharabah for SILK	36,309	36.3	31,770	32.8
Sukuk Mudharabah for LKSA	30,323	30.4	31,974	33.0
Tawarruq financing for GCE	22,533	22.5	21,302	22.0
Syndicated Islamic financing for LKSA	9,378	9.4	11,207	11.6
Government support loan for AKLEH	1,356	1.4	580	0.6
Lease liability	-	-	-	-
Total	99,899	100.0	96,833	100.0

(a) FYE 2021 compared to FYE 2020

Finance cost remained relatively consistent from FYE 2020 to FYE 2021 mainly due to the following:

- A decrease in finance cost on financing / borrowings of RM2.0 million, comprising a reduction of RM5.2 million on the Tawarruq financing, syndicated Islamic financing, Government support loan and lease liabilities (“**Non-Sukuk Financing**”) due to progressive debt payment, offset by an increase of RM3.1 million on the Sukuk Mudharabah. Such increase is by virtue of SILK’s Sukuk (issued via Manfaat Tetap) providing for sharing of excess funds with its Sukuk investor, resulting in recognition of higher finance cost under MFRS 9, whereas profit payment on LKSA’s Sukuk only commences in 2026 resulting in compounding effect in respect of the accrued finance cost; and
- An increase in the unwinding of discount on provisions of RM2.5 million, of which RM1.7 million is attributable to provisions for SILK’s lane widening.

(b) FYE 2022 compared to FYE 2021

Finance cost increased by RM3.7 million or 2.5% from RM146.8 million in FYE 2021 to RM150.5 million in FYE 2022 due the following:

- An increase in finance cost on financing / borrowings of RM2.0 million, comprising an increase on the Sukuk Mudharabah for both SILK and LKSA of RM5.3 million due to the same factors in the preceding year, offset by a decrease of RM3.3 million on the Non-Sukuk Financing due to progressive debt payment.
- An increase in the unwinding of discount on provisions of RM1.9 million, of which RM1.2 million is attributable to provisions for SILK’s lane widening.

(c) FPE 2023 compared to FPE 2022

Finance cost decreased by RM3.4 million or 3.1% from RM110.9 million in FPE 2022 to RM107.5 million in FPE 2023, mainly due to the following:

- A decrease in finance cost on financing / borrowings of RM3.1 million, due to progressive payment of outstanding debt, which is mitigated by compounding profit effect in respect of LKSA’s Sukuk and higher financing cost in respect of LKSA’s syndicated Islamic financing arising from increase in OPR between the periods;
- A decrease in unwinding of discount on provisions of RM1.3 million mainly due to the extension of time for SILK lane widening works; and

15. FINANCIAL INFORMATION (Cont'd)

- An increase in other finance cost of RM1.0 million mainly due to the one-off interest paid for the excess toll compensation received by SILK Co from the Government in FPE 2023. This is pursuant to the Concession Agreement whereby the Concession Company is required to pay the excess amount to the Government together with an interest of 10%.

15.2.10 Results of operations - Tax expense/credit

Domestic income tax for the Period Under Review is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit/(loss) for the year in the prevailing tax in the respective jurisdiction.

The reconciliation between tax (credit)/expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the Period Under Review are tabled below.

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
PBT/(LBT)	6,699	26,028	(4,333)	(1,153)	(85,599)
Taxation at Malaysian statutory tax rate (24%)	1,608	6,246	(1,040)	(277)	(20,544)
Expenses not deductible for tax purposes	7,354	7,043	10,451	8,904	7,121
Unutilised business losses where deferred tax assets previously recognised, now unrecognised	-	-	-	-	184,695
Unutilised business losses brought forward where deferred tax assets previously unrecognised, now recognised	(10,046)	(125,948)	-	-	-
(Over)/under provision of income tax in prior years	41	(42)	(1,154)	(1,154)	1,634
Under/(over) provision of deferred tax in prior years	298	(1,236)	971	971	(1,554)
Total income tax (credit)/expense recognised in profit or loss	(745)	(113,937)	9,228	8,444	171,352

(a) FYE 2021 compared to FYE 2020

In FYE 2020, the Trust Group recorded a net tax credit amounting to RM0.7 million, while in FYE 2021, it recorded a tax credit amounting to RM113.9 million primarily due to the recognition of deferred tax asset on SILK Co's unutilised business losses of RM125.9 million in FYE 2021. This is a one-off benefit for the Trust Group arising from changes in tax provisions which allows unutilised business losses to be carried forward for a maximum period of 10 years of assessments instead of 7 years of assessments.

(b) FYE 2022 compared to FYE 2021

In FYE 2022, the Trust Group incurred a tax expense amounting to RM9.2 million despite recording an LBT, compared to a tax credit recorded in FYE 2021 of RM113.9 million as explained above.

(c) FPE 2023 compared to FPE 2022

The Trust Group recorded a higher tax expense of RM171.4 million in FPE 2023 compared to RM8.4 million in FPE 2022. This is mainly attributable to the reversal of deferred tax assets previously recognised of RM184.7 million arising from unutilised business losses from both LKSA Co and SILK Co due to insufficient future taxable profits which is projected based on the SCAs 2022.

15. FINANCIAL INFORMATION (Cont'd)

15.2.11 Results of operations - PBT / LBT and PAT / LAT

The following table presents selected financial information from the consolidated statements of profit or loss for the Period Under Review:

(a) FYE 2021 compared to FYE 2020

	FYE 2020		FYE 2021		% Change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	394,372	100.0	365,800	100.0	(7.2)
Construction cost	(4,320)	(1.1)	(23,897)	(6.5)	453.2
Other income	10,152	2.6	6,861	1.9	(32.4)
Staff cost	(6,704)	(1.7)	(7,343)	(2.0)	9.5
Amortisation of HDE	(121,151)	(30.7)	(103,842)	(28.4)	(14.3)
Impairment loss on HDE	(56,004)	(14.2)	-	-	(100.0)
Other operating expenses	(62,995)	(16.0)	(64,786)	(17.7)	2.8
Profit from operations	153,350	38.9	172,793	47.2	12.7
Finance costs	(146,651)	(37.2)	(146,765)	(40.1)	0.1
PBT	6,699	1.7	26,028	7.1	288.5
Income tax credit/ (expense)	745	0.2	113,937	31.2	15,193.6
PAT	7,444	1.9	139,965	38.3	1,780.2
Attributable to:	-	-	-	-	-
Owner of the company	9,934	2.5	142,649	39.0	1,336.0
Non-controlling interest	(2,490)	(0.6)	(2,684)	(0.7)	7.8
PBT margin (%)		1.7%		7.1%	
PAT margin (%)		1.9%		38.3%	

(i) PBT and PBT margin:

The Trust Group recorded a PBT of RM6.7 million in FYE 2020, compared to a PBT of RM26.0 million in FYE 2021 (an increase of RM19.3 million or 288.5%) where the corresponding margins stood at 1.7% in FYE 2020 and 7.1% in FYE 2021, respectively. The higher PBT and PBT margin in FYE 2021 compared to FYE 2020 was mainly due to the following:

- No provision for HDE impairment was required for FYE 2021 compared to RM56.0 million in FYE 2020; and
- Reduction in HDE amortisation of RM17.3 million or 14.3% from RM121.1 million in FYE 2020 to RM103.8 million in FYE 2021 in tandem with lower traffic flow.

After being offset by the following:

- Decrease in revenue of RM28.6 million or 7.2% from RM394.4 million in FYE 2020 to RM365.8 million in FYE 2021, based on the lower traffic volume and other factors as described in Section 15.2.4 above;
- Decrease in other income of RM3.3 million or 32.4% from RM10.2 million in FYE 2020 to RM6.9 million in FYE 2021 due to decrease in investment in unit trusts; and
- Higher construction cost of RM19.6 million or 453.2% from RM4.3 million in FYE 2020 to RM23.9 million in FYE 2021, largely due to expenditure on upgrading of Elmina RSA and Bukit Jelutong lay-by, development of Shah Alam Urban Park and SILK's LED lighting system.

15. FINANCIAL INFORMATION (Cont'd)

(ii) PAT / LAT and PAT / LAT Margin:

The Trust Group recorded a PAT of RM7.4 million in FYE 2020 compared to a PAT of RM140.0 million in FYE 2021 (an increase of RM132.5 million or 1,780.2%), as the corresponding margins also increased from 1.9% in FYE 2020 to 38.2% in FYE 2021. The improvement of PAT and PAT margin was attributable to the movement in PBT described above coupled with a one-off tax credit of RM113.9 million mainly arising from recognition of deferred tax assets on previous unrecognised unabsorbed business losses at SILK Co.

(b) FYE 2022 compared to FYE 2021

	FYE 2021		FYE 2022		% change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	365,800	100.0	384,161	100	5.0
Construction cost	(23,897)	(6.5)	(3,464)	(0.9)	(85.5)
Other income	6,861	1.9	9,213	2.4	34.3
Staff cost	(7,343)	(2.0)	(6,682)	(1.7)	(9.0)
Amortisation of HDE	(103,842)	(28.4)	(149,946)	(39.0)	44.4
Other operating expenses	(64,786)	(17.7)	(87,114)	(22.7)	34.5
Profit from operations	172,793	47.2	146,168	38.0	(15.4)
Finance costs	(146,765)	(40.1)	(150,501)	(39.2)	2.5
PBT/LBT	26,028	7.1	(4,333)	(1.1)	(116.6)
Income tax credit/ (expense)	113,937	31.1	(9,228)	(2.4)	(108.1)
PAT/(LAT)	139,965	38.3	(13,561)	(3.5)	(109.7)
Attributable to:					
Owner of our company	142,649	39.0	(11,283)	(2.9)	(107.9)
Non-controlling interest	(2,684)	(0.7)	(2,278)	(0.6)	(15.1)
PBT/(LBT) margin (%)		7.1%		(1.1%)	
PAT/(LAT) margin (%)		38.3%		(3.5%)	

(i) PBT / LBT and PBT / LBT margin:

The Trust Group recorded a PBT of RM26.0 million in FYE 2021, while in FYE 2022, it recorded a LBT of RM4.3 million (decrease of RM30.4 million or 116.6%), where the corresponding margins stood at 7.1% in FYE 2021 and (1.1)% in FYE 2022. The decrease in profit was mainly due to the following:

- An increase in amortisation cost of HDE of RM46.1 million or 44.4% from RM103.8 million in FYE 2021 to RM149.9 million in FYE 2022, in line with higher traffic volume in FYE 2022; and
- An increase in other operating expenses of RM22.3 million or 34.5% from RM64.8 million in FYE 2021 to RM87.1 million in FYE 2022, due to clearing of backlog on repair and maintenance works which was restricted in the prior years due to MCO;

despite registering:

- An increase in revenue of RM18.4 million or 5.0% from RM365.8 million in FYE 2021 to RM384.2 million in FYE 2022, arising from improved lower traffic volume post MCO but mitigated by lower Toll Compensation revenue as described in Section 15.2.4 above; and
- Lower construction cost of RM20.4 million or 85.5% from RM23.9 million in FYE 2021 to RM3.5 million in FYE 2022, largely due to completion of the prior year development projects.

15. FINANCIAL INFORMATION (Cont'd)

(ii) PAT / LAT and PAT / LAT margin:

The Trust Group recorded a PAT of RM140.0 million in FYE 2021, but in FYE 2022, it recorded a LAT of RM13.5 million (decrease of RM153.5 million or 109.7%), with the corresponding margin of 38.2% in FYE 2021 declined to (3.5)% in FYE 2022. The LAT in FYE 2022 in comparison to PAT in FYE 2021 was mainly attributable to the movement in PBT described above coupled with the absence of the tax credit of RM113.9 million recorded in the prior year.

(c) FPE 2023 compared to FPE 2022

	FPE 2022		FPE 2023		% Change
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	285,315	100.0	228,570	100.0	(19.9)
Construction cost	(1,941)	(0.7)	(2,231)	(1.0)	14.9
Other income	6,598	2.3	8,037	3.5	21.8
Staff cost	(5,069)	(1.8)	(4,421)	(1.9)	(12.8)
Amortisation of HDE	(113,128)	(39.7)	(32,863)	(14.4)	(71.0)
Impairment loss on HDE	-	-	(124,243)	(54.4)	100.0
Other operating expenses	(62,032)	(21.7)	(50,998)	(22.3)	(17.8)
Profit from operations	109,743	38.4	21,851	9.5	(80.1)
Finance costs	(110,896)	(38.9)	(107,450)	(47.0)	(3.1)
LBT	(1,153)	(0.4)	(85,600)	(37.5)	7,324.1
Income tax credit/ (expense)	(8,444)	(3.0)	(171,352)	(75.0)	1,929.3
LAT	(9,597)	(3.4)	(256,951)	(112.4)	2,577.4
Attributable to:					
Owner of the company	(7,942)	(2.8)	(241,253)	(105.5)	2,937.7
Non-controlling interest	(1,655)	(0.6)	(15,698)	(6.9)	848.5
LBT margin (%)		(0.4)		(37.5)	
LAT margin (%)		(3.4)		(112.4)	

(i) PBT / LBT and PBT / LBT margin:

The Trust Group recorded a LBT of RM85.6 million in FPE 2023, compared to a LBT of RM1.2 million in FPE 2022 (a decrease of RM84.4 million) where the corresponding margins stood at (0.4)% in FPE 2022 and (37.5)% in FPE 2023, respectively. The decrease in LBT and LBT margin was mainly due to the following:

- A decrease in revenue of RM56.8 million or 19.9% from RM285.3 million to RM228.6 million. This is mainly due to the reduction in toll rates as well as the absence of toll compensation revenue pursuant to the SCAs 2022; and
- An impairment loss on HDE for AKLEH and LKSA of RM124.2 million arising from the Toll Restructuring as discussed in Section 15.2.7 above;

despite registering

- A decrease in HDE amortisation of RM80.3 million or 71.0% from RM113.1 million in FPE 2022 to RM32.9 million in FPE 2023 which was primarily due to the extended concession period pursuant to the SCAs 2022; and
- A decrease in other operating expenses of RM11.0 million or 17.8% from RM62.0 million in FPE 2022 to RM51.0 million in FPE 2023, which is mainly due to lower of toll management fees, provision for road and pavement resurfacing and provision for replacement cost as discussed in Section 15.2.8 above.

15. FINANCIAL INFORMATION (Cont'd)

(ii) PAT / LAT and PAT / LAT Margin:

The Trust Group recorded a LAT of RM257.0 million in FPE 2023, compared to a LAT of RM9.6 million in FPE 2022, where the corresponding margins stood at (3.4)% in FPE 2022 and (112.4)% in FPE 2023, respectively.

The increase in LAT and LAT margin was attributable to the movement in LBT described above, coupled with a higher tax expense of RM171.4 million in FPE 2023 compared to RM8.4 million in FPE 2022 resulting from the reversal of deferred tax assets as discussed in Section 15.2.10 above.

Set out below is the summary of the Trust Group's PBT and PAT by each Highway for the Period Under Review:

Trust Group's PBT/(LBT) by Highway

PBT/(LBT)	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
AKLEH	(55,727)	2,277	17,925	13,403	(63,113)
GCE	40,483	26,021	15,454	10,320	21,385
LKSA	(31,622)	(34,000)	(27,964)	(19,998)	(77,125)
SILK	62,572	41,394	3,719	5,222	35,895
Adjustment ⁽¹⁾	(9,006)	(9,664)	(13,466)	(10,099)	(2,640)
Total	6,700	26,028	(4,332)	(1,153)	(85,600)

Trust Group's PAT/(LAT) by Highway

PAT/(LAT)	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
AKLEH	(52,175)	(789)	9,620	6,293	(51,048)
GCE	31,703	18,209	8,998	6,593	15,924
LKSA	(25,191)	(27,050)	(22,777)	(16,560)	(156,981)
SILK	60,165	156,972	1,089	(1,126)	(62,792)
Adjustment ⁽¹⁾	(7,057)	(7,378)	(10,490)	(4,797)	(2,055)
Total	7,445	139,965	(13,561)	(9,597)	(256,952)

Note:

(1) The Trust Group's consolidated adjustments relate to the additional amortisation of HDE due to the fair valuation of SILK arising from the acquisition of SILK by PLKH in 2017, as well as its corresponding effect to the SILK Co's taxation expenses.

(a) AKLEH

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	52,332	42,927	80,113	58,391	30,128
Construction cost	(858)	-	-	-	-
Other income	834	444	492	280	244
Staff cost	(121)	(144)	(141)	(111)	(115)
Amortisation of HDE	(37,831)	(27,442)	(43,657)	(32,330)	(10,285)
Impairment loss on HDE	(56,004)	-	-	-	(75,428)
Other operating expenses	(10,460)	(10,783)	(17,081)	(11,383)	(6,998)
Profit/(loss) from operations	(52,108)	5,002	19,726	14,847	(62,454)
Finance costs	(3,619)	(2,725)	(1,801)	(1,444)	(659)
PBT/(LBT)	(55,727)	2,277	17,925	13,403	(63,113)
Income tax credit/ (expense)	3,552	(3,066)	(8,305)	(7,110)	12,065
PAT/(LAT)	(52,175)	(789)	9,620	6,293	(51,048)

FYE 2021 compared to FYE 2020

AKLEH recorded a LAT of RM0.8 million in FYE 2021, compared to a LAT of RM52.2 million in FYE 2020. The decrease in LAT of RM51.4 million was mainly due to the absence of a provision for HDE impairment in FYE 2021 as compared to a provision for HDE impairment of RM56.0 million in FYE 2020 due to the onset of the COVID-19 pandemic and the imposition of MCO. However, this has been partially offset by:

- a decrease in AKLEH Co's revenue in FYE 2021 as compared to FYE 2020 by RM9.4 million as discussed in Section 15.2.4 above; and
- the recognition of income tax expense of RM3.1 million in FYE 2021 (as opposed to an income tax credit RM3.6 million in FYE 2020) as a result of deferred tax asset recognition on impairment loss on AKLEH Co's HDE in FYE 2020.

FYE 2022 compared to FYE 2021

AKLEH recorded a PAT of RM9.6 million in FYE 2022, compared to a LAT of RM0.8 million in FYE 2021. The increase in PAT of RM10.4 million was mainly due to the increase in revenue recorded by AKLEH Co of RM37.2 million as discussed in Section 15.2.4 above. However, this has been partially offset by:

- an increase in amortisation of AKLEH's HDE by RM16.2 million arising from higher traffic volume recorded in FYE 2022;
- an increase in other operating expenses by RM6.3 million mainly due to the backlog repair and maintenance works carried out in AKLEH which was restricted in the prior years due to MCO; and
- an increase in income tax expense by RM5.2 million arising from the higher PBT recorded in FYE 2022 following the easing of the movement restrictions by the Government and the recovery of economic activities in the country.

FPE 2023 compared to FPE 2022

AKLEH recorded a LAT of RM51.0 million in FPE 2023, compared to a PAT of RM6.3 million for FPE 2022. This was mainly due to:

- a decrease in revenue recorded by AKLEH Co of RM28.3 million as discussed in Section 15.2.4 above; and
- the recognition of an impairment loss on AKLEH's HDE of RM75.4 million pursuant to the SCAs 2022 and Toll Restructuring.

However, this has been offset by:

- a decrease in amortisation of AKLEH's HDE by RM22.0 million, resulting from the extended concession period pursuant to the SCAs 2022;
- a decrease in other operating expenses by RM4.4 million mainly due to lower toll management fees resulting from a lower toll collection revenue recorded in FPE 2023, and lower road and pavement resurfacing cost incurred due to cost normalisation in FPE 2023 for the reasons as explained in Section 15.2.8(b) above; and
- the recognition of income tax credit of RM12.1 million in FPE 2023 (as opposed to an income tax expense of RM7.1 million in FPE 2022) mainly resulting from the impairment loss on AKLEH's HDE recognised in FPE 2023.

15. FINANCIAL INFORMATION (Cont'd)

(b) GCE

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	122,459	110,184	110,723	82,959	67,906
Construction cost	(2,657)	(10,523)	(1,239)	(1,061)	(1,849)
Other income	5,881	4,298	4,544	3,274	4,081
Staff cost	(177)	(289)	(190)	(142)	(189)
Amortisation of HDE	(23,400)	(20,047)	(33,917)	(26,422)	(5,369)
Other operating expenses	(26,563)	(23,374)	(31,379)	(23,412)	(19,683)
Profit from operations	75,543	60,249	48,542	35,196	44,897
Finance costs	(35,060)	(34,228)	(33,088)	(24,876)	(23,512)
PBT	40,483	26,021	15,454	10,320	21,385
Income tax credit/ (expense)	(8,780)	(7,812)	(6,456)	(3,727)	(5,461)
PAT	31,703	18,209	8,998	6,593	15,924

FYE 2021 compared to FYE 2020

GCE recorded a PAT of RM18.2 million in FYE 2021, as compared to a PAT of RM31.7 million in FYE 2020. The decrease in PAT of RM13.5 million was mainly due to a decrease in GCE Co's revenue by RM12.3 million as discussed in Section 15.2.4 above as well as a higher construction cost by RM7.9 million for the upgrading work done at Elmina RSA and Bukit Jelutong lay-by. However, this has been partially offset by:

- a decrease in amortisation of HDE in FYE 2021 by RM3.4 million which is in tandem with the lower traffic volume recorded in FYE 2021; and
- a decrease in other operating cost of RM3.2 million in FYE 2021 due to lower toll management fee which is in tandem with lower toll revenue recorded in FYE 2021.

FYE 2022 compared to FYE 2021

GCE recorded a PAT of RM9.0 million in FYE 2022, compared to a PAT of RM18.2 million in FYE 2021. The decrease in PAT of RM9.2 million was mainly due to:

- an increase in amortisation of HDE by RM13.9 million in line with the higher traffic volume recorded in GCE in FYE 2022; and
- an increased in other operating expenses by RM8.0 million mainly due to the backlog repair and maintenance works carried out in GCE which was restricted in the prior years due to MCO, as well as higher toll management fee arising from higher toll collection revenue.

However, this has been partially offset by the decrease in construction cost by RM9.2 million as most upgrading works relating to Elmina RSA and lay-by were completed in FYE 2021.

FPE 2023 compared to FPE 2022

GCE recorded a PAT of RM15.9 million in FPE 2023, compared to a PAT of RM6.6 million in FPE 2022. The increase in PAT was mainly due to:

- a decrease in amortisation of GCE's HDE by RM21.1 million, resulting from the extended concession period pursuant to the SCAs 2022; and

15. FINANCIAL INFORMATION (Cont'd)

- a decrease in other operating expenses by RM3.7 million mainly due to lower toll management fees resulting from a lower toll collection revenue recorded in FPE 2023, and lower road and pavement resurfacing cost incurred due to cost normalisation in FPE 2023 for the reasons as explained in Section 15.2.8(b) above.

However, this has been partially offset by:

- a decrease in revenue recorded by GCE Co of RM15.0 million as discussed in Section 15.2.4 above; and
- an increase in income tax expense by RM1.7 million arising from the higher PBT recorded in FPE 2023 as discussed above.

(c) LKSA

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	47,163	53,076	59,935	44,490	31,734
Construction cost	(805)	(7,288)	(1,524)	(880)	(382)
Other income	1,173	777	881	692	772
Staff cost	(116)	(195)	(131)	(102)	(162)
Amortisation of HDE	(12,629)	(12,484)	(16,483)	(12,545)	(6,233)
Impairment loss on HDE	-	-	-	-	(48,815)
Other operating expenses	(12,446)	(15,105)	(16,541)	(11,526)	(10,484)
Profit/(loss) from operations	22,340	18,781	26,137	20,129	(33,570)
Finance costs	(53,962)	(52,781)	(54,101)	(40,128)	(43,555)
LBT	(31,622)	(34,000)	(27,964)	(19,998)	(77,125)
Income tax credit/ (expense)	6,431	6,950	5,187	3,438	(79,856)
LAT	(25,191)	(27,050)	(22,777)	(16,560)	(156,981)

FYE 2021 compared to FYE 2020

LKSA recorded a LAT of RM27.1 million in FYE 2021, as compared to a LAT of RM25.2 million in FYE 2020. The increase in LAT of RM1.9 million was mainly due to the increase in other operating expenses by RM2.7 million arising from the one-off cost incurred in repairing roads and retaining the Seri Muda toll plaza structure. However, this has been partially offset by the decrease in finance cost by RM1.2 million due to principal payment for LKSA's Syndicated Islamic financing in FYE 2021.

LKSA's toll revenue remained consistent for the FYE 2020 and FYE 2021. However, LKSA Co incurred a higher construction revenue and construction cost in FYE 2021 due to the development of Shah Alam Urban Park in LKSA as discussed in Section 15.2.4 above.

FYE 2022 compared to FYE 2021

LKSA recorded a LAT of RM22.8 million in FYE 2022, as compared to a LAT of RM27.1 million in FYE 2021. The decrease in LAT of RM4.3 million was mainly due to the increase in revenue by RM6.9 million as well as a decrease in construction cost by RM5.8 million as discussed in Section 15.2.4 above. However, this has been partially offset by:

- an increase in amortisation of HDE by RM4.0 million in line with the higher traffic volume recorded in LKSA in FYE 2022;
- an increase in other operating expenses by RM1.4 million mainly due to the increase in toll management fees which is in tandem with the increase in toll revenue in FYE 2022;

15. FINANCIAL INFORMATION (Cont'd)

- an increase in finance cost by RM1.3 million as a result of compounding effect of accrued finance cost on LKSA's Sukuk; and
- a decrease in tax credit in LKSA Co of RM1.8 million mainly due to a lower LBT recorded in FYE 2022.

FPE 2023 compared to FPE 2022

LKSA recorded a LAT of RM157.0 million in FPE 2023 as compared with a LAT of RM16.6 million for FPE 2022. This was mainly due to:

- a decrease in revenue recorded by LKSA Co of RM12.8 million as discussed in Section 15.2.4 above;
- the recognition of an impairment loss on LKSA's HDE of RM48.8 million pursuant to the SCAs 2022 and Toll Restructuring; and
- the recognition of income tax expense of RM79.9 million in FPE 2023 (as opposed to an income tax credit of RM3.4 million in FPE 2022) as a result the reversal of deferred tax assets previously recognised of RM97.8 million arising from unutilised business losses due to insufficient future taxable profits which is projected based on the SCAs 2022.

However, this has been partially offset by:

- a decrease in amortisation of LKSA's HDE by RM6.3 million, resulting from the extended concession period pursuant to the SCAs 2022.

(d) SILK

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	172,418	159,613	133,391	99,474	98,802
Construction cost	-	(6,087)	(700)	-	-
Other income	2,264	1,343	3,296	2,353	2,941
Staff cost	(6,289)	(6,715)	(6,220)	(4,714)	(3,954)
Amortisation of HDE	(38,285)	(34,204)	(42,422)	(31,731)	(8,337)
Other operating expenses	(13,527)	(15,524)	(22,115)	(15,712)	(13,833)
Profit from operations	116,581	98,426	65,230	49,670	75,619
Finance costs	(54,009)	(57,032)	(61,511)	(44,448)	(39,724)
PBT	62,572	41,394	3,719	5,222	35,895
Income tax credit/ (expense)	(2,407)	115,578	(2,630)	(6,348)	(98,687)
PAT/(LAT)	60,165	156,972	1,089	(1,126)	(62,792)

FYE 2021 compared to FYE 2020

SILK recorded a PAT of RM157.0 million in FYE 2021, compared to a PAT of RM60.2 million in FYE 2020. The increase in PAT of RM96.8 million was mainly due to the one-off tax credit of RM125.9 million arising from recognition of deferred tax assets on previous unrecognised unabsorbed business losses at SILK in FYE 2021. However, this has been partially offset by:

- a decrease in SILK Co's revenue of RM12.8 million and a higher construction cost of RM6.1 million as discussed in Section 15.2.4 above;

15. FINANCIAL INFORMATION (Cont'd)

- an increase in other operating expenses by RM2.0 million mainly due to higher management fee paid to PLKH arising from the provision of human capital management function by PLKH to SILK Co in FYE 2021; and
- an increase in finance cost by RM3.0 million mainly due to higher SILK's Sukuk finance cost recognised under MFRS 9 through sharing of excess funds with its Sukuk investor.

FYE 2022 compared to FYE 2021

SILK recorded a PAT of RM1.1 million in FYE 2022, compared to a PAT of RM157.0 million in FYE 2021, a decrease of RM155.9 million mainly due to:

- the absence of a one-off tax credit of RM125.9 million arising from recognition of deferred tax assets on previous unrecognised unabsorbed business losses at SILK in FYE 2021;
- a decrease in revenue by RM26.2 million mainly due to lower toll compensation recorded from Government in FYE 2022 as discussed in Section 15.2.4 above;
- an increase in amortisation of HDE by RM8.2 million due to higher traffic volume recorded in SILK for FYE 2022;
- an increase in other operating expense by RM6.6 million mainly due to the backlog repair and maintenance works carried out in SILK which was restricted in the prior years due to MCO, as well as higher toll management fee arising from higher toll collection revenue; and
- an increase in finance cost by RM4.5 million mainly due to higher Sukuk finance cost recognised under MFRS 9 through sharing of excess funds with its Sukuk investor.

FPE 2023 compared to FPE 2022

SILK recorded a LAT of RM62.7 million in FPE 2023 as compared with a LAT of RM1.1 million for FPE 2022. This was mainly due to:

- the reversal of deferred tax assets previously recognised of RM86.9 million arising from unutilised business losses due to insufficient future taxable profits which is projected based on the SCAs 2022; and

which was partially offset by:

- lower amortisation on HDE by RM23.4 million resulting from the extended concession period pursuant to the SCAs 2022.

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15. FINANCIAL INFORMATION (Cont'd)

15.2.12 Liquidity and capital resources

(a) Working capital

The Trust Group's working capital, capital expenditure and other costs and expenses are funded by a combination of internal and external sources of funds. The internal sources of funds comprise cash generated from the Trust Group's operating activities, and the Trust Group's cash and bank balances, while the external funds are mainly from credit facilities from financial institutions and capital market instruments.

As at 30 September 2023, the Trust Group held deposits, cash and bank balances of RM348.5 million. The working capital, calculated as current assets minus current liabilities, was RM143.4 million, an increase from FYE 2022 of RM52.0 million.

On 21 December 2023, Prolintas Managers (on behalf of Prolintas Infra BT) had drawdown RM2,326.3 million via the Islamic Financing primarily for the full payment of the existing debts of the Concession Companies, including the payment of amounts due to PLKH Group and PNB. The remaining undrawn limit under the Islamic Financing is RM300.0 million which can be drawn to part finance the development expenditure in relation to the construction of a Strathairlie Interchange in GCE and lane widening in SILK.

Based on the above and taking into consideration the funding requirements for the committed capital expenditure and contractual obligations, expected cash flow from operations and cash and bank balances as well as the funds raised from the Islamic Financing, the Board is of the view that the Trust Group has sufficient working capital for a period of 12 months from the date of this Prospectus.

(b) Cash flows

The following table summarises the combined statement of cash flows for the financial year/period indicated.

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net cash generated from operating activities	46,662	80,503	236,271	216,452	78,697
Net cash generated from investing activities	25,743	45,588	104,512	66,103	11,764
Net cash used in financing activities	<u>(139,331)</u>	<u>(139,728)</u>	<u>(128,083)</u>	<u>(100,545)</u>	<u>(114,706)</u>
Net (decrease)/increase in cash and cash equivalents	(66,926)	(13,637)	212,700	182,010	(24,245)
Cash and cash equivalents at the beginning of financial year/period	<u>180,745</u>	<u>113,819</u>	<u>100,182</u>	<u>100,182</u>	<u>312,882</u>
Cash and cash equivalents at end of the financial year/period	<u>113,819</u>	<u>100,182</u>	<u>312,882</u>	<u>282,192</u>	<u>288,637</u>
Add: Deposits with licensed banks with tenure of more than 3 months	120,692	149,111	-	-	57,332
Add: Amount pledged as security for bank guarantee	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Deposits, cash and bank balances	<u>237,011</u>	<u>251,793</u>	<u>315,382</u>	<u>284,692</u>	<u>348,469</u>

(i) **Net cash from operating activities**

FYE 2020

For FYE 2020, the net cash generated from operating activities was RM46.7 million, mainly due to the net effects of the following:

- Receipt from toll collection of RM230.7 million;
- Receipt of toll compensation from the Government of RM29.0 million;
- Outflow relating to operating expenditure of RM75.8 million; and
- Finance cost paid of RM137.5 million

FYE 2021

For FYE 2021, the net cash generated from operating activities was RM80.5 million, mainly due to the net effects of the following:

- Receipt from toll collection of RM209.2 million on the back of lower traffic volume;
- Receipt of toll compensation from the Government of RM50.1 million;
- Outflow relating to operating expenditure of RM58.9 million; and
- Finance cost paid of RM120.2 million.

FYE 2022

For FYE 2022, the net cash generated from operating activities was RM236.3 million, mainly due to the net effects of the following:

- Receipt from toll collection of RM294.6 million on significantly improved traffic performance;
- Receipt of toll compensation from the Government of RM147.7 million, despite current year toll compensation revenue of RM65.6 million, thus reducing toll compensation owing by the Government by RM82.1 million from RM231.8 million in FYE 2021 to RM149.7 million in FYE 2022;
- Outflow relating to operating expenditure of RM105.7 million, in line with higher operating expenses coupled with RM41.0 million incurred for SILK's lane widening, road and pavement resurfacing and replacement cost;
- Finance cost paid of RM91.2 million; and
- Taxes paid of RM12.0 million, an increase of RM10.9 million over the preceding year, largely contributed by GCE Co and AKLEH Co.

FPE 2023

For FPE 2023, the net cash generated from operating activities was RM78.7 million, mainly due to the net effects of the following:

- Receipt from toll collection of RM214.4 million; and
- Receipt of toll compensation from the Government of RM100.5 million.

This was partially offset by:

- Outflow relating to operating expenditure of RM102.0 million;
- Finance cost paid of RM125.7 million; and
- Taxes paid of RM9.3 million.

(ii) Net cash from investing activities

FYE 2020

For FYE 2020, the net cash generated from investing activities was RM25.7 million, mainly due to the net effects of the following:

- Income received from other investments and deposits with licensed banks amounting to RM11.1 million; and
- Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee amounting to RM124.4 million.

This was partially offset by:

- Payment for HDE amounting to RM4.3 million (corresponding to construction cost for FYE 2020); and
- Additional placement of other investments (money market funds and unit trust investment) amounting to RM105.4 million.

FYE 2021

For FYE 2021, the net cash generated from investing activities was RM45.6 million, mainly due to the net effects of the following:

- Income received from other investments and deposits with licensed banks amounting to RM6.8 million;
- Proceeds from the disposal of scrapped assets amounting to RM1.0 million; and
- Proceeds from the redemption of other investments (money market funds and unit trust investment) amounting to RM90.3 million.

This was partially offset by:

- Net payments for HDE amounting to RM24.1 million (corresponding to construction cost for FYE 2021); and

15. FINANCIAL INFORMATION (Cont'd)

- Changes in fixed deposits with a maturity of more than 3 months and amounts pledged as security for bank guarantee amounting to RM28.4 million.

FYE 2022

For FYE 2022, the net cash generated from investing activities was RM104.5 million, mainly due to the net effects of the following:

- Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee amounting to RM149.1 million; and
- Income received from other investments and deposits with licensed banks amounting to RM8.8 million.

This was partially offset by:

- Payments for HDE amounting to RM3.4 million (corresponding to construction cost for FYE 2022);
- Additional placement of other investments (money market funds and unit trust investment) amounting to RM16.0 million; and
- Advances to the immediate holding company (i.e., PLKH) amounting to RM34.0 million.

FPE 2023

For FPE 2023, the net cash generated from investing activities was RM11.8 million, mainly due to the net effects of the following:

- Advances from immediate holding company (i.e., PLKH) of RM34.0 million;
- Income received from other investments and deposits with licensed banks amounting to RM7.6 million; and
- Proceeds from redemption of other investments (money market funds and unit trust investment) amounting to RM37.0 million.

This was partially offset by:

- Payment for HDE amounting to RM9.5 million; and
- Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee amounting to RM57.3 million

(iii) Net cash from financing activities

FYE 2020

For FYE 2020, the net cash used in financing activities was RM139.3 million, mainly due to the net effects of the following:

- Payment of financing / borrowings amounting to RM139.1 million for the following facilities:
 - Government support loan amounting to RM55.0 million;

15. FINANCIAL INFORMATION (Cont'd)

- Syndicated Islamic financing amounting to RM15.0 million;
 - Tawarruq financing facility amounting to RM24.7 million; and
 - Sukuk Mudharabah amounting to RM44.4 million.
- Payment of the principal portion of lease liabilities of RM0.2 million.

FYE 2021

For FYE 2021, the net cash used in financing activities was RM139.7 million, mainly due to the net effects of the following:

- Payment of financing / borrowings amounting to RM112.5 million for the following facilities:
 - Government support loan amounting to RM23.9 million;
 - Syndicated Islamic financing amounting to RM22.5 million;
 - Tawarruq financing facility amounting to RM27.3 million; and
 - Sukuk Mudharabah amounting to RM38.8 million.
- Dividend payment amounting to RM27.0 million.
- Payment of the principal portion of lease liabilities of RM0.2 million.

FYE 2022

For FYE 2022, the net cash used in financing activities was RM128.0 million, mainly due to the net effects of the following:

- Payment of financing / borrowings amounting to RM104.5 million for the following facilities:
 - Government support loan amounting to RM25.9 million;
 - Syndicated Islamic financing amounting to RM27.5 million;
 - Tawarruq financing facility amounting to RM28.9 million; and
 - Sukuk Mudharabah amounting to RM22.2 million.
- Dividend payment amounting to RM23.4 million.
- Payment of the principal portion of lease liabilities of RM0.1 million.

FPE 2023

For FPE 2023, the net cash used in financing activities was RM114.7 million, mainly due to the net effects of the following:

- Payment of financing / borrowings amounting to RM114.7 million for the following facilities:
 - Government support loan amounting to RM13.0 million;
 - Syndicated Islamic financing amounting to RM30.0 million;
 - Tawarruq financing facility amounting to RM15.2 million; and
 - Sukuk Mudharabah amounting to RM56.5 million.

As set out in Section 6.1.8(ii) of this Prospectus, the Trust had undertaken the Islamic Financing for the purpose of repaying the Concession Companies' debts. The funds were advanced to the Concession Companies ("**Inter-Company Advance**").

15. FINANCIAL INFORMATION (Cont'd)

Moving forward, the Trust's primary source of cashflows will be from the Concession Companies, which would flow any surplus cashflows available to the Trust through, amongst others, (a) profit payment on the Inter-company Advance, (b) principal payment on the Inter-Company Advance, and/or (c) dividends.

(c) Financing / Borrowings

The financing/borrowings are classified as current and non-current, where it represents the principal portion to be repaid within 12 months and after 12 months from the financial year/period ends, respectively.

The decrease in financing/borrowings balances from FYE2020 to FYE 2021 was RM111.9 million, which is primarily due to the net effects of the following:

- Payment of financing/borrowings amounting to RM112.5 million for the following:
 - Government support loan amounting to RM23.9 million;
 - Syndicated Islamic financing amounting to RM22.5 million;
 - Tawarruq financing facility amounting to RM27.3 million;
 - Sukuk Mudharabah amounting to RM38.8 million; and
 - Lease liabilities of RM0.2 million; and
- Offset by amortisation of issuance expenses of RM0.8 million.

From FYE 2021 to FYE 2022, the financing/borrowings balance had further decreased by RM103.9 million, mainly primarily due to the net effects of the following:

- Payment of financing/borrowings amounting to RM104.7 million for the following:
 - Government support loan amounting to RM25.9 million;
 - Syndicated Islamic financing amounting to RM27.5 million;
 - Tawarruq financing facility amounting to RM28.9 million;
 - Sukuk Mudharabah amounting to RM22.2 million; and
 - Lease liabilities of RM0.2 million; and
- Offset by amortisation of issuance expenses of RM0.8 million.

From FYE 2022 to FPE 2023, the financing/borrowings balance had further decreased by RM114.2 million, mainly primarily due to the net effects of the following:

- Payment of financing/borrowings amounting to RM114.7 million for the following:
 - Government support loan amounting to RM13.0 million;
 - Syndicated Islamic financing amounting to RM30.0 million;
 - Tawarruq financing facility amounting to RM15.2 million; and
 - Sukuk Mudharabah amounting to RM56.5 million; and
- Offset by amortisation of issuance expenses of RM0.5 million.

As at 30 September 2023, the Trust Group's total outstanding financing / borrowings and borrowings was RM1,535.2 million, as follows:

	<u>Current</u> RM'000	<u>Non- Current</u> RM'000	<u>Total</u> RM'000	<u>Contractual interest / profit rate</u>
Secured				
Lease liabilities ⁽¹⁾	164	-	164	5.5% - 6.6% (fixed)
Government support loan for AKLEH ⁽²⁾	12,970	-	12,970	4.00% (fixed)
Sukuk Mudharabah for LKSA ⁽³⁾	-	415,000	415,000	N/A
Sukuk Mudharabah for SILK ⁽⁴⁾	12,141	366,855	378,996	8.0% (fixed)
Syndicated Islamic financing for LKSA ⁽⁵⁾	35,000	202,500	237,500	4.75% (float)

15. FINANCIAL INFORMATION (Cont'd)

	Current RM'000	Non- Current RM'000	Total RM'000	Contractual interest / profit rate
Tawarruq financing facility for GCE ⁽⁶⁾	31,329	462,703	494,032	5.65% (fixed)
	<u>91,604</u>	<u>1,447,058</u>	<u>1,538,662</u>	
Unamortised issuance expenses ⁽⁷⁾	(689)	(2,782)	(3,471)	
Total financing / borrowings	90,916	1,444,276	1,535,192	
Accrued finance cost on Sukuk Mudharabah ⁽³⁾⁽⁴⁾	11,042	622,308	633,350	
Total debt	101,958	2,066,584	2,168,542	

Notes:

- (1) The Trust Group has finance leases for specific computers and electronic bikes at the toll plazas. These leases are without renewable terms but with a purchase option at nominal values at the end of the lease term.
- (2) The Government support loan is secured via a debenture creating a fixed and floating charge over all assets and undertakings of AKLEH Co and assigning all toll proceeds collected by AKLEH Co.
- (3) The Sukuk facility is secured through a debenture creating a fixed charge over all assets and undertakings of LKSA Co and an assignment of all toll proceeds collected by LKSA Co. The Sukuk is a contract of partnership in a venture and profit will be distributed between the Sukuk holder and issuer based on the agreed profit-sharing ratio of 90%:10%. As the profit payments would only commence in 2026, the Sukuk including accrued finance cost is accrued at 5.45% based on the effective profit rate method. For FPE 2023, the accrued finance cost is RM403.7 million.
- (4) The Sukuk facility issued by Manfaat Tetap is secured through a debenture creating a fixed charge over all assets and undertakings of Manfaat Tetap and a corporate guarantee given by SILK Co. Notwithstanding that the outstanding Sukuk attracts a minimum finance cost of 8.0% per annum, the Sukuk also provides for sharing of excess funds with its Sukuk investor resulting in recognition of higher finance cost in accordance with MFRS 9. As at 30 September 2023, the accrued finance cost is RM229.7 million.
- (5) The facility is secured through a fixed and floating charge over all assets and undertakings of LKSA Co and an assignment of all toll proceeds collected by LKSA Co.
- (6) The term financing is secured through a debenture incorporating a first fixed and floating charge over all present and future assets of GCE Co and by the corporate guarantee given by PLKH.
- (7) This is in respect of incidental cost incurred at inception of the borrowing which is amortised over the financing period.

On 21 December 2023, all the financings above (which are denominated in Ringgit) have been fully paid via the drawdown of the Islamic Financing, except for the Sukuk Mudharabah which was fully redeemed on 22 December 2023.

The Islamic Financing is on floating rate basis based on BPMB's cost of funds and spread as below, and is secured through, amongst others, a debenture creating a fixed charge over all assets and undertakings of the Trust and assignment over various designated accounts of the Trust Group.

15. FINANCIAL INFORMATION (Cont'd)

<u>Facilities</u>	<u>Year</u>	<u>Profit rate</u>
Tawarruq financing 1 – up to RM2,400 million	1 - 12	5.6% per annum to be paid as follows: i. Cost of fund + 0.30% per annum ii. Balance to be paid in bullet payment at maturity ⁽¹⁾
	13 – 24	Cost of fund + 1.77% per annum
Tawarruq financing 2 – up to RM300 million	1 – 15	Cost of fund + 0.90% per annum – 1.50% per annum
	16 – 24	Cost of fund + 0.90% per annum

Note:

(1) For Tawarruq financing 1, the difference between 5.6% per annum and cost of fund + 0.30% per annum is to be paid upon maturity. However, BPMB may, at its discretion grant an ibra' (on the balance to be paid in bullet payment at maturity date) should the Trust Group continue to pay the semi-annual obligation of up to maturity date. In the event the Trust Group early settles the facility, BPMB has the right to collect the payment that is due and payable to BPMB.

The Islamic Financing has a tenure of 24 years with a maturity profile based on the facility limit of up to RM2,700 million as set out below (from the date of first disbursement).

<u>Within 10 years</u>	<u>11 to 15 years</u>	<u>16 to 20 years</u>	<u>21 to 24 years</u>	<u>Total</u>
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
-	675,000	1,092,000	933,000	2,700,000

Prior to the Islamic Financing, the Trust Group's financing is based on a mixture of fixed and floating interest / profit rates. Upon the completion of the Islamic Financing of up to RM2,700 million, the Trust Group's financing is based on floating profit rates. The profit rates of the Islamic Financing are subject to changes to the lender's cost of funds. For illustrative purposes, assuming the entire Islamic Financing of RM2,700 million is drawn, an increase / decrease in profit rates of 25 basis points would increase / decrease annual finance cost by RM6.75 million.

The Trust Group has not defaulted on interest, profit payments, or principal amounts on any of the financing / borrowings for FYE 2020, FYE 2021, FYE 2022, FPE 2023 and up to the LPD. As at the LPD, the Trust Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or financing / borrowings which may materially affect the financial position and results of business operations, or the investments in the Units.

(d) Accumulated losses

The Trust Group's accumulated losses had decreased in FYE 2021 by RM115.6 million as compared to FYE 2020. This is due to higher net profit recorded in FYE 2021 which was mainly contributed by lower recognition of HDE amortisation and impairment cost amounting RM73.3 million and a one-off income tax credit of RM113.9 million arising from recognition of deferred tax assets on previous unrecognised unabsorbed business losses at SILK Co.

In FYE 2022, the accumulated losses had increased by RM34.7 million as compared to FYE 2021. This is mainly due to higher HDE amortisation cost recorded of RM46.1 million and an increase in other operating expenses of RM22.3 million due to clearing of backlog on repair and maintenance works which was restricted in the prior years due to MCO despite registering higher revenue of RM18.4 million and lower construction cost of RM20.4 million.

15. FINANCIAL INFORMATION (Cont'd)

In FPE 2023, the accumulated losses had increased further by RM241.3 million as compared to FYE 2022. This is mainly due to the decrease in the Trust Group's revenue resulting from the toll rates reduction, as well as the absence of toll compensation revenue pursuant to the SCAs 2022. Furthermore, the Trust Group had recognised an impairment on HDE of AKLEH and LKSA of RM124.2 million in FPE 2023 due to the effect of the SCAs 2022, as well as the reversal of deferred tax assets previously recognised arising from the unutilised business losses from both LKSA Co and SILK Co due to insufficient future taxable profits which is projected based on the SCAs 2022. However, these have been partially offset by the decrease in amortisation on HDE due to the Toll Restructuring pursuant to the SCAs 2022.

Notwithstanding the above, upon reconciling the non-cash items to PBT, the Trust Group recorded EBITDA of RM308.0 million, RM259.4 million, RM268.9 million and RM165.3 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

15.2.13 Key financial ratios

The key financial ratios for the financial years/period are as below.

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Current ratio (times) ⁽¹⁾	1.6	1.3	1.1	1.5
Gearing ratio (times)	14.8	8.5	9.5	N/A
Net gearing ratio (times)	13.4	7.6	8.2	N/A
Interest coverage ratio ⁽²⁾ (times)	2.3	1.9	2.0	1.7
Receivables turnover period ⁽³⁾ (days)	1.6	1.6	1.8	2.2
Payables turnover period ⁽⁴⁾ (days)	33.3	91.9	77.9	80.0

Notes:

- (1) Current ratio is computed as current assets over current liabilities.
- (2) Interest coverage ratio is computed based on the EBITDA over the finance costs on financing / borrowings.
- (3) Trade receivables turnover days is computed based on trade receivables attributable to toll collections (excluding Government toll compensation) as at the respective financial year/period over total toll collection revenue for the financial year/period, and multiplied by the number of days in the financial year/period.
- (4) Trade payables turnover days is computed based on trade payables and amount owing to supplier as at the respective financial year/period over purchases, and multiplied by the number of days in the financial year/period.

(a) Current ratio

The Trust Group's current ratio decreased from 1.6 times in FYE 2020 to 1.3 times in FYE 2021 mainly due to the decrease in the Trust Group's other investments arising from the redemption of unit trust which was utilised for the payment of Sukuk Mudharabah, as well as increase in provisions in anticipation of SILK's lane widening and road and pavement resurfacing works to be carried out by the Trust Group in FYE 2022.

The Trust Group's current ratio further decreased from 1.3 times in FYE 2021 to 1.1 times in FYE 2022 mainly due to the increase in provisions in anticipation of SILK's lane widening and road and pavement resurfacing works carried out by the Trust Group in Year 2023.

15. FINANCIAL INFORMATION (Cont'd)

In FPE 2023, the current ratio of the Trust Group increased to 1.5 times mainly due to extension of time obtained for the SILK's lane widening works, resulting in current provisions for lane widening as at FYE 2022 being reclassified to non-current provisions in FPE 2023. However, this was partially offset by a lower receivable of toll compensation from the Government.

(b) Gearing ratio

The Trust Group's gearing ratio decreased from 14.8 times as at FYE 2020 to 8.5 times as at FYE 2021 mainly due to the following:

- Decrease in total financing / borrowings and accrued finance cost of RM97.7 million from RM2,471.5 million in FYE 2020 to RM2,373.8 million in FYE 2021; and
- Increase in total equity from RM167.4 million in FYE 2020 to RM280.3 million in FYE 2021 mainly due to the Trust Group's PAT of RM140.0 million but net off RM27.0 million of dividend paid in FYE 2021.

The Trust Group's gearing ratio increased from 8.5 times as at FYE 2021 to 9.5 times as at FYE 2022 mainly due to the following:

- The total financing / borrowings and accrued finance cost in FYE 2022 have decreased from RM2,373.8 million in FYE 2021 to RM2,315.4 million in FYE 2022.

However, this was offset by:

- A decrease in total equity from RM280.3 million in FYE 2021 to RM243.4 million in FYE 2022 mainly due to the Trust Group's LAT of RM13.6 million and dividends of RM23.4 million for FYE 2022.

Gearing ratio has not been computed for FPE 2023 due to the negative equity balance of RM13.6 million arising from the LAT of RM257 million for FPE 2023.

(c) Net gearing ratio

The net gearing ratio reduced from 13.4 times as at FYE 2020 to 7.6 times as at FYE 2021 and thereafter increasing to 8.2 times as at FYE 2022 primarily due to the movement in gearing and deposits, cash and bank balances as discussed in the sections above.

Net gearing ratio has not been computed for FPE 2023 due to the negative equity balance of RM13.6 million arising from the LAT of RM254.1 million for FPE 2023.

(d) Interest coverage ratio

The Trust Group's interest coverage ratio decreased from 2.3 times as at FYE 2020 to 1.9 times as at FYE 2021. This is due to the decrease in EBITDA of RM48.5 million from RM308.0 million in FYE 2020 to RM259.5 million in FYE 2021. However, this was marginally offset by the decrease in finance cost on financing / borrowings of RM2.0 million from RM136.0 million in FYE 2020 to RM134.0 million in FYE 2021 as explained in Section 15.2.9 above.

15. FINANCIAL INFORMATION (Cont'd)

The Trust Group's interest coverage ratio increased from 1.9 times as at FYE 2021 to 2.0 times as at FYE 2022. This is mainly due to the increase in EBITDA of RM9.4 million from RM259.5 million in FYE 2021 to RM268.9 million in FYE 2022. However, this was marginally offset by the increase in finance cost on financing / borrowings of RM2.0 million, from RM134.0 million in FYE 2021 to RM136.0 million in FYE 2022 as explained in Section 15.2.9 above.

For FPE 2023, the interest coverage ratio decreased to 1.7 times from 1.9 times as at FYE 2022. This is mainly due to the decrease in EBITDA resulting from the reduction in toll rates (resulting in lower toll collection revenue for FPE 2023) pursuant to the SCAs 2022.

(e) Receivables turnover period

The Trust Group's receivables from third parties comprises toll collections from Touch n' Go Sdn Bhd and compensation claim receivable from the Government.

(i) Receivables turnover period for toll collection revenue

During the Period Under Review, the Trust Group's receivables turnover period for toll collection revenue has largely remained the same, i.e., between 1.6 days to 2.2 days. This was mainly due to the nature of the Trust Group's business which employs an open system for toll collection.

Road users pay the toll rate via the ETC system provided by Touch n' Go Sdn Bhd upon reaching any toll plaza along the Highways. Touch n' Go Sdn Bhd would typically require 1 to 2 days to process and reconcile the toll collections with the actual traffic volume (by vehicle classes) using the Highways, before crediting the said revenue net of fees to Touch n' Go Sdn Bhd to the respective Concession Companies.

	<u>FYE 2020</u> <u>(RM'000)</u>	<u>FYE 2021</u> <u>(RM'000)</u>	<u>FYE 2022</u> <u>(RM'000)</u>	<u>FPE 2023</u> <u>(RM'000)</u>
Receivables from Touch n' Go Sdn Bhd	994	894	1,418	1,719
Toll collection revenue	228,947	209,092	295,168	214,727
Receivables turnover period (days)	1.6	1.6	1.8	2.2

The aging analysis for receivables from Touch n' Go Sdn Bhd as at 30 September 2023 is as follows:

	<u>Current</u> <u>RM'000</u>	<u>Past due</u>				<u>Total</u> <u>RM'000</u>
		<u>1-30</u> <u>days</u> <u>RM'000</u>	<u>31-60</u> <u>days</u> <u>RM'000</u>	<u>61-90</u> <u>days</u> <u>RM'000</u>	<u>More</u> <u>than 90</u> <u>days</u> <u>RM'000</u>	
Receivables from Touch n' Go Sdn Bhd as at 30 September 2023	1,719	-	-	-	-	1,719
% of total receivables	100.0	-	-	-	-	100.0
As at the LPD:						
Receivables from Touch n' Go Sdn Bhd collected	1,719	-	-	-	-	1,719
Receivables outstanding	-	-	-	-	-	-

15. FINANCIAL INFORMATION (Cont'd)

(ii) Receipt of Government toll compensation claimed

Pursuant to the Concession Agreements, the amount of compensation claimable from the Government shall be paid to the Concession Companies within (i) 3 months for GCE Co, and (ii) within 6 months for AKLEH Co, LKSA Co and SILK Co, after obtaining the joint certificate between MHA and appointed auditors. The joint certificate will only be issued after, amongst others, MHA's verification process on the computation of Government toll compensation submitted by the Concession Companies, together with the completeness of supporting documents.

Set out below the Toll Compensation revenue, the collection of Toll Compensation from Government and the balance Toll Compensation receivable for the Period Under Review:-

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Toll Compensation revenue recorded for the FYE / FPE	146,871	120,900	65,629	4,907
Collection from Government for toll compensation for the FYE / FPE	29,037	50,054	147,714	100,456
Toll Compensation receivable as at 31 December / 30 September ⁽¹⁾	160,910	231,755	149,670	54,206

Note:

(1) Cumulative Toll Compensation receivable from previous FYEs/FPEs.

For the Period Under Review, there were no bad debts written-off or provision made for doubtful debts.

The Trust Group has no significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors other than the above compensation claim receivable from the Government. Nevertheless, pursuant to the respective SCAs 2022, the Government will not provide any compensation to the Concession Companies in relation to the Toll Restructuring which was effective from 1 January 2023.

As at the LPD, the Trust Group has collected RM39.0 million of toll compensation receivables from the Government, and the balance of Government toll compensation to be received by the Trust Group from the Government is approximately RM15.1 million. Such outstanding balance is not expected to materially impact the Trust Group's working capital requirements for the next 12 months in view that it has deposits, cash and bank balances of approximately RM348.5 million as at 30 September 2023.

(f) Payables turnover period

The trade credit terms granted to the Trust Group by suppliers typically range from 30 to 45 days. The Trust Group's trade payables turnover period for the FYE 2020 of 33.3 days is within the credit terms granted. However, the Trust Group's trade payables turnover period has increased to 91.9 days in FYE 2021, 77.9 days in FYE 2022 and 80.0 days in FPE 2023, which exceeded the credit terms granted to the Trust Group.

15. FINANCIAL INFORMATION (Cont'd)

Due to the onset of the COVID-19 pandemic, the Trust Group had delayed certain major upgrading works and maintenance works in FYE 2020 to FYE 2021 and FYE 2022 due to the lack of traffic and uncertainty surrounding the pandemic. This includes the upgrading of Elmina RSA, SILK lane widening works and road and pavement resurfacing works for the Highways. Such upgrading and maintenance works were outsourced to Turnpike, a wholly-owned subsidiary of PLKH.

Furthermore, in view of the relationship between the Concession Companies and Turnpike, Turnpike generally takes cognisance of the Trust Group's past payment records and allows the Trust Group an extended period of time beyond the credit terms granted to settle the trade payables progressively.

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Trade payables	5,689	21,194	24,230	22,149
Purchases	62,334	84,132	113,578	75,853
Payables turnover (days)	33.3	91.9	77.9	80.0

The ageing analysis for trade and other payables as at 30 September 2023 and the trade and other payables settled and outstanding as at the LPD are as follows:

	<u>Current</u>	<u>Past due</u>				<u>Total</u>
		<u>1-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>More than 90 days</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Payables as at 30 September 2023	4,434	4,420	755	576	11,964	22,149
% of payables	20.0%	20.0%	3.4%	2.6%	54.0%	
As at the LPD:						
Payables settled	4,434	4,420	755	576	11,964	22,149
Payables outstanding	-	-	-	-	-	-
% of payables net of subsequent payments	-	-	-	-	-	-

The amount due to Turnpike as at 30 September 2023 of RM22.1 million has been paid off pursuant to the Islamic Financing as discussed in Section 6.1.8(ii) of this Prospectus. There is no amount due to Turnpike as at the LPD.

15.2.14 Capital expenditure and material investments and divestments

(a) Capital expenditure

The table below shows the historical capital expenditure for Period Under Review.

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Payment for HDE	4,320	24,050	3,438	9,463
Utilisation of provisions / payments for SILK's lane widening ⁽¹⁾	-	620	20,080	26,754
Utilisation of provisions / payments for construction of Strathairlie Interchange ⁽¹⁾	-	444	240	298
Total	4,320	25,114	23,758	36,515

Note:

(1) Although utilisation of provisions features in the statement of cashflows as "cashflows from operating activities", it should be noted that the HDE would have been previously recognised upon the creation of such provision. Accordingly, management views it as a capital expenditure.

15. FINANCIAL INFORMATION (Cont'd)

Payments for HDE primarily relates to construction revenue and cost, which in turn arose from projects such as upgrading and development works for Elmina RSA and Bukit Jelutong lay-by in GCE as well as land cost premium paid for the proposed construction of a petrol station in GCE. In addition, it also included the development of Shah Alam Urban Park in LKSA and the installation of a smart LED lighting system along SILK.

The utilisation of provisions stated above are in relation to SILK's lane widening and construction of GCE's Strathairlie Interchange respectively.

The following table sets out the Trust Group's planned capital expenditure for the financial years indicated:

	FYE 2024
	RM'000
Payment for HDE ⁽¹⁾	2,200
Utilisation of provisions for SILK's lane widening ⁽²⁾	29,715
Utilisation of provisions for construction of GCE's Strathairlie Interchange ⁽³⁾	5,000
Total	36,915

Notes:

- (1) Relates to land premium on GCE and other highway upgrading and development works.
- (2) Based on overall budget for SILK's lane widening from 2023 to 2028 of RM352.8 million.
- (3) Based on overall budget for construction of GCE's Strathairlie Interchange from 2023 to 2028 of RM70.0 million.

The actual capital expenditures may vary from the projected amounts due to various factors, including changes in market conditions, the ability to obtain adequate financing for the planned capital expenditures, Government policies regarding the industry as well as the state of the markets in which the Trust Group operates and the global economy. In addition, the planned capital expenditures do not include any expenditure for potential acquisitions or investments that may be evaluated from time to time.

As highlighted in Section 6.1.8(ii) of this Prospectus, the Trust Group has secured the Islamic Financing, of which up to RM300.0 million may be drawn for the purpose of financing SILK's lane widening and construction of GCE's Strathairlie Interchange.

(b) Material investment and divestitures

Save for the Pre-IPO Acquisition, there were no material investments or divestitures during the Period Under Review up to the LPD.

15.2.15 Material capital commitments

The material capital commitments (being the Trust Group's contracted capital expenditures) as of FYE 2022 and the LPD are detailed below.

	FYE 2022	LPD
	RM'000	RM'000
Utilisation of provisions for lane widening	72,696	44,759
Utilisation of provisions for construction of interchange	714	443
Total	73,410	45,202

15. FINANCIAL INFORMATION (Cont'd)

The planned capital commitments are expected to be met through the cash and cash equivalents and cash generated from the operating activities as well as from the Islamic Financing in respect of portions relating to SILK's lane widening and construction of GCE's Strathairlie Interchange.

Save as disclosed above, as at the LPD, there are no other material capital commitments incurred or known to be incurred that may have a material adverse impact on the results of operations or financial position.

15.2.16 Other contractual obligations

The Trust Group has no other contractual obligations including any non-cancellable operating leases as of FYE 2022 and the LPD.

15.2.17 Material litigation and contingent liabilities

As at the LPD, the Trust Group does not have any contingent liabilities, and is not engaged in any governmental, legal or arbitration proceedings, which may have a material or significant effect on the financial position or profitability of the Trust Group save as the following:

- (a) Material litigation for an arbitration proceeding between KL-Kuala Selangor Expressway Berhad and GCE Co in relation to a cost sharing agreement as set out in Section 20.4 of this Prospectus, whereby:
 - (A) GCE Co is claiming for approximately RM80.1 million (including interest) from KL-Kuala Selangor Expressway Berhad; and
 - (B) KL-Kuala Selangor Expressway Berhad is claiming for approximately RM74.9 million from GCE Co.

- (b) Contingent liabilities that may occur due to the following events as further detailed in note 30 to the Accountants' Report in Section 17 of this Prospectus:-
 - (A) Contingent liability arising from the material litigation as discussed in item (a) above; and
 - (B) Contingent liability of approximately RM39.4 million, being the total cost to obtain the relevant planning permission and CCCs for certain buildings and structures of the Trust Group pursuant to the non-compliances as set out in Section 7.23 of this Prospectus, in the event such planning permission and CCCs are required from the relevant local authorities.

15.2.18 Off-balance sheet arrangements

The Trust Group did not have any off-balance sheet arrangements during the Period Under Review.

15.2.19 Financial risk management

The Trust Group's financial risk management policies seek to ensure that adequate financial resources are available for developing the Trust Group's business whilst managing interest rate, liquidity, credit and foreign exchange risks.

The Trust Group operates within clearly defined guidelines approved by the Directors, and the Trust Group's policies are not to engage in speculative transactions. There has been no change to the Trust Group's exposure to these financial risks or how it manages and measures the risks for the Period Under Review.

15. FINANCIAL INFORMATION (Cont'd)

(a) Foreign exchange risk

There is no exposure to any foreign exchange fluctuations. The transactions are solely denominated in RM as the Highways are located in Malaysia, and all of the Trust Group's suppliers are also based in Malaysia.

(b) Interest rates risk

The Trust Group's exposure to changes in interest rate risk relates primarily to its financing / borrowings from financial institutions. The Trust Group does not generally hedge interest rate risks. For the Period Under Review, the Trust Group's financial performance was not materially affected by the fluctuations of interest rates. However, the Trustee-Manager endeavours to obtain the most favourable interest rates available. It monitors interest rate exposures on an on-going basis and endeavours to keep net interest rate exposures at an acceptable level.

Moving forward, the Trust Group's exposure to interest rate risk arises primarily from the floating rate basis of the Islamic Financing. Notwithstanding the above, the Trust Group may also consider other available debt instruments, such as the issuance of Sukuk of up to RM1,000 million, which is primarily on fixed rate basis.

(c) Liquidity risk

Liquidity risk is the risk that the Trust Group will encounter difficulty in meeting financial obligations due to a shortage of funds. Its exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Trust Group manages liquidity risk by maintaining sufficient cash to ensure that it will have enough liquidity to meet its liabilities when they fall due.

As of FPE 2023, there was RM294.2 million in total of undiscounted financial liabilities, which are on demand or are due within a year.

Please refer to Note 26(b) to the Accountants' Report in Section 17 of this Prospectus for a summary of the maturity profile of the financial liability and lease liabilities as at FPEs 2020, 2021, 2022 and FPE 2023.

As at the LPD, the borrowings/financing of the Trust Group as at FPE 2023 have been paid via the Islamic Financing.

15.2.20 Inflation

The areas that inflation may affect the Trust Group's financial performance include increase in subcontractor cost, construction material cost and labour cost. Whilst the Trust Group's financial performance for the Period Under Review was not materially affected by the impact of inflation in Malaysia, there can be no assurance this will be the case and that the financial performance will not be materially affected by inflation in the future.

15.2.21 Capital management

The primary objective of the Trust Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise Unitholders' value.

The Trust Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, it may adjust Distribution payments to Unitholders, return capital to Unitholders or issue new Units.

15. FINANCIAL INFORMATION (Cont'd)

It monitors capital using a gearing ratio, which is computed based on total financing / borrowings over the total equity as at the end of the respective financial year/period. The capital of the Trust Group represents the total equity.

15.2.22 Seasonality

Please refer to Section 7.8 of this Prospectus for details on the seasonality of the Trust Group.

15.2.23 Trend information

Saved as disclosed in this Section and Sections 5, 7, 8 and 18 of this Prospectus, and to the best of the Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the financial condition and results of the operations of the Trust Group.

15.2.24 Significant changes

Save as disclosed in this Prospectus, no significant changes have occurred since 30 September 2023 which may have a material effect on the Trust Group's financial position and results of operations.

15.2.25 Impact of Government, economics, fiscal and monetary policies

The Trust Group is involved in the public infrastructure business where its business is subject to the risk relating to Government, economic, fiscal or monetary policies. Any adverse developments in the Government policies, economic conditions or fiscal or monetary policies in Malaysia could unfavourably affect the Trust Group's financial and business prospects. Please refer to Section 5 of this Prospectus for further details.

15.2.26 Accounting standards issued but not yet effective

For a description of accounting standards issued but not yet effective, see Note 3.3 to the Accountants' Report included in Section 17 of this Prospectus.

15.2.27 Treasury policies and objectives

One of the primary treasury responsibilities is ensuring the liquidity and cash to meet the obligations as they fall due. The principal sources of liquidity are the cash and bank balances, cash generated from the operations and financing / borrowings from financial institutions. Using appropriate governance and policies, the treasury's responsibility is to quantify, monitor and control the risks (liquidity, interest, credit, legal and regulatory) associated with these activities. The Trust Group also endeavours to attain a relatively risk-free return from the excess cash balances by depositing the balances in certain money market unit trust funds and fixed deposits with financial institutions.

15.2.28 Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items to the Trust Group during the Period Under Review. In addition, the audited financial statements for the Period Under Review were not subject to any audit qualifications.

15.2.29 Order book

Due to the nature of the business, the Trust Group does not maintain an order book.

15. FINANCIAL INFORMATION (Cont'd)

15.3 CAPITALISATION AND INDEBTEDNESS

The table below summarises the Trust Group's consolidated capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of the Pre-IPO Restructuring Exercise, IPO and Listing.

The pro forma financial information below does not represent the Trust Group's actual capitalisation and indebtedness as at 31 January 2024 and is provided for illustrative purposes only.

	Unaudited	Pro forma
	As at 31 January	After the Listing
	2024	RM'000
	RM'000	RM'000
Indebtedness		
<u>Current</u>		
<u>Secured and unguaranteed</u>		
Lease liability	164	164
<u>Non-current</u>		
<u>Secured and guaranteed</u>		
Tawarruq	2,326,319	2,326,319
Less: Unamortised transaction cost	(6,727)	(6,727)
	2,319,592	2,319,592
Total indebtedness	2,319,756	2,319,756
Total equity/capitalisation	631,343	(1)625,122
Total capitalisation and indebtedness	2,951,099	2,944,878

Note:

(1) Adjusted for listing expenses attributable to the Listing.

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15. FINANCIAL INFORMATION (Cont'd)

15.4 DISTRIBUTION POLICY

Statements contained in this “Distributions” section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be forecast or projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, Promoter, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which are made only as at the date of this Prospectus.

Distribution policy

For the Period Under Review and up to the LPD, save as disclosed below, the Concession Companies have not declared and/or paid dividends to its shareholder (i.e., PLKH):

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>From 1 January 2023 up to the LPD</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Dividends paid	-	⁽¹⁾ 27,000	⁽²⁾ 23,400	-

Notes:

- (1) A final single tier dividend of RM0.15 per share of GCE Co in respect of FYE 2020, declared on 21 June 2021 and paid on 29 June 2021.
- (2) A final single tier dividend of RM0.13 per share of GCE Co in respect of FYE 2021, declared on 17 May 2022 and paid on 29 June 2022.

Since the establishment of the Trust, there have not been any distributions made on the Units.

Upon Listing, it is the intention of the Trustee-Manager to provide its Unitholders with stable and sustainable distributions, which is reflective of its underlying financial performance. In that respect, the Trustee-Manager intends to distribute yearly distributions of at least 90% of the Trust Group's Distributable Amount. Based on Forecast Year 2024, the Distributable Amount for the Trust Group is forecasted to be approximately RM68.7 million, whereas 90% thereof is RM61.8 million. Nevertheless, for FYE 2024, the Trustee-Manager will distribute a total Distribution of RM70.0 million, which is further illustrated in Section 16.4 of this Prospectus. The total Distribution will be paid out in two tranches in FYE 2024 and in FYE 2025 respectively. For the avoidance of doubt, the distributions made may be in excess of the Distributable Amount as deemed appropriate by the Trustee-Manager.

Distributable Amount is a non-MFRS financial measure and represents the amount calculated by the Trustee-Manager based on the financial statements of the Trust Group for that financial year or distribution period as representing the consolidated profit/loss before tax of the Trust Group for the financial year or the relevant distribution period, after adjusting for, including but not limited to, the following:

- Deducting Income tax paid or payable;
- Deducting repayment of any principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- Deducting capital expenditure for upgrading and development works for the Highways (which is not funded by debt/Islamic financing);
- Adding depreciation and amortisation and impairment;
- Deducting/adding, where applicable, non-cash adjustments such as, deferred income, unrealised income or loss, including asset revaluation gains or losses; and

15. FINANCIAL INFORMATION (Cont'd)

- Deducting/adding, where applicable, any other such adjustments (which may include one-off or non-recurring items) as deemed appropriate by the Trustee-Manager.

Any proposed distributions as may be determined by the Trustee-Manager will take into consideration of the Trust and/or Trust Group's funding requirements, financial position, business prospects and expected financial performance, projected levels of capital expenditure and other investment plans, working capital requirements. Any such distributions will be paid out of the trust property of the Trust and subject always to compliance with relevant laws, regulations and contractual obligations (including but not limited to any undertakings in relation to the Trust Group's concession agreements and any financial covenants imposed by financiers) which are applicable to the Trust and/or Trust Group.

The Trustee-Manager will also have the discretion to distribute or withhold any additional amounts considering all the above-mentioned factors, and provided that such distributions will not be detrimental to the Trust's cash requirements or any plans approved by the Board of the Trustee-Manager.

After the Trust has been admitted to the Main Market of Bursa Securities, the Trust will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. However, the Trust's first distribution period will be for the period from the listing date to 30 June 2024. The first distribution payment, which is expected to be paid in September 2024, is expected to amount to RM35.0 million, assuming the listing date is on 25 March 2024.

The foregoing are statements of the present intentions of the Trustee-Manager in relation to proposed distribution) in the sole and absolute discretion of the Trustee-Manager. The form, frequency and amount of future distributions (if any) on the Units will depend on the earnings, financial position and results of operations of the Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant.

In addition, under the BT Guidelines, any declaration of a distribution by the Trustee-Manager must be signed by not less than 2 directors of the Trustee-Manager, must have been approved by the Board of the Trustee-Manager where the board of directors are satisfied on reasonable grounds that, immediately after making the distribution, the Trustee-Manager will continue to be able to fulfil, from the Trust Property, the liabilities of the Trust as and when these liabilities fall due. Please refer to Section 5.3.5 of this Prospectus for a discussion of risk factors that may adversely affect the ability of the Trust to make distributions to Unitholders.

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15. FINANCIAL INFORMATION (Cont'd)

15.5 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION AS AT 30 SEPTEMBER 2023



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Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Information as at 30 September 2023

Prepared for inclusion in the Prospectus in connection with the proposed initial public offering and proposed listing of units of Prolintas Infra Business Trust ("Proposed Listing of Prolintas Infra BT")

The Board of Directors
Prolintas Managers Sdn. Bhd.
12th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

PRO FORMA FINANCIAL INFORMATION

PROPOSED INITIAL PUBLIC OFFERING AND PROPOSED LISTING OF 468,700,000 SHARES OF PROLINTAS INFRA BUSINESS TRUST ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Prolintas Infra Business Trust, consisting of Projek Lintasan Kota Sdn Bhd ("AKLEH CO"), Prolintas Expressway Sdn Bhd ("GCE Co"), Projek Lintasan Shah Alam Sdn Bhd ("LKSA Co"), Sistem Lingkaran Lebuhraya Kajang Sdn Bhd ("SILK Co"), and Manfaat Tetap Sdn Bhd ("Manfaat Tetap"), collectively known as Prolintas Infra Business Trust Group (the "Prolintas Infra BT Group") prepared by the Directors of Prolintas Managers Sdn Bhd ("Directors"). The pro forma consolidated financial information of Prolintas Infra BT Group consists of the pro forma consolidated statement of financial position as at 30 September 2023, the pro forma consolidated statement of comprehensive income for the period ended 30 September 2023, the pro forma consolidated statement of cash flow for the period ended 30 September 2023, and the related notes (which we have stamped for the purpose of identification). The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated financial information are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and described in Note 2 of the pro forma consolidated financial information.

The pro forma consolidated financial information has been compiled by the Directors to illustrate the impact of the event or transaction set out in Note 2 of the pro forma consolidated financial information on the Prolintas Infra BT Group's financial position as at 30 September 2023, its financial performance for the period ended 30 September 2023, and its cash flows for the period ended 30 September 2023 as if the event or transaction had taken place at 30 September 2023 in relation to the pro forma consolidated statements of financial position and 1 January 2023 in relation to the pro forma consolidated statement of comprehensive income and the pro forma consolidated statement of cash flow. As part of this process, information about the financial position, financial performance and cash flows has been extracted by the Directors from the combined financial statements of Prolintas Prime Group for the period ended 30 September 2023, on which audit reports have been published.



The Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Directors are responsible for compiling the pro forma consolidated financial information on the basis of the applicable criteria.

Our Independence and Quality Management

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

The firm also applies Malaysia Approved Standard on Quality Management and International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion, as required by the SC, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

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

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



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

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion, the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria as set out in Note 2 in Appendix A.



Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines issued by the SC in connection with the Proposed Listing. Our work had been carried out in accordance with Malaysian Approved Standard on Assurance Engagements and International Standard on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Listing.

Yours faithfully

A handwritten signature in black ink, appearing to be a stylized 'EY' or similar initials.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
9 February 2024

A handwritten signature in black ink, appearing to be 'Ahmad Zahirudin bin Abdul Rahim'.

Ahmad Zahirudin bin Abdul Rahim
No. 02607/12/2024 J
Chartered Accountant

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of financial position as at 30 September 2023

	As at 30 September 2023* RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Assets							
Non-current assets							
Highway development expenditure	-	2,820,541,776	2,820,541,776	-	2,820,541,776	-	2,820,541,776
Deferred tax assets	-	95,847,482	95,847,482	-	95,847,482	-	95,847,482
Trade and other receivables	-	7,969,849	7,969,849	-	7,969,849	-	7,969,849
Goodwill	-	263,936,421	263,936,421	-	263,936,421	-	263,936,421
	-	3,188,295,528	3,188,295,528	-	3,188,295,528	-	3,188,295,528
Current assets							
Trade and other receivables	-	62,268,490	62,268,490	-	62,268,490	-	62,268,490
Tax recoverable	-	27,437	27,437	-	27,437	-	27,437
Other investments	-	6,653	6,653	-	6,653	-	6,653
Deposits, cash and bank balances	-	344,623,339	344,623,339	-	344,623,339	(6,221,020)	338,402,319
Amount due from fellow subsidiaries and controlling shareholder	-	6,489,495	6,489,495	-	6,489,495	-	6,489,495
	-	413,415,414	413,415,414	-	413,415,414	(6,221,020)	407,194,394
Total assets	-	3,601,710,942	3,601,710,942	-	3,601,710,942	(6,221,020)	3,595,489,922

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of financial position as at 30 September 2023 (cont'd.)

	As at 30 September 2023* RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Unitholders' Funds							
Trust units	-	1,100,000,000	1,100,000,000	-	1,100,000,000	-	1,100,000,000
Reserve	-	(324,104,752)	(324,104,752)	-	(324,104,752)	-	(324,104,752)
Accumulated losses	-	(172,927,813)	(172,927,813)	-	(172,927,813)	(6,221,020)	(179,148,833)
Total unitholders' funds	-	602,967,435	602,967,435	-	602,967,435	(6,221,020)	596,746,415
Non-current liabilities							
Financing/borrowings	-	1,477,105,910	1,477,105,910	835,498,158	2,312,604,068	-	2,312,604,068
Provisions	-	298,186,272	298,186,272	-	298,186,272	-	298,186,272
Accrued finance cost on Sukuk Mudharabah	-	622,308,076	622,308,076	(622,308,076)	-	-	-
Deferred liabilities	-	5,735,339	5,735,339	-	5,735,339	-	5,735,339
Deferred tax liabilities	-	328,567,133	328,567,133	-	328,567,133	-	328,567,133
	-	2,731,902,730	2,731,902,730	213,190,082	2,945,092,812	-	2,945,092,812

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of financial position as at 30 September 2023 (cont'd.)

	As at 30 September 2023* RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Current liabilities							
Financing/borrowings	-	91,177,194	91,177,194	(91,013,108)	164,086	-	164,086
Provisions	-	28,991,387	28,991,387	-	28,991,387	-	28,991,387
Trade and other payables	-	28,649,502	28,649,502	(7,352,401)	21,297,101	-	21,297,101
Accrued finance cost on Sukuk Mudharabah	-	11,041,876	11,041,876	(11,041,876)	-	-	-
Deferred liabilities	-	451,011	451,011	-	451,011	-	451,011
Amount due to fellow subsidiaries and controlling shareholder	-	103,782,697	103,782,697	(103,782,697)	-	-	-
Provision for tax	-	2,747,110	2,747,110	-	2,747,110	-	2,747,110
	-	266,840,777	266,840,777	(213,190,082)	53,650,695	-	53,650,695
Total liabilities	-	2,998,743,507	2,998,743,507	-	2,998,743,507	-	2,998,743,507
Total Unitholders' funds and liabilities	-	3,601,710,942	3,601,710,942	-	3,601,710,942	(6,221,020)	3,595,489,922

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of financial position as at 30 September 2023 (cont'd.)

	As at 30 September 2023*	Pro Forma I Adjustments	Pro Forma I After Pre-IPO restructuring	Pro Forma II Adjustments	Pro Forma II After Pro Forma I and fund raising and refinancing	Pro Forma III Adjustments	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost	
	RM	RM	RM	RM	RM	RM	RM	
Supplementary information:								
Number of trust units assumed to be issued	N/A	1,100,000,000	1,100,000,000	-	1,100,000,000	-	1,100,000,000	
Net assets attributable to Unitholders (RM)	N/A	602,967,435	602,967,435	-	602,967,435	(6,221,020)	596,746,415	
Net assets per trust unit (RM)	N/A	0.55	0.55	-	0.55	(0.01)	0.54	
Gearing ratio	N1	N/A	-	3.65	-	3.84	-	3.88
Current ratio	N2	N/A	-	1.55	-	7.71	-	7.59

*Assuming that the Prolintas Infra BT Group was formed on 30 September 2023.

Notes:

N1 Computed based on total financing/borrowings (including lease liabilities and accrued finance cost on Sukuk Mudharabah) over the total unitholders' funds.

N2 Computed based on current assets divided by current liabilities.

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of comprehensive income for the period ended 30 September 2023

	For the financial period ended 30 September 2023 RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Revenue	228,570,226	(5,571,223)	222,999,003	-	222,999,003	-	222,999,003
Construction cost	(2,231,035)	-	(2,231,035)	-	(2,231,035)	-	(2,231,035)
Other income	8,037,309	-	8,037,309	-	8,037,309	-	8,037,309
Staff costs	(4,420,843)	-	(4,420,843)	-	(4,420,843)	-	(4,420,843)
Amortisation of highway development expenditure	(32,863,364)	(1,383,190)	(34,246,554)	-	(34,246,554)	-	(34,246,554)
Impairment loss on highway development expenditure	(124,243,785)	-	(124,243,785)	-	(124,243,785)	-	(124,243,785)
Other operating expenses	(50,997,898)	(12,655,791)	(63,653,689)	-	(63,653,689)	(6,221,020)	(69,874,709)
Profit/(loss) from operations	21,850,610	(19,610,204)	2,240,406	-	2,240,406	(6,221,020)	(3,980,614)
Finance costs	(107,450,008)	-	(107,450,008)	(1,509,518)	(108,959,526)	-	(108,959,526)
Loss before tax	(85,599,398)	(19,610,204)	(105,209,602)	(1,509,518)	(106,719,120)	(6,221,020)	(112,940,140)
Income tax expenses	(171,351,800)	4,913,821	(166,437,979)	-	(166,437,979)	-	(166,437,979)
Loss for the financial period, representing total comprehensive loss for the financial period	(256,951,198)	(14,696,383)	(271,647,581)	(1,509,518)	(273,157,099)	(6,221,020)	(279,378,119)

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of cash flows for the period ended 30 September 2023

	For the financial period ended 30 September 2023 RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Cash flows from operating activities							
Cash receipts from toll collection	214,426,153	-	214,426,153	-	214,426,153	-	214,426,153
Receipts from expressway ancillary facilities	843,462	-	843,462	-	843,462	-	843,462
Government compensation received	100,456,312	-	100,456,312	-	100,456,312	-	100,456,312
Payments to suppliers, contractors, employees, controlling shareholder, related companies and for other operating expenses	(102,026,635)	(12,655,791)	(114,682,426)	(17,037,857)	(131,720,283)	(6,221,020)	(137,941,303)
Finance cost paid	(125,694,113)	-	(125,694,113)	32,022,676	(93,671,437)	-	(93,671,437)
Income tax paid	(9,308,162)	-	(9,308,162)	-	(9,308,162)	-	(9,308,162)
Net cash generated from operating activities	78,697,017	(12,655,791)	66,041,226	14,984,819	81,026,045	(6,221,020)	74,805,025
Cash flows from investing activities							
Income received from other investments and deposits with licensed banks	7,580,417	-	7,580,417	-	7,580,417	-	7,580,417
Payment for highway development expenditure	(9,462,746)	-	(9,462,746)	-	(9,462,746)	-	(9,462,746)
Additional placement of other investments	36,978,103	-	36,978,103	-	36,978,103	-	36,978,103
Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee	(57,331,686)	-	(57,331,686)	-	(57,331,686)	-	(57,331,686)
Advances recovered from immediate holding company	34,000,000	-	34,000,000	-	34,000,000	-	34,000,000
Repayment to immediate holding company	-	-	-	(86,744,840)	(86,744,840)	-	(86,744,840)
Net cash generated from/(used in) investing activities	11,764,088	-	11,764,088	(86,744,840)	(74,980,752)	-	(74,980,752)

15. FINANCIAL INFORMATION (Cont'd)

PROLINTAS INFRA BUSINESS TRUST GROUP

APPENDIX A

Pro forma consolidated statement of cash flows for the year ended 30 September 2023 (cont'd.)

	For the financial period ended 30 September 2023 RM	Pro Forma I Adjustments RM	Pro Forma I After Pre-IPO restructuring RM	Pro Forma II Adjustments RM	Pro Forma II After Pro Forma I and fund raising and refinancing RM	Pro Forma III Adjustments RM	Pro Forma III After Pro Forma I and Pro Forma II and transaction cost RM
Cash flows from financing activities							
Payment of principal portion of lease liabilities	(41,022)	-	(41,022)	-	(41,022)	-	(41,022)
Payment of financing/borrowings	(114,664,751)	-	(114,664,751)	(2,094,156,620)	(2,208,821,371)	-	(2,208,821,371)
Drawdown of financing/borrowings	-	-	-	2,400,000,000	2,400,000,000	-	2,400,000,000
Issuance expenses incurred	-	-	-	(6,750,000)	(6,750,000)	-	(6,750,000)
Net cash (used in)/generated from financing activities	<u>(114,705,773)</u>	-	<u>(114,705,773)</u>	<u>299,093,380</u>	<u>184,387,607</u>	-	<u>184,387,607</u>
Net (decrease)/increase in cash and cash equivalents	(24,244,668)		(36,900,459)		190,432,900		184,211,880
Cash and cash equivalents at beginning of period	<u>312,882,255</u>		<u>312,882,255</u>		<u>312,882,255</u>		<u>312,882,255</u>
Cash and cash equivalents at end of period	<u>288,637,587</u>		<u>275,981,796</u>		<u>503,315,155</u>		<u>497,094,135</u>

**Notes to the unaudited pro forma consolidated financial statements
As at 30 September 2023**

1. Introduction

Projek Lintasan Kota Holdings Sdn. Bhd. ("PLKH") is planning for an initial public offering ("IPO") and proposed listing on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") via establishment of business trust involving certain subsidiaries of the PLKH Group (collectively, PLKH and its subsidiaries).

Prolintas Infra Business Trust ("Prolintas Infra BT") is a business trust constituted by a trust deed under the laws of Malaysia ("Trust Deed"). Prolintas Infra BT has been established on 11 December 2023 upon the execution of the Trust Deed by the Trustee-Manager, Prolintas Managers Sdn Bhd ("Prolintas Managers" or "Trustee-Manager").

All references to "Prolintas Infra BT" include references to the Trustee-Manager, in its capacity as the trustee-manager of Prolintas Infra BT, unless the context otherwise requires. All references to "Prolintas Infra BT Group" are to Prolintas Infra BT and its subsidiaries, taken as a whole.

Pre-IPO restructuring

The Proposed Listing involves an acquisition of the entire equity interest in the following four concession companies ("Concession Companies") by Prolintas Managers (on behalf of Prolintas Infra BT) from PLKH ("Pre-IPO Acquisition") thereby forming the Prolintas Infra BT Group:

No	Companies	Concession highways
1.	Projek Lintasan Kota Sdn Bhd ("AKLEH Co")	Ampang - Kuala Lumpur Elevated Highway ("AKLEH")
2.	Prolintas Expressway Sdn Bhd ("GCE Co")	Guthrie Corridor Expressway ("GCE")
3.	Projek Lintasan Shah Alam Sdn Bhd ("LKSA Co")	Lebuhraya Kemuning - Shah Alam Highway ("LKSA")
4.	Sistem Lingkar-Lebuhraya Kajang Sdn Bhd ("SILK Co")	Sistem Lingkar Lebuhraya Kajang ("SILK")
5.	Manfaat Tetap Sdn Bhd ("Manfaat Tetap")*	Principal activity Special purpose vehicle set up to facilitate Sukuk Mudharabah for the purpose of refinancing the debt of its immediate holding company, SILK Co.

* Entity that is held through a direct parent-subsidiary relationship through SILK Co.

Collectively, the five entities above are referred to as Prolintas Prime Group.

1. Introduction (cont'd.)**Pre-IPO Acquisition**

As at 30 September 2023, 10% of the equity interest in LKSA Co is held by Permodalan Nasional Berhad ("PNB"). Prior to the Pre-IPO Acquisition, the 10% equity interest has been disposed to PLKH at RM500,000 in cash.

The acquisition has been executed via a conditional Sale of Business Agreement with PLKH, after the disposal of the 10% equity interest of LKSA Co by PNB to PLKH, to acquire the issued share capital of the respective Concession Companies for an aggregate purchase consideration of RM1,100 million, fully satisfied via the issuance of 1,100,000,000 new Units at an issue price of RM1.00 per Unit in connection with the Pre-IPO Acquisition. The Pre-IPO acquisition has been completed on 21 December 2023.

Pre-IPO Reorganisation

Prior to the Pre-IPO Acquisition, AKLEH Co, GCE Co and LKSA Co outsource majority of the operation and maintenance ("O&M") services of their respective highways to Turnpike Synergy Sdn Bhd ("Turnpike"), a wholly-owned subsidiary of PLKH. As a way to reflect better organisational accountability, PLKH has undertaken an employee reorganisation exercise ("Pre-IPO Reorganisation"). The Pre-IPO Reorganisation involved the transfer of relevant operational and technical employees performing the O&M services between Turnpike and the respective Concession Companies. Following the completion of the Pre-IPO Reorganisation, the mutual termination of the existing O&M arrangements between AKLEH Co, GCE Co and LKSA Co and Turnpike has been in effect on 1 January 2024. All O&M Services including liaison with relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

Debt Financing

In connection with the Proposed Listing, Prolintas Infra BT will refinance all existing debt facilities of the Concession Companies, as well as part finance the road widening for SILK Co and the new interchange for GCE Co, via two new Tawarruq financing facilities ("TWA"), at a total limit of RM2,700 million.

1. Introduction (cont'd.)

Debt Financing (cont'd.)

The details of the TWA facilities are as below:

Facility	Purpose	Limit (RM)	Assumed drawdown as at 30 September 2023 (RM)
Tawarruq 1 facility ("TWA 1")	(i) To fully refinance the debt of the Concession Companies including any amount due to the related parties. (ii) To finance and reimburse the fees and expenses related to the facilities.	2,400,000,000	2,319,354,068
Tawarruq 2 facility ("TWA 2")	To part finance the road widening for SILK Co and new interchange for GCE Co.	300,000,000	-*
Total		2,700,000,000	2,319,354,068

Collectively, the pre-IPO restructuring exercises above are refer to as ("Pre-IPO Restructuring").

*For the purpose of the unaudited pro forma financial information, no drawdown will be assumed as this would be drawdown at a later date following the timing of construction.

2. Basis of preparation

The unaudited pro forma consolidated statement of financial position as at 30 September 2023, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively known as "Unaudited Pro Forma Financial Information") of Prolintas Infra BT Group for the period then ended, for which the Board of Directors of Prolintas Managers are solely responsible according to the Prospectus Guideline - Business Trust, have been prepared for illustration purposes only, for the inclusion in the prospectus in connection with the Proposed Listing of and quotation for the entire issued units of Prolintas Infra BT on the Main Market of Bursa Malaysia Securities Berhad (the "Prospectus") and should not be relied upon for any other purpose.

The financial year end of Prolintas Infra BT Group is 31 December.

2. Basis of preparation (cont'd.)

The applicable criteria supporting the Unaudited Pro Forma Consolidated Financial Information are as described below. The pro forma consolidated financial information of Prolintas Infra BT Group is prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Unaudited Pro Forma Consolidated Financial Information of Prolintas Infra BT Group, for which the Board of Directors of Prolintas Managers (being the Trustee-Manager) is solely responsible, has been properly compiled based on the audited combined financial statements of Prolintas Prime Group for the period ended 30 September 2023. The audited combined financial statements for the period ended 30 September 2023 were not subject to any qualification, modification, or disclaimer of opinion.

In arriving at the Unaudited Pro Forma Consolidated Financial Information, certain adjustments and assumptions, as set out below, have been made. The Unaudited Pro Forma Consolidated Financial Information of Prolintas Infra BT Group has been prepared on the basis stated below using the financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and in a manner consistent with both the format of the financial statements and the accounting policies that will be adopted by Prolintas Infra BT Group.

The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information:

- (a) The pro forma consolidated statement of financial position, consolidated SOCI and consolidated SOCF of Prolintas Infra BT Group together with the related notes thereon, have been prepared solely to illustrate the impact of the Pre-IPO Restructuring as detailed in Note 1, the IPO and the Proposed Listing (as detailed in Note 3(a)(iii)). For the purpose of the pro forma consolidated statements of financial position as at 30 September 2023, the Pre-IPO Restructuring, the IPO and the Proposed Listing are assumed to have been completed as at 30 September 2023.
- (b) For the purpose of the pro forma consolidated SOCI and SOCF for the period ended 30 September 2023, the Pre-IPO Restructuring is assumed to have been completed as at 1 January 2023.

2. Basis of preparation (cont'd.)

The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information (cont'd.) :

- (c) The pro forma consolidated SOCI and pro forma consolidated SOCF are to be read separately from the pro forma consolidated statements of financial position as the assumptions applied to each of the pro forma statements are different as set out in the notes below.
- (d) Further, on 12 October 2022, each of the Concession Companies had respectively entered into supplemental concession agreement ("SCA(s) 2022") with the Government which includes several conditions precedent to be fulfilled within 12 months from the date of the SCAs 2022. As at 30 September 2023, all the conditions precedent have not been fulfilled by the Concession Companies. Whilst the conditions precedent have not been fulfilled by respective Concession Companies, the following provisions in the SCA have been put into effect:
 - (i) The new scheduled toll rates per the SCA have been gazetted on 20 October 2022 ("Gazetted Toll Rates");
 - (ii) The Concession Companies are only entitled to the compensation for the differential between the Gazetted Toll Rates and toll rates stipulated in the original concession agreement ("Differential Rates") from 20 October 2022 to 31 December 2022; and
 - (iii) With effect from 1 January 2023, the Concession Companies are no longer entitled to compensation from the Government on Differential Rates.

(hereinafter referred to as "Specified Provisions in the SCA")

The conditions precedent were met in December 2023 and the SCAs 2022 became effective on 9 January 2024 upon receiving confirmation from the Government.

2. Basis of preparation (cont'd.)

The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information (cont'd.):

- (d) In view that the Specified Provisions in the SCA have been put into effect, the Board of Directors is of the view that it is appropriate to apply the Extended Concession Period for the purposes of impairment assessment and amortisation of the highway development expenditure.

Deferred tax assets arising from unutilised business losses have reflected the effect of the SCA starting from 1 January 2023 resulting in reversals of deferred tax assets due to insufficient projected taxable profits, due to lower toll rate and no government compensation.

3. Pro forma adjustments

- (a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments:

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation

Pro Forma I incorporates the effects of Pre-IPO Acquisition as detailed in note 1 above. The Pre-IPO Acquisition shall be satisfied by issuance of 1,100,000,000 Prolintas Infra BT Units at a unit price of RM1 per Unit amounting to RM1,100,000,000 will be issued to PLKH pursuant to the Pre-IPO Acquisition. For the purpose of the pro forma consolidated statement of financial position of Prolintas Infra BT Group, it is assumed that transfer of the 10% equity interest in LKSA Co held by PNB to PLKH and Pre-IPO Reorganisation has been completed on 30 September 2023.

Acquisition of 10% equity interests in LKSA Co

Pursuant to LKSA being a 100% subsidiary of Prolintas Infra Business Trust, the 10% non-controlling interests of RM48,700,589 has been recognised into accumulated losses after the transfer of 10% equity interests in LKSA Co.

Accounting consideration in respect of the Pre-IPO Acquisition

In accordance with MFRS 3 Business Combinations ("MFRS 3"), the entity that obtains control of the acquiree shall be identified as the acquirer. However, as Prolintas Infra BT is a new entity which was formed to undertake the Proposed Listing, MFRS 3 requires that one of the entities that existed before the completion of Proposed Listing shall be deemed to be the acquirer.

3. Pro forma adjustments (cont'd.)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)**Accounting consideration in respect of the proposed acquisition (cont'd.)**

SILK Co has been identified as the deemed acquirer as it has the largest total assets and revenue compared to the other entities. As the deemed acquirer, SILK Co's assets and liabilities will be carried at its historical carrying amount. The assets and liabilities of AKLEH Co, LKSA Co and GCE Co, deemed to be acquired by SILK Co are measured at its respective fair values.

For the purposes of preparation of the Unaudited Pro Forma Financial Information, the fair values of the identifiable assets acquired and assumed liabilities are estimated based on net assets of the acquired entities as at the date of acquisition adjusted for fair value of highway development expenditure, borrowings and their corresponding deferred tax assets and liabilities. This may differ from the fair values of the net assets at the actual date of completion of the Pre-IPO acquisition.

The difference between purchase consideration and the fair value of the net assets of AKLEH Co, GCE Co, and LKSA Co is recognised as goodwill. The goodwill assumed for this pro forma is subject to completion of the purchase price allocation exercise ("PPA") as disclosed in Note 3(a)(i)(1) below.

Key assumptions in respect of the fair value of acquired assets and liabilities

The following key assumptions were applied in deriving the fair value of certain identified assets and assumed liabilities.

(1) Highway development expenditure ("HDE")

The fair value of HDE have been determined based on discounted cash flow. It has been determined based on income approach using the cash flow projections covering the extended concession period of respective concession companies.

The fair value of the identifiable assets and liabilities assumed in this pro forma financial information is for illustrative purpose only. The PPA in accordance with MFRS 3 Business Combination, which includes the determination of the fair value of the identifiable assets and liabilities acquired which has not been completed. Accordingly, the fair value of the net identifiable assets and consequently the goodwill assumed in this pro forma financial information may be materially different from the fair values of the net identifiable assets and the consequential goodwill when the final PPA is completed.

3. Pro forma adjustments (cont'd)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

Key assumptions in respect of the fair value of acquired assets and liabilities (cont'd.)

(2) Financing/borrowings

The fair value of financing/borrowings are based on the estimated settlement sum agreed with the lenders and sukuk holders of the existing financing/borrowings which is based on principal plus interest accrued at the date of drawdown. Additional amount of approximately RM33,091,062 has been recognised to reflect the fair values of the financing/borrowings of the acquired entities.

(3) All other assets have been carried at book value as it is assumed that it approximates their respective fair values.

3. Pro forma adjustments (cont'd.)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

	As at 30 September 2023* RM	Adjustments RM		Pro Forma I Adjustments RM
Assets				
Non-current assets				
Highway development expenditure	2,342,108,910	478,432,866	N4	2,820,541,776
Deferred tax assets	37,175,607	58,671,875	N2	95,847,482
Trade and other receivables	7,969,849	-		7,969,849
Goodwill	-	263,936,421	N3	263,936,421
	<u>2,387,254,366</u>	<u>801,041,162</u>		<u>3,188,295,528</u>
Current assets				
Trade and other receivables	62,268,492	(2)		62,268,490
Tax recoverable	27,437	-		27,437
Other investments	6,653	-		6,653
Deposits, cash and bank balances	348,469,273	(3,845,934)	N1	344,623,339
Amount due from fellow subsidiaries and controlling shareholder	6,489,495	-		6,489,495
	<u>417,261,350</u>	<u>(3,845,936)</u>		<u>413,415,414</u>
Total assets	<u>2,804,515,716</u>	<u>797,195,226</u>		<u>3,601,710,942</u>
Equity and liabilities				
Equity attributable to equity holder of the Company/ Unitholders' Funds				
Share capital	708,182,059	(708,182,059)		-
Trust units	-	1,100,000,000		1,100,000,000
Accumulated losses	(673,068,671)	500,140,858		(172,927,813)
Reserves	-	(324,104,752)	N5	(324,104,752)
	<u>35,113,388</u>	<u>567,854,047</u>		<u>602,967,435</u>
Non-controlling interests	(48,700,589)	48,700,589		-
Total equity/Unitholders' Funds	<u>(13,587,201)</u>	<u>616,554,636</u>		<u>602,967,435</u>

3. Pro forma adjustments (cont'd.)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

	As at 30 September 2023* RM	Adjustments RM		Pro Forma I Adjustments RM
Non-current liabilities				
Deferred income	109,117,248	(109,117,248)	N4	-
Financing/borrowings	1,444,276,379	32,829,531	N6	1,477,105,910
Provisions	298,186,272	-		298,186,272
Accrued finance cost on				
Sukuk Mudharabah	622,308,076	-		622,308,076
Deferred liabilities	5,735,339	-		5,735,339
Deferred tax liabilities	64,630,712	263,936,421	N3	328,567,133
	<u>2,544,254,026</u>	<u>187,648,704</u>		<u>2,731,902,730</u>
Current liabilities				
Deferred income	7,269,646	(7,269,646)	N4	-
Financing/borrowings	90,915,662	261,532	N6	91,177,194
Provisions	28,991,387	-		28,991,387
Trade and other payables	28,649,502	-		28,649,502
Accrued finance cost on				
Sukuk Mudharabah	11,041,876	-		11,041,876
Deferred liabilities	451,011	-		451,011
Amount due to fellow subsidiaries and controlling shareholder	103,782,697	-		103,782,697
Provision for tax	2,747,110	-		2,747,110
	<u>273,848,891</u>	<u>(7,008,114)</u>		<u>266,840,777</u>
Total liabilities	<u>2,818,102,917</u>	<u>180,640,590</u>		<u>2,998,743,507</u>
Total equity and liabilities	<u>2,804,515,716</u>	<u>797,195,226</u>		<u>3,601,710,942</u>

*Extracted from Prolintas Prime Group's audited combined financial statements.

3. Pro forma adjustments (cont'd.)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

N1 The transaction costs on the Pre-IPO Acquisition will be charged out to the statement of comprehensive income. Transaction costs on the Pre-IPO Acquisition comprises the following:

	RM
Professional fees	3,480,934
Authorities' fees	65,000
Contingencies and miscellaneous	300,000
	<u>3,845,934</u>

N2 This is relating to reversal of deferred tax liabilities created from goodwill arising from the acquisition of SILK Co by PLKH under MFRS 3 business combination.

N3 Relates to the deferred tax arising from the difference between fair value of identifiable assets acquired and liabilities assumed and their respective tax bases which is recognised as goodwill.

N4 Relates to fair values adjustment made for highway development expenditure.

N5 Relates to difference of the 1,100,000,000 issued trust units and share capital of SILK Co (including the equity interests SILK Co would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition).

N6 Relates to fair values adjustment made for financing/borrowings.

3. Pro forma adjustments (cont'd.)

(a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(ii) Pro Forma II - New debt facilities and refinancing of existing debt facilities

Pro Forma II incorporate the effects of new debt facilities and refinancing of the existing debt facilities under the Prolintas Prime Group. In relation to the Debt Financing, the Tawarruq financing facility is assumed to have terms of 24 years and effective profit rates of 5.48%. For the purpose of the pro forma consolidated statement of financial position of Prolintas Infra BT Group, it is assumed that RM2.3 billion will be drawdown to refinance the existing debt facilities of the Concession Companies, amount due to related parties and debt issuance cost relating to the new facility.

(iii) Pro Forma III - Proposed Listing

The listing expenses will be charged out to the statement of comprehensive income and assumed to be paid upon completion of the Proposed Listing. The listing expenses comprises the following:

	RM
Professional fees	4,962,920
Printing and advertisement	265,000
Roadshow & Marketing/Public Relations	424,000
Authorities' fees	569,100
	<u>6,221,020</u>

3. Pro forma adjustments (cont'd.)

- (a) The pro forma consolidated statement of financial position of Prolintas Infra BT Group as at 30 September 2023 incorporate the following adjustments (cont'd.):

(iii) Pro Forma III - Proposed Listing (cont'd.)

The Proposed Listing entails an offer for sale by PLKH up to 468,700,000 offer Units at an indicative IPO price of RM0.95 per Unit.

The Prolintas Infra BT Group will not receive any proceeds from the Listing. The gross proceeds of RM468,700,000 will accrue entirely to PLKH. Hence, other than the adjustments pertaining to the listing expenses of RM6,221,020 to be incurred by Prolintas Infra BT Group, there will be no other pro forma adjustment arising from the Proposed Listing.

- (b) The pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments:

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation

Pro Forma I incorporated the effects of Pre-IPO Acquisition and Pre-IPO Reorganisation as detailed in note 1 above. For the purpose of the pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group, it is assumed that Pre-IPO Acquisition and Pre-IPO Reorganisation, including the transfer of the 10% equity interest in LKSA Co held by PNB to PLKH, have been completed on 1 January 2023.

Prolintas Managers will be charging management fees as part of their role as trustee-manager. It includes base fee, performance fee, acquisition and divestment fee. For the purpose of the pro forma consolidated statement of comprehensive income, it is assumed that the base fee would be RM8.0 million per annum.

Prolintas Managers, is entitled to receive a performance fee of 10% per annum of the increase in distribution per unit ("DPU") in a financial year as compared to DPU in the preceding year. However, performance fee is not assumed in this pro forma as normally performance fee is only charged when there is comparable years, i.e. only in year 2 of Prolintas Infra BT Group's operation.

3. Pro forma adjustments (cont'd.)

(b) The pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

Furthermore, Prolintas Managers is entitled to receive an acquisition fee of 0.5% (for acquisition from related parties) or 1.0% (for other cases) on acquisition price and a divestment fee of 0.5% of the sale price of any investment. However, no acquisition and divestment fee is assumed as there are no plans of acquisition of new investments or highways, or divestment of any investments or operating assets of in the first year, upon the establishment of Prolintas Infra BT.

Upon the establishment of Prolintas Infra BT, PLKH shall undertake Pre-IPO Reorganisation which involves the transfer of relevant operational and technical employees performing operations and maintenance services from Turnpike to the respective Concession Companies. The reorganisation process will involve the transfer of relevant operational and technical employees performing the O&M Services that are currently employed under Turnpike to AKLEH Co, GCE Co and LKSA Co, respectively.

Other operating expenses

		RM
For the financial period ended 30 September 2023		(50,997,898)
Effects of Pro Forma I:		
Trustee-Manager fees		(6,000,000)
Reversal of management fees paid to PLKH	N1	4,134,496
Shared service fees	N2	(6,944,353)
Transaction cost on the Proposed Acquisition		(3,845,934)
Balance of Pro Forma I		<u>(63,653,689)</u>

N1 Management fees charged by PLKH will be excluded from the Prolintas Infra BT Group as it will be outsourced to Prolintas Corporate Shared Service Sdn Bhd ("PCSSSB") upon completion of the Pre-IPO Reorganisation.

N2 Management fees charged by PCSSSB for corporate services relating to human resources, information technology, procurement, legal services, etc. upon completion of the Pre-IPO Reorganisation.

As disclosed in 3(a)(i), the transaction costs on the Pre-IPO Acquisition is recognised in the statement of comprehensive income. The transaction costs comprises professional fees, authorities' fees and contingencies which amounts to RM3,845,934.

3. Pro forma adjustments (cont'd.)

(b) The pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments (cont'd.):

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation (cont'd.)

As disclosed in 3(a)(i), the assets and liabilities of the deemed acquirer are reflected at its carrying amounts whilst the remaining consolidated entities are reflected at their fair values. The fair valuation results in the following impact:

Revenue

The deferred income recognised by AKLEH Co will be recognised as part of the fair value for the Company's highway development expenditure hence resulting in a reversal of the amortisation of deferred income.

Amortisation of Highway Development Expenditure

Following adjustments have been made to amortisation of highway development expenditure:

Amortisation	RM
For the financial period ended 30 September 2023	(32,863,364)
Additional amortisation for additional highway development expenditure recognised from fair valuation	(1,383,190)
Total amortisation per Pro Forma I	<u>(34,246,554)</u>

3. Pro forma adjustments (cont'd.)

(b) The pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments (cont'd.):

(ii) Pro Forma II - New debt facilities and refinancing of existing debt facilities

Pro Forma II incorporate the effects of Debt Financing and it is assumed that the Pre-IPO Acquisition and Pre-IPO Reorganisation have been completed on 1 January 2023. Arising from the issuance of Tawarruq financing facility and payment of existing financing/borrowings, the finance costs from the existing financing/borrowings will be reversed and finance costs from the new financing/borrowings will be recognised. Based on the facility agreement, the finance costs from the new financing/borrowings based on assumed drawdown of RM2.4 billion are as follows:

Pre-IPO refinancing activities

	RM
Finance cost incurred for new Tawarruq financing facility	98,640,000
Amortisation of transaction costs	251,438
	<u>98,891,438</u>

As disclosed in Note 3(a)(ii), the transaction cost will be amortised to profit or loss over the financing tenure. The revised finance cost in relation to the existing debts that will be settled is RM98,891,438 for the financial period ended 30 September 2023. Accordingly, this will result in an increase of RM1,509,518 to the finance cost for the financial period ended 30 September 2023.

	RM
Finance cost per Pro Forma I	(107,450,008)
Effects of Pro Forma II:	
Reversal of finance cost under existing financing/borrowings	97,381,920
Finance cost incurred for new financing/borrowings	(98,891,438)
Total finance cost per Pro Forma II	<u>(108,959,526)</u>

3. Pro forma adjustments (cont'd.)

- (b) The pro forma consolidated statement of comprehensive income of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments (cont'd.):

(iii) Pro Forma III - Proposed Listing

As disclosed in Note 3(a)(iii), RM6,221,020 relating to listing expenses will be recognised in the profit and loss.

- (c) The pro forma consolidated statement of cash flows of Prolintas Infra BT Group for the period ended 30 September 2023 incorporated the following adjustments assuming the Pre-IPO Acquisition, Pre-IPO Reorganisation, Debt Financing and Listing were completed on 1 January 2023.

(i) Pro Forma I - Pre-IPO Acquisition and Pre-IPO Reorganisation

The pro forma consolidated statement of cash flow of Prolintas Infra BT Group has been compiled using the combined statement of cash flows of Prolintas Prime Group. As disclosed in Note 3(b)(i), Prolintas Managers' Trustee-Manager fee will be recognised with a fixed base fee of RM8 million per annum. Besides, management fees of RM4,134,496 previously charged by PLKH will be excluded as it will be outsourced to PCSSSB upon the restructuring process. Management fees of RM6,944,353 charged by PCSSSB will be recognised. Additionally, transaction costs on the proposed acquisition will be recognised.

	RM
For the financial period ended 30 September 2023	288,637,587
Effects of Pro Forma I:	
Trustee-Manager fees	(6,000,000)
Management fees paid to PLKH	4,134,496
Shared service fees	(6,944,353)
Transaction costs on the Pre-IPO Acquisition	(3,845,934)
	<u>(12,655,791)</u>
Balance of Pro Forma I	<u>275,981,796</u>

(ii) Pro Forma II - New debt facilities and refinancing of existing debt facilities

Upon Debt Financing, the new financing/borrowings of RM2,400,000,000 will be drawdown and the existing financing/borrowings of RM2,094,156,620 will be fully paid.

3. Pro forma adjustments (cont'd.)

- (c) The pro forma consolidated statement of cash flows of Prolintas Infra BT Group for the period ended 30 September 2023 incorporated the following adjustments assuming the Pre-IPO Acquisition, Pre-IPO Reorganisation, Debt Financing and Listing were completed on 1 January 2023 (cont'd.):

(ii) Pro Forma II - New debt facilities and refinancing of existing debt facilities (cont'd.)

The finance costs paid for the existing financing/borrowings will be reversed and the finance costs paid for the new financing/borrowings will be recognised. Based on the facility agreement, the finance costs paid for the new financing/borrowings based on the drawdown of the new debt facility is RM93,671,437.

	RM
Balance of Pro Forma I	275,981,796
Effects of Pro Forma II:	
(i) Issuance of new Tawarruq financing facility	2,400,000,000
(ii) Reversal of existing payments on financing/borrowings	114,664,751
(iii) Payment of existing financing/borrowings and accrued profit	(2,208,821,371)
(iv) Payment of debt issuance cost	(6,750,000)
(v) Reduction of finance cost	N1 32,022,676
(vi) Repayment of related parties	N2 (103,782,697)
	<u>227,333,359</u>
Balance of Pro Forma II	<u>503,315,155</u>

- N1 Upon the debt refinancing, the finance costs have been recomputed based on the terms of the new financing facility, the impact of the new finance cost will be as below:

	RM
Finance costs incurred for new financing/borrowings	(93,671,437)
Finance costs paid for existing financing/borrowings	125,694,113
	<u>32,022,676</u>

- N2 Upon the debt refinancing, amount due to the related parties for Prolintas Infra BT of RM103,782,697 will be refinanced with TWA 1.

3. Pro forma adjustments (cont'd.)

(c) The pro forma consolidated statement of cash flows of Prolintas Infra BT Group for the period ended 30 September 2023 incorporate the following adjustments assuming the Proposed Acquisition, Pre-IPO fund raising and Listing were completed on 1 January 2023 (cont'd.):

(iii) Pro Forma III - Proposed Listing

As disclosed in Note 3(a)(iii), RM6,221,020 relating to listing expenses, and will be recognised in the statement of cash flow.

	RM
Balance of Pro Forma II	503,315,155
Effects of Pro Forma III:	
(i) Payment of listing expenses	<u>(6,221,020)</u>
Balance of Pro Forma III	<u>497,094,135</u>

4. Subsequent events

There is no significant subsequent events noted as at the date of this pro forma consolidated financial information of Prolintas Infra BT Group other than those disclosed under Note 1.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those estimated. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters, or any other person that the underlying assumptions will materialise, or that these results will be achieved or are likely to be achieved (please refer to the Section on “Forward-looking Statements” and Section 5 “Risk Factors” of this Prospectus for further details). Investors in the IPO Units are cautioned not to place undue reliance on these forward-looking statements which are made only as at the date of this Prospectus.

None of the Trust, the Trustee-Manager, the Selling Unitholder, the Principal Adviser, the Lead Bookrunner, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters or any other person guarantees the performance of the Trust, the payment of capital or the payment of any distributions, or any particular return on the Units.

The financial year end of the Trust is 31 December.

For clarity, upon formation of the Trust Group, the consolidated statement of comprehensive income and cash flow of the Trust Group for Forecast Year 2024 will be prepared based on the accounting principles and accounting standards to be adopted by the Trust as at 31 December 2024. Notwithstanding the above, the Trust Group’s unaudited statement of comprehensive income and statement of cash flows for Year 2023 set out in Section 16 were prepared on a combined basis to reflect the performance of the Concession Companies. Accordingly, the unaudited statements of comprehensive income and cash flows for Year 2023 has been prepared on the basis and accounting principles of business trust mentioned in the preceding paragraph except for MFRS 3: Business Combinations and MFRS 10: Consolidated Financial Statements.

In summary, the unaudited statement of comprehensive income and statement of cash flows for Year 2023 was prepared on a combined basis and the statement of comprehensive income and statement of cash flows for Forecast Year 2024 was prepared on a consolidated basis.

The forecasted yield in Forecast Year 2024 stated in the following table(s) are calculated based on:

- the Retail Price of RM0.95 per Unit; and
- the assumption that the Unitholders will be entitled to distributions from 1 January 2024.

Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Retail Price.

The DPU for Forecast Year 2024 is calculated on the assumption that the IPO Units are issued on 25 March 2024 and are eligible for distributions arising from operations from 1 January 2024 to 31 December 2024.

The profit and cash flows forecast are based on the assumptions set out below and have been examined by the Reporting Accountants. Investors should read the whole of this “Unaudited Statements of Comprehensive Income and Cash Flows for Year 2023 and Profit and Cash Flows Forecast for Forecast Year 2024” section together with the Reporting Accountants’ Reports on the Profit Forecast of Prolintas Infra BT and its subsidiaries for the Forecast Year 2024 and Reporting Accountants’ Reports on the Cash Flows Forecast of Prolintas Infra BT and its subsidiaries for Forecast Year 2024 as set out in Annexure A(i) and Annexure A(ii) of this Prospectus respectively, as well as the other assumptions and the sensitivity analysis set out in this section of the Prospectus.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

16.1 COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR 2023 AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FORECAST YEAR 2024

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
Revenue	309,393	310,156
Construction costs	(5,085)	(2,200)
Other income	11,894	12,875
Staff costs	(6,208)	(22,174)
Amortisation of highway development expenditure	(43,432)	(47,201)
Impairment loss on highway development expenditure ⁽¹⁾	(124,244)	-
Other operating expenses	(89,734)	(80,372)
Trustee-Manager's fee	-	(8,000)
Trust expenses	-	(500)
Profit from operations	52,584	162,584
Finance costs	(150,840)	(139,515)
(Loss)/profit before tax	(98,256)	23,069
Income tax expense	(183,307)	(14,791)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	(281,563)	8,278

Note:

(1) Impairment loss on highway development expenditure will not be reflected in consolidated statement of comprehensive income as it will be reflected as fair value recognition upon completion of acquisition.

For clarity, upon formation of the Trust Group, the consolidated statement of comprehensive income of the Trust Group for Year 2023 should have been prepared based on the accounting principles and accounting standards to be adopted by the Trust as at 31 December 2024. Notwithstanding the above, the Trust Group's unaudited statement of comprehensive income for Year 2023 set out in Section 16 was prepared on a combined basis to reflect the performance of the Concession Companies. Accordingly, the unaudited statement of comprehensive income for Year 2023 has been prepared on the basis and accounting principles of business trust mentioned in the preceding paragraph except for MFRS 3: Business Combinations and MFRS 10: Consolidated Financial Statements. Year 2023 may not be comparable to Forecast Year 2024 as Forecast Year 2024 is prepared on a consolidated basis after the completion of the Pre-IPO Acquisition.

Had the consolidated statement of comprehensive income for Year 2023 been prepared in accordance with the basis and accounting principles of business trust, the amounts would be as follows:

	Unaudited Year 2023
	(RM'000)
Pre-acquisition (loss)	(63,071)
Post-acquisition (loss)	(13,093)

The above consolidated statement of comprehensive income for Year 2023 may not be comparable to Forecast Year 2024 as it has not included the impact of post-restructuring accounting considerations such as, full year impact of the additional amortisation arising from fair value of HDE and financing costs arising from Islamic Financing.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

16.2 COMBINED STATEMENT OF CASH FLOWS FOR YEAR 2023 AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR FORECAST YEAR 2024

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
Cash flows from operating activities		
Cash receipts from toll collection	286,651	305,609
Receipts from expressway ancillary facilities	1,972	2,347
Government compensation received	138,483	17,463
Payment to suppliers, contractors, employees, related companies and for other operating expenses	(121,194)	(93,964)
Payment to suppliers for construction of lane widening and interchange	(38,057)	(34,715)
Finance cost paid	(125,956)	(128,033)
Trustee-Manager's fees	-	(8,000)
Trust expenses	-	(500)
Income tax paid	(12,231)	(13,198)
Net cash generated from operating activities	129,667	47,009
Cash flows from investing activities		
Income received from other investments and deposits with licensed banks	10,625	12,137
Payment for highway development expenditure	(11,028)	(2,200)
Proceeds from redemption of other investments	36,978	-
Advances repaid to immediate holding company	(47,653)	-
Net cash (used in)/generated from investing activities	(11,078)	9,937
Cash flows from financing activities:		
Drawdown of financing	2,326,319	24,578
Repayment of borrowings	(127,676)	-
Debt refinancing	(2,203,012)	-
Issuance expenses incurred	(6,750)	-
Listing expenses incurred	-	(10,080)
Distribution paid to unitholders	-	(35,000)
(Payment for)/refund received for stamp duty	(16,200)	16,200
Net cash used in financing activities	(27,319)	(4,302)
Net increase in cash and cash equivalents	91,270	52,644
Cash and cash equivalents at beginning of the year	312,882	404,152
Cash and cash equivalents at end of the year	404,152	456,795

For clarity, upon formation of the Trust Group, the consolidated statement of cash flows of the Trust Group for Year 2023 should have been prepared based on the accounting principles and accounting standards to be adopted by the Trust as at 31 December 2024.

Notwithstanding the above, the Trust Group's statement of cash flows for FYE 2023 set out in Section 16 was prepared on a combined basis to reflect the performance of the Concession Companies. Accordingly, the unaudited statement of cash flows for Year 2023 has been prepared on the basis and accounting principles of business trust mentioned in the preceding paragraph except for MFRS 3: Business Combinations and MFRS 10: Consolidated Financial Statements.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

Had the consolidated statement of cash flows for Year 2023 been prepared in accordance with the basis and accounting principles of business trust, the amounts would be as follows:

- Cash and cash equivalents at beginning of the Year 2023 (only SILK Co, as deemed acquirer): RM124.390 million
- The cash and cash equivalents at the end of the Year 2023 remained the same.

16.3 RECONCILIATION OF THE TRUST GROUP'S PROFIT AFTER TAX TO EBITDA

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
(Loss)/profit before tax	(98,256)	23,069
Adjusted for:		
Add: Finance cost	150,840	139,515
Add: Amortisation of highway development expenditure	43,432	47,201
Add: Impairment of highway development expenditure	124,244	-
Less: Amortisation of deferred income	(7,574)	-
Less: Other income	(11,894)	(12,875)
Add: Listing expense	-	10,080
EBITDA	200,792	206,990
EBITDA margin (%)	64.90%	66.7%

16.4 RECONCILIATION OF THE TRUST GROUP'S PROFIT BEFORE TAX TO DISTRIBUTION

	Forecast Year 2024
	(RM'000)
Profit before tax	23,069
Adjusted for:	
Add: Amortisation of highway development expenditure	47,201
Add: Unwinding discount in relation to lane widening on SILK and construction of Strathairlie Interchange on GCE	11,690
Less: Income tax paid	(13,198)
Less: Capital expenditure for upgrading and development works which is not funded by debt/Islamic financing (including lane widening on SILK and construction of Strathairlie Interchange on GCE)	(10,137)
Add: Listing expenses	10,080
Distributable Amount	68,705
Add: Utilisation of existing cash balance of the Trust Group	1,295
Distributions	70,000

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16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

16.5 RECONCILIATION OF DISTRIBUTION PAID IN CURRENT YEAR TO DISTRIBUTION ATTRIBUTABLE FOR THE YEAR

	Forecast Year 2024
	(RM'000)
Distribution to Unitholders paid in current year (i.e., FYE 2024)	35,000
Add: Distribution to be paid in the next year (i.e., FYE 2025) in relation to FYE 2024 distribution period	35,000
Distribution to Unitholders attributable for Forecast Year 2024	70,000

16.6 FORECASTED YIELD BASED ON RETAIL PRICE

The projected yield stated in the following table are calculated based on the Retail Price and the indicative listing date on 25 March 2024. Such yields will vary accordingly in relation to investors who purchase the Units in the secondary market at a market price that differs from the Retail Price or to investors who do not hold the Units for the whole of Forecast Year.

	Forecast Year 2024
Retail Price (RM per Unit)	0.95
Distribution to Unitholders (RM'000)	70,000
Number of units ('000)	1,100,000
Distribution per Unit (RM sen)	6.36
Indicative distribution yield per Unit	6.7%

16.7 BASES AND ASSUMPTIONS

The Profit and Cash Flows Forecast have been prepared for illustrative purposes, on the bases and accounting principles consistent with those adopted in the preparation of the financial statements of the Trust Group. The financial year end of the Trust is 31 December. The Profit and Cash Flows Forecast have been prepared on the assumption that the Listing of Prolintas Infra BT on the Main Market of Bursa Securities is completed on 25 March 2024.

The Trustee-Manager has prepared the Profit and Cash Flows Forecast based on the material bases and assumptions listed below. The Trustee-Manager considers these bases and assumptions to be appropriate and reasonable as at the LPD. However, investors should consider these bases and assumptions, and the associated risks (as set out in Section 5 of this Prospectus) for the Profit and Cash Flows Forecast and make their own assessment of the future performance of the Trust.

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16. **UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024**
(Cont'd)

A. ASSUMPTIONS OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FORECAST YEAR 2024

(1) Revenue

The Trust Group's revenue comprises the following:

	Note	Unaudited Year 2023		Forecast Year 2024	
		(RM'000)	%	(RM'000)	%
Toll collection revenue	(i)	294,751	95.3	305,609	98.5
Amortisation of deferred income	(ii)	7,574	2.4	-	-
Non-toll revenue	(iii)	1,983	0.7	2,347	0.8
Construction revenue	(iv)	5,085	1.6	2,200	0.7
Total		309,393	100.0	310,156	100.0

(i) Toll collection revenue

The Concession Companies operate via open toll system where road users are charged fixed toll rates according to their vehicle classes regardless of travelling distance. The toll revenue is recognised as and when the toll is charged for the usage of the highways based on gazetted toll rates as stipulated in SCAs 2022. The toll revenue is recognised after deducting the commission charged by third-party ETC system service provider, including Touch 'n Go Sdn Bhd.

The toll collection revenue, which is a function of traffic volume and Gazetted Toll Rates for the financial years indicated is as set out below:

Concession Companies	Unaudited Year 2023 (RM'000)	Forecast Year 2024 (RM'000)
AKLEH Co	33,228	34,575
GCE Co	88,097	90,435
LKSA Co	41,266	43,715
SILK Co	132,159	136,884
Total	294,751	305,609

The following are the key drivers for toll collection revenue:

a. Traffic volume

Perunding Trafik Klasik Sdn Bhd was engaged to prepare the traffic study in its capacity as the Traffic Consultant. The traffic volume projections for each Highway based on the key bases and assumptions as set out in the Traffic Consultant's Report in Section 18 of this Prospectus for the Forecast Year 2024. The traffic volume projections for each Highway based on the key bases and assumptions as set out in the Traffic Consultant's Report for the Forecast Year 2024 are as follows:

Highways	Year 2023	Forecast Year 2024
	Annual average daily traffic volume (AADT)	
AKLEH	42,943	44,661
GCE	122,525	125,755
LKSA	85,089	88,916
SILK	208,205	214,423
Total	458,762	473,755

16. **UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024**
(Cont'd)

The vehicle composition by vehicle classes adopted in the traffic volume projections for the Forecast Year 2024 is based on the actual vehicle composition crossing the respective toll plazas for FYE 2022 as set out below:

Toll plaza	Class 1	Class 2	Class 3	Class 4	Class 5
<u>AKLEH</u>					
Datuk Keramat Toll Plaza	98.57%	0.37%	0.02%	0.90%	0.14%
<u>GCE</u>					
Lagong Toll Plaza	93.00%	3.60%	2.90%	0.30%	0.20%
Elmina Toll Plaza	89.20%	5.70%	4.60%	0.30%	0.20%
Bukit Jelutong Toll Plaza	89.70%	5.50%	4.30%	0.30%	0.20%
<u>LKSA</u>					
Alam Impian Toll Plaza	95.20%	3.40%	0.80%	0.20%	0.40%
Sri Muda Toll Plaza	93.70%	3.50%	1.70%	0.30%	0.80%
<u>SILK</u>					
Sungai Balak Toll Plaza	95.00%	3.10%	1.30%	0.40%	0.20%
Sungai Ramal Toll Plaza	94.70%	3.00%	1.40%	0.40%	0.50%
Bukit Kajang Toll Plaza	94.10%	3.50%	1.90%	0.30%	0.20%
Sungai Long Toll Plaza	95.80%	3.00%	0.80%	0.20%	0.20%

b. Toll rate

The toll rates in Year 2023 and toll rates assumed for the Forecast Year 2024 charged to road users are based on the gazetted toll rates which are currently same as the toll rate stipulated in the respective SCAs 2022 as follows:

Highways	Gazetted toll rates from 2023⁽¹⁾ to 2032, RM				
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.13	7.00	10.50	1.53	1.28
GCE	1.75	3.80	5.70	0.83	1.29
LKSA (Alam Impian)	0.83	1.80	2.70	0.83	0.55
LKSA (Seri Muda)	1.56	3.40	5.10	0.83	1.10
SILK	1.66	3.60	5.40	0.83	0.92

Note:

(1) The toll rates were gazetted on 20 October 2022.

(ii) Amortisation of deferred income

Amortisation of deferred income represents toll compensation for AKLEH highway received in advance which is amortised over the remaining concession period in accordance with the following formula for Year 2023:

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{Opening carrying amount of deferred income} \right]$$

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

Pursuant to the Pre-IPO Acquisition, the balance of deferred income of AKLEH Co will be eliminated upon consolidation of the Trust Group and accounting for the fair value of the HDE. Hence, there will no longer be any amortisation of deferred income arising from the advanced Government compensation received by AKLEH Co in Forecast Year 2024.

(iii) Non-toll revenue

Non-toll revenue includes revenue sharing not limited to advertising billboards, space rental for telco towers and rental from stall operators in RSAs.

The non-toll revenue for each Highway for the Year 2023 and Forecast Year 2024 are as follows:

<u>Concession Companies</u>	<u>Unaudited Year 2023</u> (RM'000)	<u>Forecast Year 2024</u> (RM'000)
AKLEH Co	369	414
GCE Co	634	1,015
LKSA Co	735	720
SILK Co	245	198
Total	1,983	2,347

Non-toll revenue is projected by the Trustee-Manager based on the revenue-sharing arrangement as stipulated in the service level agreement with PHSSB, a wholly-owned subsidiary of PLKH.

(iv) Construction revenue

The construction revenue is forecasted based on the approved capital expenditure plan prepared by the Trust Group's in-house engineers based on industry experience with projects that are of the same nature.

These revenues are mainly from projects such as construction works for the design, installation, testing and commissioning of RFID systems at toll plazas in GCE and SILK in Year 2023 and upgrading works for SILK lay-bys in Forecast Year 2024.

(2) Construction costs

The construction costs are forecasted based on the capital expenditure plan prepared by the Trust Group's in-house engineers based on industry experience with projects that are of the same nature.

(3) Other income

Other income is forecasted based on assumed future average deposit placements of approximately RM351.8 million multiplied by actual average profit rate of 3.66% per annum. The average profit rate of 3.66% adopted for the forecast is based on actual average profit rate from the actual fixed deposit for the respective Concession Companies from 1 January 2023 to 31 December 2023.

(4) Amortisation of HDE

HDE comprises construction, development and upgrading expenditure incurred in relation to the Highways (including finance costs relating to the financing of the development of the Highways). HDE is stated at cost less amortisation and impairment losses.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

HDE is amortised over the toll collection period under the intangible asset model based on a formula which directly relates to the traffic volume (both actual and expected), as follows:

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume} \\ \text{over remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \left[\begin{array}{l} \text{(Opening net book value} \\ \text{+ Additions} \\ \text{during the year)} \end{array} \right]$$

The computation of HDE is updated on an annual basis to incorporate actual and forecasted traffic volume for the year and remaining highway concession period.

The fair value of the identified assets and liabilities assumed in the profit forecast is for illustrative purposes only. The purchase price allocation exercise (“PPA”) in accordance with MFRS 3 Business Combination, which includes the determination of the fair value of the identifiable assets and liabilities acquired, has not been completed. Accordingly, the fair value of the net identifiable assets assumed in this profit forecast may be materially different from fair values of the net identifiable assets when the final PPA is completed.

(5) Impairment loss on HDE

The recoverable amounts of the cash generating unit have been determined based on value-in-use calculations using cash flow projections covering the extended concession period until 15 May 2037 for AKLEH and until 31 July 2062 for LKSA, based on the SCAs 2022.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing on the concession intangible assets (i.e., HDE):

(i) Revenue

Revenue is based on the toll rates as stipulated in SCAs 2022. The projected traffic volume for the concession period is based on projections by an independent professional firm of traffic consultants in the projection study commissioned by the Concession Companies.

(ii) Discount rate

Value-in-use was determined by discounting the future cash flows generated by applying the discount rate of 7.8% (2022: 7.1%) for AKLEH Co and 8.1% (2022: 7.9%) for LKSA Co. The rate used to discount future cash flows is subject to change in economic conditions and is reviewed annually.

Based on the management’s assessment, AKLEH Co’s and LKSA Co’s HDE is expected to incur a one-off impairment of RM75.4 million and RM48.8 million respectively for the Year 2023. This is due to the effect of the SCAs 2022, whereby, in consideration of the toll reduction, AKLEH and LKSA enjoyed relatively shorter concession extension (i.e., extended by 8 years and 15 years respectively) whereas GCE and SILK’s concession periods were extended by 26 years and 25 years respectively. As a result, the expected cash flows for AKLEH and LKSA were below the value-in-use prior to the Toll Restructuring. There is no indication of impairment on the Trust Group’s HDE for Forecast Year 2024 as at the LPD.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(6) Staff costs and other operating expenses

The following table sets out the breakdown of staff costs and other operating expenses for the Year 2023 and Forecast Year 2024:

	Note	Unaudited Year 2023 (RM'000)	Forecast Year 2024 (RM'000)
Staff costs	(i)	6,208	22,174
Highway repair and maintenance costs	(ii)	33,180	29,190
Toll management fees	(iii)	16,536	-
Management fees	(iv)	6,416	-
Corporate shared service fees	(v)	-	9,040
Provision for replacement cost	(vi)	2,300	2,928
Provision for road and pavement resurfacing cost	(vii)	9,879	7,589
Utilities	(viii)	7,198	7,517
Listing expenses	(ix)	-	10,080
Other expenses	(x)	14,225	14,028
Total		95,942	102,546

(i) Staff costs

Staff costs consist of salaries and wages of permanent and contract staff, employer's contribution to defined contribution plans, social security contributions, medical costs, training, and other staff-related expenses.

The staff costs for Forecast Year 2024 are forecasted based the staff costs to be incurred after the Pre-IPO Reorganisation which effected on 1 January 2024. The Pre-IPO Reorganisation involves the transfer of the relevant technical and operational employees from Turnpike i.e., the personnel that operate AKLEH Co, GCE Co and LKSA Co.

(ii) Highway repair and maintenance costs

	Unaudited Year 2023 (RM'000)	Forecast Year 2024 (RM'000)
Operation overhead costs ⁽¹⁾	5,633	5,193
Engineering overhead costs ⁽²⁾	23,842	21,897
Heavy repairs cost ⁽³⁾	3,705	2,100
Total	33,180	29,190

Notes:

- (1) Repair and maintenance costs for toll plaza and toll collection system.
- (2) Repair and maintenance costs for highway structure such as road signs, electrical components, and rails.
- (3) Costs for repair works such as reinstatement of toll plaza, bridge, structure repair of highways and pavement repairs. Heavy repairs costs are one-off in nature.

The highway repair and maintenance costs for Forecast Year 2024 are forecasted based on the management's industry experience and trend of historical cost, with an adjustment for Malaysia's average inflation rate at 3.5% per annum.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(iii) Toll management fees

AKLEH Co, GCE Co and LKSA Co incur toll management fees for the operation and maintenance services subcontracted to Turnpike. The fees are estimated based on existing contracts with a fixed rate of 10% of total toll collection revenue by the respective Concession Companies. Nevertheless, the contracts have been terminated following the completion of Pre-IPO Reorganisation on 1 January 2024 and hence, there is no toll management fees being forecasted in Forecast Year 2024.

(iv) Management fees

The Concession Companies incur management fees for management support services provided by PLKH such as corporate communications, operations, asset management, human resources and treasury.

The amount in Year 2023 was based on historical actual cost in accordance with the contracts with PLKH. The contracts have been mutually terminated following the completion of Pre-IPO Reorganisation on 1 January 2024 and hence, there is no management fees being forecasted in Forecast Year 2024.

Following the completion of the Pre-IPO Acquisition, management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services will be subcontracted to PCSSSB, a wholly-owned subsidiary of PLKH. Such fees will be recognised under corporate shared services fees as set out in item (v) below.

(v) Corporate shared services fees

Corporate shared service fees represent shared services subcontracted to PCSSSB for certain management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services.

The fees forecasted for Forecast Year 2024 are allocated to the respective companies managed by PCSSSB based on proportion of time spent for each entity.

(vi) Provision for replacement cost

Provision for replacement cost is recognised at the forecasted present value of the future replacement cost expected to be incurred over a 5-year replacement cycle. The forecasted present value amount is discounted using a risk-free rate which is the rate of government bond with similar remaining term as the provision.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(vii) Provision for road and pavement resurfacing cost

In accordance with the SCAs 2022, the Concession Companies have an obligation to perform road and pavement resurfacing to maintain the Highways. The management forecasted the road and pavement resurfacing cost based on a 7-year cycle, with PCA conducted on a yearly basis to assess the road conditions. During the 7-year cycle, the Concession Companies will perform partial PCA in every year except in the 7th year whereby a full PCA will be performed, of which the Concession Companies are expected to incur a higher cost for resurfacing during that particular year.

Provision for road and pavement resurfacing is forecasted based on trend of historical cost and agreed capital expenditure plan prepared by in-house engineers based on their past experience. Provision for road and pavement resurfacing is projected based on present value of future costs to be incurred over the road resurfacing cycle and discounted at a risk-free rate.

(viii) Utilities

For Forecast Year 2024, utilities, which include electricity charges, connectivity charges, and water usage are forecasted by the management based on the trend of historical cost with an adjustment for Malaysia's average inflation rate at 3.5% per annum.

(ix) Listing expenses

Listing expenses, which comprises advisers fee for the Pre-IPO Restructuring and listing process, as well as the expenses to prepare the necessary documents and filings required by regulatory authorities are forecasted by the management based on the contracts with the respective advisers.

(x) Other expenses

Other expenses for Forecast Year 2024 are forecasted by the management based on trend of historical cost with an adjustment for Malaysia's average inflation rate at 3.5% per annum. From 1 January 2024 onwards, Turnpike has been engaged as consultant to the Concession Companies with an estimated fee of approximately RM1.66 million per annum.

(7) Trustee-Manager's fee

The Trustee-Manager's fee payable to the Trustee-Manager is charged pursuant to the Trust Deed, whereby the Trustee-Manager is entitled to the base fee, performance fee, acquisition fee and divestment fee.

Base fee is a fixed fee of RM8.0 million per annum, which is subject to increase each year by a such percentage representing the percentage increase (if any) in the Malaysia Composite Consumer Price Index pursuant to the Trust Deed. The Trustee-Manager's fee is assumed to be RM8.0 million and payable in cash in Forecast Year 2024.

The Trustee-Manager is entitled to receive a performance fee of 10% per annum of the increase in DPU in a financial year as compared to the DPU in the preceding financial year. There is no performance fee to be incurred in Forecast Year 2024 as 2024 is the first year of the Trust's operations.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

No acquisition fee and divestment fee were forecasted in Forecast Year 2024 as there is no potential assets acquisition or any divestment plan at this juncture. For the avoidance of doubt, no acquisition fee is payable with respect to the acquisition of the Highways in connection with the Pre-IPO Acquisition.

(8) Trust expenses

Trust expenses mainly comprise costs for periodical statutory audit, external corporate secretary, annual general meeting, and other miscellaneous expenses for the Trust. The expenses will be incurred in Forecast Year 2024, being the first financial year of the Trust.

(9) Finance costs

Financing facilities	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
<u>Before Islamic Financing:</u>		
Government support loan	645	-
Syndicated Islamic financing	15,637	-
Tawarruq financing	29,100	-
Sukuk Mudharabah	88,363	-
Others	1,015	-
<u>After Islamic Financing:</u>		
Tawarruq financing facility	3,381	127,573
Amortisation of debt issuance expenses	739	252
Unwinding of discount for provisions	11,960	11,690
Total	150,840	139,515

Before Islamic Financing

The finance costs of the Trust Group primarily comprise the following:

- Finance cost on financing/borrowings, which includes Sukuk Mudharabah, Government support loan, syndicated Islamic financing as well as lease liabilities;
- Unwinding of discounts on provisions for road and pavement resurfacing, replacement cost, lane widening and construction of interchange, which were recognised at the discounted present value; and
- Others, which includes amortisation of debt issuance expenses.

Pursuant to the Islamic Financing, Prolintas Managers had raised up to RM2.7 billion from term financing on behalf of the Trust for purposes of payment for the Concession Companies' debts and outstanding balances to related companies, and to partially fund capital expenditure in connection with lane widening for SILK and construction of Strathairlie Interchange for GCE.

16. **UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024**
(Cont'd)

After Islamic Financing

Finance costs for financing facilities post Islamic Financing are forecasted based on the facility agreement entered into between Prolintas Managers and BPMB as follows:

Financing facilities	Profit rate and assumptions
Tawarruq financing facility – Term 1 (Facility limit: RM2,400 million; Drawdown amount: RM2,326.3 million)	<p>a. Effective profit rate (“EPR”) of 5.48% calculated based on payment schedule provided by BPMB. The profit is to be payable on a semi-annual basis based on lender’s cost of fund + 0.30% per annum, and the balance to be paid in bullet payment at maturity date.</p> <p>b. Drawdown of financing was on 21 December 2023.</p>
Tawarruq financing facility – Term 2 (Facility limit: RM300 million; Assumed drawdown amount of RM24.6 million on 30 November 2024)	<p>a. Profit rate of 4.42%, payable on a semi-annual basis based on lender’s cost of fund + 0.90% per annum – 1.50% per annum.</p> <p>b. Drawdown of financing is limited to 70.8% of the capital expenditure based on the financing facility agreement and is expected to commence in Forecast Year 2024 based on the approved capital expenditures schedule for lane widening for SILK and construction of Strathairlie Interchange for GCE.</p>

(10) Income tax expenses

The forecasted chargeable income are derived after the deduction of allowable expenses and permitted allowances. The amounts are calculated based on Malaysian statutory tax rate of 24% for the Year 2023 and Forecast Year 2024.

	Unaudited Year 2023	Forecast Year 2024
Concession Companies	(RM'000)	(RM'000)
AKLEH Co	(10,983)	5,218
GCE Co	5,996	6,748
LKSA Co	77,003	(11,079)
SILK Co	111,291	13,904
Total	183,307	14,791

Upon settlement of the Sukuk finance costs by LKSA Co, the amount will be claimed as deductible expense which will form part of the unutilised business losses which will expire by year of assessment 2033. LKSA Co has reversed the deferred tax assets as there is insufficient future taxable profits to be utilised against the unutilised business losses before its expiry.

Deferred tax assets arising from unutilised business losses from SILK Co was reversed due to insufficient future taxable profits based on the projections performed pursuant to the SCA 2022.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

B. ASSUMPTIONS OF CONSOLIDATED STATEMENT OF CASH FLOWS FOR FORECAST YEAR 2024

(1) Cash receipts from toll collection

Toll collections from Highways are forecasted based on the traffic volume projected by the Traffic Consultant (as set out in Section 18 of this Prospectus) and the gazetted toll rate which are currently the same as the toll rate stipulated in the SCAs 2022 for the respective Highways throughout the Year 2023 and Forecast Year 2024, net of the commission charged by third-party ETC system service provider, including Touch 'n Go Sdn Bhd.

- (i) Toll collection is computed based on the toll rate of respective Highways multiplied by the forecasted traffic volume. The traffic volumes projected by the Traffic Consultant for the Forecast Year 2024 are as follows:

Highways	Unaudited Year 2023	Forecast Year 2024
	Annual average daily traffic volume (AADT)	
AKLEH	42,943	44,661
GCE	122,525	125,755
LKSA	85,089	88,916
SILK	208,205	214,423
Total	458,762	473,755

- (ii) Commission charged by third-party ETC system service provider is derived based on the existing term prescribed under the agreements with the respective suppliers.

(2) Receipts from expressway ancillary facilities

Receipts from expressway ancillary facilities comprises non-toll revenue from space rental for telco towers, rental income from stall operators in rest service areas, work permit (e.g., charges to carry out underground work by telco operators), and rental income from billboard space. Payment is received from customers in accordance with the terms prescribed under the respective rental agreement.

(3) Government compensation received

Government compensation represents revenue received from the Government for the imposition of revised toll rates lower than those as provided for in the Concession Agreements over the period the compensation relates.

The government compensation for the Year 2023 relates to the compensation receivable from the Government for the period prior to 1 January 2023 pursuant to the original Concession Agreements as well as toll discount on certain festive seasons. As at the LPD, the Trust Group has received RM138.48 million whilst the remaining sum of RM17.46 million is expected to be received within Forecast Year 2024 upon finalisation of documentation and verification procedures. For the Forecast Year 2024, the anticipated inflow mainly relates to compensation arising from toll-free period relating to festive seasons that were granted in Year 2023.

Pursuant to the SCAs 2022, if the Government imposes toll rates lower than those as provided for under the SCAs 2022, the Government will compensate the Concession Companies based on the compensation mechanism as set out in the respective SCAs 2022.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(4) Payments to suppliers, contractors, employees, related companies and for other operating expenses

The payment breakdown is set out below:

	Note	Unaudited Year 2023	Forecast Year 2024
		(RM'000)	(RM'000)
Staff costs	(i)	(5,602)	(22,174)
Road and pavement resurfacing	(ii)	(7,217)	(7,632)
Repair and maintenance costs	(iii)	(65,701)	(29,717)
Toll management fees	(iv)	(14,793)	(1,307)
Replacement costs	(v)	(2,032)	(3,052)
Management fees	(vi)	(4,960)	(407)
Shared service fees	(vii)	-	(8,316)
Other expenses	(viii)	(20,889)	(21,359)
Total		(121,194)	(93,964)

Cash paid for operating expenses includes the followings:

- (i) Staff costs consist of salaries and wages of permanent and contract staff, employer's contribution to defined contribution plans, social security contributions, medical costs, training, and other staff-related expenses.

The staff costs in Forecast Year 2024 is based on the forecasted staff costs to be incurred after the completion of the Pre-IPO Reorganisation, which effected on 1 January 2024. The Pre-IPO Reorganisation involves the transfer of technical and operational employees from Turnpike, i.e. the personnel that operate AKLEH Co, GCE Co and LKSA Co.

- (ii) Road and pavement resurfacing costs are forecasted based on historical cost and agreed capital expenditure plan that was prepared by the Trust Group's in-house engineers based on industry experience. The road and pavement resurfacing schedule is based on the road conditions of the respective highways that will be assessed by third party pavement specialist consultants annually. PCA reports are prepared to determine the areas for resurfacing.
- (iii) Repair and maintenance costs mainly comprise the cost of the repair and maintenance work for the respective Highways and toll plazas. The costs are forecasted based on the trend of historical cost, adjusted for one-off costs, with an adjustment for Malaysia's average inflation rate at 3.5% per annum.
- (iv) Toll management fees for Year 2023 relates to fees which were previously paid by AKLEH Co, GCE Co and LKSA Co to Turnpike for O&M services. The fees are based on 10% of the toll collection revenue of the Highways.

Following the completion of Pre-IPO Reorganisation, all existing O&M arrangements with Turnpike have been terminated and the O&M services will be carried out by the respective Concession Companies directly. For Forecast Year 2024, staff costs relating to the relevant operational and technical employees performing the O&M services have been accounted for within the staff costs as discussed in item (i) above.

For clarity, the payment for toll management fees in the Forecast Year 2024 is for the fees incurred in December 2023, which is expected to be paid within a 30-day credit term.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

- (v) Replacement costs are projected based on future expenditure expected to be incurred over moveable assets based on a 5-year replacement cycle as per the Concession Agreements.
- (vi) Management fees are cost paid by the Concession Companies to PLKH annually for management support services provided by PLKH prior to the formation of the Trust Group.

The management services contracts have been mutually terminated following the completion of Pre-IPO Acquisition. The management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services have been subcontracted to PCSSSB commencing 1 January 2024.

For clarity, the payment for management fees in the Forecast Year 2024 is for the fees incurred in December 2023, which is expected to be paid within a 30-day credit term.

- (vii) Shared service fees are the payment made to PCSSSB for management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services, commencing 1 January 2024, following the completion of Pre-IPO Acquisition. The costs are forecasted based on historical costs relating to management fees paid to PLKH and management's estimation on the time cost incurred for the respective Concession Companies.
- (viii) Other expenses mainly comprise utility fees, professional fees, subscription and license fees and administration related fees. For Forecast Year 2024, the costs are forecasted based on the trend of historical cost, with an adjustment for Malaysia's average inflation rate at 3.5% per annum.

All accruals and payables prior to 1 January 2024 are assumed to be paid in the Forecast Year 2024 and the expenses for Forecast Year 2024, excluding staff costs, is expected to be paid within a 30-day credit term granted by the creditors.

(5) Payment to suppliers for lane widening and construction of interchange

The lane widening works for SILK and construction works for Strathairlie Interchange for GCE is forecasted based on the approved construction plan prepared by the Trust Group's in-house engineers based on industry experience with projects that are in the same nature.

(6) Finance costs paid

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
<u>Before Islamic Financing</u>		
Government support loan	(776)	-
Syndicated Islamic financing	(14,516)	-
Tawarruq financing	(14,266)	-
Sukuk Mudharabah	(96,398)	-
<u>After Islamic Financing</u>		
Tawarruq financing facility	-	(128,033)
Total	(125,956)	(128,033)

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

Finance costs for Islamic Financing facility are forecasted based on the payment schedule obtained from BPMB. Below are the assumptions used in the facility:

Instrument	Assumption
Tawarruq financing facility – Term 1	<p>a. EPR of 5.48% calculated based on payment schedule provided by BPMB. The profit is to be payable on a semi-annual basis based on lender's cost of fund + 0.30% per annum, and the balance to be paid in bullet payment at maturity date.</p> <p>b. The first instalment will be on 1 July 2024 based on the payment schedule from BPMB.</p> <p>c. The second instalment will be due on 1 January 2025 but forecasted to be paid on 31 December 2024.</p>
Tawarruq financing facility – Term 2	<p>a. Profit rate of 4.42%, payable on a semi-annual basis based on lender's cost of fund + 0.90% per annum – 1.50% per annum.</p> <p>b. Drawdown of financing is limited to 70.8% of the capital expenditure based on the financing facility agreement and is expected to commence in Forecast Year 2024 based on the approved capital expenditures schedule for lane widening for SILK and construction of Strathairlie Interchange for GCE, which amounts to RM 24.6 million.</p> <p>c. Forecasted finance costs payment was based on the expected drawdown and current EPR. The expected drawdown was based on cash outflows relating to the above capital expenditure and is assumed to be on 30 November 2024.</p>

(7) Trustee-Manager's fees

Base fee is a fixed fee of RM8.0 million per annum, which is subject to increase each year by a such percentage representing the percentage increase (if any) in the Malaysia Composite Consumer Price Index, and payable on a quarterly basis pursuant to the Trust Deed. The Trustee-Manager's fee is forecasted to be charged commencing 1 January 2024. The fees in respect of Forecast Year 2024 is assumed to be paid in cash.

(8) Trust expenses

Trust expenses mainly comprise the periodical statutory audit, external corporate secretary, annual general meeting, and other miscellaneous expenses for the Trust. The expenses will be incurred in Forecast Year 2024, following the establishment of the Trust Group.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(9) Income tax paid

	<u>Unaudited Year 2023</u>	<u>Forecast Year 2024</u>
<u>Concession Companies</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
AKLEH Co	(6,231)	(4,473)
GCE Co	(6,000)	(8,725)
Total	<u>(12,231)</u>	<u>(13,198)</u>

Tax paid is forecasted based on the Malaysian statutory tax rate of 24% after taking into consideration of the allowable expenses, permitted allowances and unutilised business losses of the respective Concession Companies.

LKSA Co and SILK Co will not be paying tax for the assessment years 2023 and 2024 due to the availability of capital allowances to be deducted from the respective entity's projected taxable profits.

(10) Income received from other investments and deposits with licensed banks

Other income is forecasted based on assumed future average deposit placements of approximately RM351.8 million multiplied by actual average profit rate of the year of 3.66% per annum. The average profit rate of 3.66% adopted for the forecast is based on actual average profit rate from the actual fixed deposit for the respective Concession Companies from 1 January 2023 to 31 December 2023.

(11) Payment for highway development expenditure

	<u>Unaudited Year 2023</u>	<u>Forecast Year 2024</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>
Land premiums	(5,536)	-
Other concession assets	(5,492)	(2,200)
Total	<u>(11,028)</u>	<u>(2,200)</u>

Payment for HDE includes land premium and other concession assets.

Land premiums in the Year 2023 comprise payment to Pejabat Tanah Shah Alam for transfer of land ownership under Section 76 of the National Land Code.

Other concession assets comprise projects such as construction works for the design, installation, testing and commissioning of RFID systems at toll plazas in GCE and SILK in the Year 2023 and constructions works for SILK lay-bys in Forecast Year 2024. Other concession assets are forecasted based on the approved capital expenditure plan prepared by the Trust Group's in-house engineer based on prior years' experience on similar projects.

(12) Redemption of other investments

Redemption of other investment relates to proceeds from money market funds that have been redeemed in March 2023.

16. **UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024**
(Cont'd)

(13) Drawdown on financing

	<u>Unaudited Year 2023</u>	<u>Forecast Year 2024</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>
Tawarruq financing facility – Term 1	2,326,319	-
Tawarruq financing facility – Term 2	-	24,578
Total	<u>2,326,319</u>	<u>24,578</u>

For the Year 2023, the Trustee-Manager has drawdown RM2,326.3 million from the Tawarruq financing facility – Term 1 for purposes of payment of the Concession Companies' debts and outstanding balances to related companies, as well as for the payment of fees and expenses relating to the financing.

For Forecast Year 2024, the Trustee-Manager is expected to further drawdown up to RM24.6 million to further fund the capital expenditure in connection with the lane widening works for SILK and construction of Strathairlie Interchange for GCE.

(14) Payment of financing/borrowing and debt refinancing

Payment of financing/borrowings for the years indicated is as set out below:

	<u>Unaudited Year 2023</u>	<u>Forecast Year 2024</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>
Lease liabilities	(41)	-
<u>Before Islamic Financing</u>		
Government support loan	(25,940)	-
Syndicated Islamic financing	(30,000)	-
Tawarruq financing	(15,158)	-
Sukuk Mudharabah	(56,537)	-
<u>After Islamic Financing</u>		
Government support loan	-	-
Syndicated Islamic financing	(242,050)	-
Tawarruq financing	(508,866)	-
Sukuk Mudharabah	(1,452,096)	-
Total	<u>(2,330,688)</u>	<u>-</u>

Prior to Islamic Financing, the payment of financing/borrowings is based on existing payment schedules.

Following the completion of Islamic Financing, the Trust Group's existing financing/borrowings and Sukuk, including accrued finance cost by utilising the Tawarruq financing facility has been paid off in the Year 2023.

There will be no principal payment forecasted in Forecast Year 2024 as the principal payment for the Tawarruq financing facilities secured by the Trust Group from BPMB will only commence on the 10th year from the drawdown date.

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

(15) Issuance expenses incurred

The debt issuance expenses are processing fee for the Islamic Financing amounting to RM6.75 million paid in the Year 2023.

(16) Listing expenses incurred

The estimated listing expenses in relation to the Listing (including expenses for the Pre-IPO Restructuring but excluding expenses related to the Offer for Sale by the Selling Unitholder) of approximately RM10.08 million is forecasted based on the engagement letters entered with the respective advisers and professionals, and other costs expected to be incurred throughout the listing process.

Currently, the expenses were paid by PLKH on behalf of the Trust to respective parties on a milestone basis throughout the Listing process as Prolintas Infra BT has yet to be formed. The amount will be reimbursed from the Trust upon completion of the Listing in Forecast Year 2024.

(17) Distribution paid to Unitholders

Upon Listing, the Trustee-Manager will distribute a total Distribution of RM70.0 million for the FYE 2024. The distribution to the Unitholders will be made on a semi-annual basis. The first distribution payment, which is expected to be paid in September 2024, is expected to amount to RM35.0 million. The remaining RM35.0 million is expected to be paid in FYE 2025.

(18) Refund received for stamp duty exemption

Refund received in Forecast Year 2024 for stamp duty paid in Year 2023 for Pre-IPO Acquisition following exemption granted from the Government. The refund has been received on 19 January 2024.

C. ACCOUNTING STANDARDS

The Trustee-Manager has assumed that there will be no material change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit and Cash Flows Forecast for Forecast Year 2024.

D. OTHER ASSUMPTIONS

The Trustee-Manager has made the following additional assumptions in preparing and the combined Profit and Cash Flows Forecast:

- the asset portfolio of the Trust Group remains unchanged;
- no further capital will be raised during Forecast Year 2024 apart from the above-mentioned;
- the Trust Group will not be required to incur additional material capital and operating expenditure, other than those identified in the Profit and Cash Flows Forecast;
- there will be no change in applicable accounting standards or tax treatment or other financial reporting requirements that may have a material effect on and the Profit and Cash Flows Forecast;

16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

- there will be no material changes in the cost of supplies, inflation rates and profit/interest rates from those currently prevailing in the context of the Trust Group's operations, other than those which are discussed in this section of this document;
- there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies except as otherwise disclosed in this section of the Prospectus;
- there will be no economic crisis, industrial disputes, political changes, wars, military incidents, pandemic diseases or natural disasters or any unforeseeable factors that are beyond the Trust's control, that would have a material impact on the Trust Group's business and operating activities;
- there will be no material changes in the management and business policies currently practiced by the Trust;
- the Trust and the Government will be in compliance at all times with the agreements and arrangements entered into in connection with the Concession Agreements;
- there will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the Trust's activities or the market in which the Trust operates;
- there will be no significant effects on the projections of toll revenue resulting from alternative expressways or alternative forms of transportation in Peninsular Malaysia;
- there will be no significant changes in the terms and conditions of material contracts and agreements, including but not limited to, the Concession Agreements, the Trust Deed and the financing agreements;
- there will be no material contingent liabilities or litigations, which are likely to give rise to any proceedings that may adversely affect the assets, financial position and operations of the Trust Group; and
- there will be no material deviation in actual expenses incurred from the forecasted expenses to be incurred for the Forecast Year 2024.

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16. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOWS FOR YEAR 2023 AND PROFIT AND CASH FLOWS FORECAST FOR FORECAST YEAR 2024
(Cont'd)

16.8 SENSITIVITY ANALYSIS

The sensitivity analysis does not form part of and Profit and Cash Flows Forecast, and is intended only for the purposes as set out below. The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

(i) Traffic volume and total revenue

Changes in the Trust Group's traffic volume will impact its toll collection revenue and consequently, its Distributable Amount to Unitholders. The effect of variations in the Trust Group's traffic volume on its toll collection revenue and Distributable Amount is set out below:

	Forecast Year 2024	Forecast Year 2024
	(RM'000)	(RM'000)
Percent change in traffic volume	+2.50%	-2.50%
Change in toll collection revenue	7,640	(7,640)
Change in Distributable Amount	6,890	(6,890)

(ii) Profit rate and finance costs

Change in profit rate will impact the Trust Group's finance costs to be paid and consequently, its Distributable Amount to Unitholders. The effect of variations in the profit rate of the Trust Group on its finance costs to be paid and Distributable Amount is set out below:

	Forecast Year 2024	Forecast Year 2024
	(RM'000)	(RM'000)
Percent change in profit rate	+0.25%	-0.25%
Change in finance costs to be paid	5,816	(5,816)
Change in Distributable Amount	5,493	(5,493)

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PROLINTAS PRIME GROUP

Combined Financial Statements for 31 December 2020, 31
December 2021, 31 December 2022 and 30 September
2023

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

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The Board of Directors of
Prolintas Managers Sdn Bhd ("Trustee-Manager")
12th Floor, Menara PNB
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50400 Kuala Lumpur.

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Prolintas Infra Business Trust ("the Trust")

Opinion

We have audited the accompanying combined financial statements of Projek Lintasan Kota Sdn. Bhd., Prolintas Expressway Sdn. Bhd., Projek Lintasan Shah Alam Sdn. Bhd., Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. and Manfaat Tetap Sdn. Bhd. (collectively referred to as "Prolintas Prime Group" or "the Group"), which comprises the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the financial period ended 30 September 2023, and notes to the combined financial statements of the aforementioned financial years/period, including a summary of significant accounting policies, as set out in pages 10 to 83.

The historical combined financial statements of the Group have been prepared for purposes of inclusion in the prospectus of Prolintas Infra Business Trust in connection with the initial public offering ("IPO") and the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Paragraph 17.01 of Chapter 17, Part II Division 4: Business Trust of the Prospectus Guidelines and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023 and of its financial performance and its cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the 9 months financial period ended 30 September 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and paragraph 17.09 of Chapter 17, Part II Division 4: Business Trust of the Prospectus Guidelines as issued by the Securities Commission ("SC").



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 Reporting Accountants' Responsibilities for the Audit of the Combined 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 opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Board for Accountants' Code of Ethics for Professional body ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' Responsibilities for the Combined Financial Statements

The directors of the Trustee-Manager ("the directors") are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 combined financial statements.



Reporting Accountants' Responsibilities for the Audit of Combined 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 combined financial statements of the Group, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the Combined Financial Statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Other Reporting Responsibility

In accordance with paragraph 17.09 of Chapter 17, Part II Division 4: Business Trust of the Prospectus Guidelines as issued by the SC, we report that the significant subsequent events identified by the Group since 30 September 2023, the reporting date of the most recent audited combined financial statements to the date of this report, are as disclosed in Note 31 to the combined financial statements.

Other matters

The combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the 9 months financial period ended 30 September 2022 and the other explanatory information for the financial period 30 September 2022 (collectively referred to as "Comparative Financial Information") are not audited. We are not required and accordingly were not engaged to report on the unaudited Comparative Financial Information. Our above opinion does not cover the Comparative Financial Information.

Restriction on distribution and use

This report is made solely for Prolintas Managers Sdn Bhd for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 02607/12/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
9 February 2024

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

Combined statements of comprehensive income

For the financial period ended 30 September 2023 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020

		Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Revenue	5, 6	228,570,226	285,314,645	384,161,369	365,799,666	394,371,726
Construction cost	6	(2,231,035)	(1,941,304)	(3,463,728)	(23,897,045)	(4,320,099)
Other income	7	8,037,309	6,598,560	9,212,917	6,861,130	10,152,424
Staff costs	8	(4,420,843)	(5,068,692)	(6,682,051)	(7,343,042)	(6,703,782)
Amortisation of highway development expenditure	12	(32,863,364)	(113,128,071)	(149,945,521)	(103,842,244)	(121,151,143)
Impairment loss on highway development expenditure	12	(124,243,785)	-	-	-	(56,003,851)
Other operating expenses		(50,997,898)	(62,032,073)	(87,114,472)	(64,785,455)	(62,995,503)
Profit from operations		21,850,610	109,743,065	146,168,514	172,793,010	153,349,772
Finance costs	9	(107,450,008)	(110,896,255)	(150,500,815)	(146,765,246)	(146,650,737)
(Loss)/Profit before tax	10	(85,599,398)	(1,153,190)	(4,332,301)	26,027,764	6,699,035
Income tax (expenses) /credit	11	(171,351,800)	(8,444,764)	(9,228,200)	113,936,956	744,889
Loss for the financial period/year, representing total comprehensive (loss)/income for the financial period/ year		(256,951,198)	(9,597,954)	(13,560,501)	139,964,720	7,443,924
Attributable to:						
Equity holder of the Group		(241,253,061)	(7,941,985)	(11,282,798)	142,648,648	9,934,164
Non-controlling interests		(15,698,137)	(1,655,969)	(2,277,703)	(2,683,928)	(2,490,240)
		(256,951,198)	(9,597,954)	(13,560,501)	139,964,720	7,443,924
(Loss)/earnings per unit of (loss)/profit attributable to equity holder of the Group *		N/A	N/A	N/A	N/A	N/A

* As the financial information had been prepared on a combined basis and the business trust has yet to be established as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023, it is not possible to measure a meaningful (loss)/earnings per unit. Accordingly, the earnings per share is not available.

The accompanying accounting policies and explanatory information form an integral part of the combined financial statements.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

Combined statements of financial position

As at 30 September 2023, 31 December 2022, 31 December 2021 and 31 December 2020

Note	Audited 30.09.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM	
Assets					
Non-current assets					
Highway development expenditure	12	2,342,108,910	2,509,499,296	2,660,890,421	2,768,764,629
Biological assets		-	1,509,788	1,509,788	1,509,788
Deferred tax assets	13	37,175,607	214,895,931	209,363,471	84,548,884
Prepayments	14	7,969,849	8,482,196	9,165,326	9,848,456
		<u>2,387,254,366</u>	<u>2,734,387,211</u>	<u>2,880,929,006</u>	<u>2,864,671,757</u>
Current assets					
Trade and other receivables	14	68,757,987	186,759,326	237,126,373	167,264,639
Tax recoverable		27,437	2,129,708	88,643	305,290
Other investments	15	6,653	36,984,756	20,987,835	111,237,788
Deposits, cash and bank balances	16	348,469,273	315,382,255	251,793,288	237,011,435
		<u>417,261,350</u>	<u>541,256,045</u>	<u>509,996,139</u>	<u>515,819,152</u>
Total assets		<u>2,804,515,716</u>	<u>3,275,643,256</u>	<u>3,390,925,145</u>	<u>3,380,490,909</u>
Equity and liabilities					
Equity reserve	17	708,182,059	708,182,059	708,182,059	708,182,059
Accumulated losses		(673,068,671)	(431,815,610)	(397,132,812)	(512,781,460)
		<u>35,113,388</u>	<u>276,366,449</u>	<u>311,049,247</u>	<u>195,400,599</u>
Non-controlling interests		(48,700,589)	(33,002,452)	(30,724,749)	(28,040,821)
Total equity		<u>(13,587,201)</u>	<u>243,363,997</u>	<u>280,324,498</u>	<u>167,359,778</u>
Non-current liabilities					
Deferred income	18	109,117,248	104,308,912	125,391,069	140,009,746
Borrowings	19	1,444,276,379	1,517,863,651	1,631,949,616	1,765,656,441
Provisions	20	298,186,272	189,752,295	302,713,452	354,771,801
Accrued finance cost on Sukuk Mudharabah		622,308,076	641,245,468	586,282,682	557,748,319
Deferred liabilities	22	5,735,339	6,073,598	6,524,658	6,975,621
Deferred tax liabilities	13	64,630,712	83,823,755	79,344,589	69,861,520
		<u>2,544,254,026</u>	<u>2,543,067,679</u>	<u>2,732,206,066</u>	<u>2,895,023,448</u>
Current liabilities					
Deferred income	18	7,269,646	17,649,205	14,611,404	10,315,162
Borrowings	19	90,915,662	131,485,085	121,289,878	99,463,323
Provisions	20	28,991,387	174,805,471	80,837,020	44,543,375
Trade and other payables	21	132,432,199	138,729,941	126,973,423	114,744,623
Accrued finance cost on Sukuk Mudharabah		11,041,876	24,757,843	34,231,893	48,590,193
Deferred liabilities	22	451,011	451,011	450,963	451,007
Provision for tax		2,747,110	1,333,024	-	-
		<u>273,848,891</u>	<u>489,211,580</u>	<u>378,394,581</u>	<u>318,107,683</u>
Total liabilities		<u>2,818,102,917</u>	<u>3,032,279,259</u>	<u>3,110,600,647</u>	<u>3,213,131,131</u>
Total equity and liabilities		<u>2,804,515,716</u>	<u>3,275,643,256</u>	<u>3,390,925,145</u>	<u>3,380,490,909</u>

The accompanying accounting policies and explanatory information form an integral part of the combined financial statements.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

Combined statements of changes in equity

For the financial period ended 30 September 2023 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020

	Equity reserve RM (Note 17)	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
Audited					
At 1 January 2020	708,182,059	(522,715,624)	185,466,435	(25,550,581)	159,915,854
Total comprehensive income for the financial year	-	9,934,164	9,934,164	(2,490,240)	7,443,924
At 31 December 2020/at 1 January 2021	708,182,059	(512,781,460)	195,400,599	(28,040,821)	167,359,778
Total comprehensive income for the financial year	-	142,648,648	142,648,648	(2,683,928)	139,964,720
	708,182,059	(370,132,812)	338,049,247	(30,724,749)	307,324,498
Transaction with owners					
Dividend paid to controlling shareholder (Note 24), represent, total transaction with owners	-	(27,000,000)	(27,000,000)	-	(27,000,000)
At 31 December 2021/at 1 January 2022	708,182,059	(397,132,812)	311,049,247	(30,724,749)	280,324,498
Total comprehensive loss for the financial year	-	(11,282,798)	(11,282,798)	(2,277,703)	(13,560,501)
	708,182,059	(408,415,610)	299,766,449	(33,002,452)	266,763,997
Transaction with owners					
Distribution paid to controlling shareholder (Note 24), represent, total transaction with owners	-	(23,400,000)	(23,400,000)	-	(23,400,000)
At 31 December 2022/at 1 January 2023	708,182,059	(431,815,610)	276,366,449	(33,002,452)	243,363,997
Total comprehensive loss for the financial period	-	(241,253,061)	(241,253,061)	(15,698,137)	(256,951,198)
At 30 September 2023	708,182,059	(673,068,671)	35,113,388	(48,700,589)	(13,587,201)
Unaudited					
At 31 December 2021/at 1 January 2022	708,182,059	(397,132,812)	311,049,247	(30,724,749)	280,324,498
Total comprehensive loss for the financial year	-	(7,941,985)	(7,941,985)	(1,655,969)	(9,597,954)
	708,182,059	(405,074,797)	303,107,262	(32,380,718)	270,726,544
Transaction with owners					
Distribution paid to controlling shareholder (Note 24), represent, total transaction with owners	-	(23,400,000)	(23,400,000)	-	(23,400,000)
At 30 September 2022	708,182,059	(428,474,797)	279,707,262	(32,380,718)	247,326,544

The accompanying accounting policies and explanatory information form an integral part of the combined financial statements.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

Combined statements of cash flows

For the financial period ended 30 September 2023 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Cash flows from operating activities					
Cash receipts from toll collection	214,426,153	222,683,900	294,644,035	209,192,265	230,705,751
Receipts from expressway ancillary facilities	843,462	1,147,234	1,855,371	1,588,383	1,859,462
Government compensation received	100,456,312	147,714,122	147,714,120	50,054,477	29,037,266
Payments to suppliers, contractors, employees, controlling shareholder, related companies and for other operating expenses	(102,026,635)	(77,298,260)	(105,748,205)	(58,947,251)	(75,765,634)
Finance cost paid	(125,694,113)	(74,325,339)	(91,204,869)	(120,206,293)	(137,469,128)
Income tax paid	(9,308,162)	(3,512,688)	(12,046,779)	(1,177,915)	(1,705,661)
Income tax refunded	-	42,792	1,057,245	-	-
Net cash generated from operating activities	<u>78,697,017</u>	<u>216,451,761</u>	<u>236,270,918</u>	<u>80,503,666</u>	<u>46,662,056</u>
Cash flows from investing activities					
Income received from other investments and deposits with licensed banks	7,580,417	5,099,621	8,801,201	6,777,901	11,055,582
Payment for highway development expenditure	(9,462,746)	(2,294,210)	(3,437,908)	(24,050,036)	(4,320,099)
Proceeds from redemption/(additional placement) of other investments	36,978,103	(15,721,650)	(15,962,562)	91,278,511	(105,425,320)
Changes in fixed deposits with maturity of more than 3 months and amounts pledged as security for bank guarantee	(57,331,686)	113,019,695	149,111,400	(28,418,771)	124,433,288
Advances recovered from/(provided to) immediate holdings company	<u>34,000,000</u>	<u>(34,000,000)</u>	<u>(34,000,000)</u>	<u>-</u>	<u>-</u>
Net cash generated from investing activities	<u>11,764,088</u>	<u>66,103,456</u>	<u>104,512,131</u>	<u>45,587,605</u>	<u>25,743,451</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

Combined statements of cash flows (cont'd.)

For the financial period ended 30 September 2023 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Cash flows from financing activities					
Payment of principal portion of lease liabilities	(41,022)	(110,602)	(168,936)	(208,663)	(271,844)
Repayment of borrowings	(114,664,751)	(77,034,434)	(104,513,746)	(112,519,526)	(139,059,344)
Dividend paid	-	(23,400,000)	(23,400,000)	(27,000,000)	-
Net cash used in financing activities	<u>(114,705,773)</u>	<u>(100,545,036)</u>	<u>(128,082,682)</u>	<u>(139,728,189)</u>	<u>(139,331,188)</u>
Net (decrease)/increase in cash and cash equivalents	(24,244,668)	182,010,181	212,700,367	(13,636,918)	(66,925,681)
Cash and cash equivalents at beginning of period/year	<u>312,882,255</u>	<u>100,181,888</u>	<u>100,181,888</u>	<u>113,818,806</u>	<u>180,744,487</u>
Cash and cash equivalents at end of period/year	<u>288,637,587</u>	<u>282,192,069</u>	<u>312,882,255</u>	<u>100,181,888</u>	<u>113,818,806</u>

The accompanying accounting policies and explanatory information form an integral part of the combined financial statements.

PROLINTAS PRIME GROUP

Notes to the combined financial statements

For the financial period ended 30 September 2023 and financial years ended 31 December 2022, 31 December 2021 and 31 December 2020

1. General information

Projek Lintasan Kota Holdings Sdn. Bhd. ("Prolintas" or "controlling shareholder") is planning for an initial public offering on the Main Market of Bursa Malaysia Securities Berhad via establishment of business trust that will legally acquire five of its subsidiaries ("Prolintas Prime Group" or the "Group").

The Group consists of the following subsidiaries of Prolintas:

- Projek Lintasan Kota Sdn. Bhd. which is a wholly-owned subsidiary of Prolintas;
- Prolintas Expressway Sdn. Bhd. which is a wholly-owned subsidiary of Prolintas;
- Projek Lintasan Shah Alam Sdn Bhd which is a 90% owned subsidiary of Prolintas;
- Sistem Lingkaran – Lebuhraya Kajang Sdn. Bhd. which is a wholly-owned subsidiary of Prolintas; and
- Manfaat Tetap Sdn. Bhd. (a wholly-owned subsidiary of Sistem Lingkaran – Lebuhraya Kajang Sdn. Bhd.)

These entities are included in full and no segments, branches, divisions or other units are excluded from the combined financial statements of the Group.

The principal activities of the Group is to undertake the construction, operations, maintenance and toll collection of the Ampang Kuala Lumpur Elevated Highway, Guthrie Corridor Expressway, Lebuhraya Kemuning Shah Alam and Sistem Lingkaran-Lebuhraya Kajang.

Related companies refer to subsidiaries of Prolintas excluding entities included in Prolintas Prime Group. Information on related party transactions are disclosed in Note 25.

The combined financial statements for the financial period ended 30 September 2023 and financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 were authorised for issue in accordance with a resolution of the board of directors of Prolintas Managers Sdn Bhd, being the trustee-manager, on 9 February 2024.

2. Concession agreements

2.1 Ampang Kuala Lumpur Elevated Highway ("AKLEH")

The Government of Malaysia ("the Government") and Projek Lintasan Kota Sdn. Bhd. ("PLKSB") entered into a concession agreement ("CA") dated 16 May 1996 in connection with the AKLEH project, for a concession period of 33 years, ending 16 May 2029.

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.1 Ampang Kuala Lumpur Elevated Highway ("AKLEH") (cont'd.)

In 2001, PLKSB agreed to a reduction in the toll rate structure stipulated in the above concession agreement. In consideration of that, the Government agreed to pay cash compensation amounting to RM290,890,000 to PLKSB. The cash compensation has been paid in stages, in concession years 2001 to 2003 and is amortised in accordance with the policy set as in Note 3.4(m) below.

On 31 December 2008, PLKSB entered into a Supplemental Concession Agreement ("SCA") with the Government, whereby the toll rate structure was revised and toll revenue sharing arrangements were established. Following the toll rate structure revision, the Government has sharing rights in the toll revenue collection in the ratio of 50:50 with PLKSB if the total traffic exceeds a determined level stipulated in the agreement. This supplemental agreement was retrospective to the concession year 2001.

In the event that the Government imposes a toll rate which is lower than the toll rates stated in the SCA for any concession year, the SCA provides that the amount of further compensation arising will be paid in full.

For the concession years 2022, 2021 and 2020, the Government has imposed toll rates which are lower than the toll rates stated in the SCA. As a result, further toll compensation for amounting to RM28,434,209 (2021:RM8,967,797; 2020: RM10,764,984) has been recorded in the combined financial statement.

On 12 October 2022, PLKSB entered into a Supplemental Concession Agreement ("SCA") with the Government of Malaysia. Pursuant to the SCA, the parties agreed to revise the toll rate structure and extend the concession period for a further period of eight (8) years commencing from 16 May 2029 until 15 May 2037 ("Extended Concession Period"). There is no more toll compensation from 1 January 2023 onward as there has been no revision in toll rates imposed by the Government except for the toll compensation recognised for the toll free period during the festive season. The SCA included conditions precedent as disclosed in Note 2.5 which have to be fulfilled within 12 months from the date of agreement. As at 30 September 2023, the conditions precedent have not been fulfilled by PLKSB. Pursuant to the events disclosed in Note 31(i), (ii) and (iii), the SCA became effective on 9 January 2024.

2.2 Guthrie Corridor Expressway ("GCE")

The Government and Prolintas Expressway Sdn. Bhd. ("PESB") entered into a concession agreement dated 18 July 2000 in connection with the GCE project, for a concession period of 35 years, ending 31 May 2036.

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.2 Guthrie Corridor Expressway ("GCE") (cont'd.)

In the event that the Government imposes a toll rate which is lower than the toll rates stated in the concession agreement for any concession year, the concession agreement provides that the amount of compensation arising will be paid in full.

For the concession years 2022, 2021 and 2020, the Government has imposed toll rates which are lower than the toll rates stated in the SCA. As a result, further toll compensation for amounting to RM20,586,984 (2021: RM43,484,725; 2020: RM54,613,930) has been recorded in the combined financial statement.

On 12 October 2022, PESB entered into a Supplemental Concession Agreement ("SCA") with the Government of Malaysia. Pursuant to the SCA, the parties agreed to revise the toll rate structure and extend the concession period for a further period of twenty-six (26) years from commencing from 31 May 2036 until 31 May 2062 ("Extended Concession Period"). There is no more toll compensation from 1 January 2023 onward as there has been no revision in toll rates imposed by the Government except for the toll compensation recognised for the toll free period during the festive season. The SCA included conditions precedent as disclosed in Note 2.5 which have to be fulfilled within 12 months from the date of agreement. As at 30 September 2023, the conditions precedent have not been fulfilled by PESB. Pursuant to the events disclosed in Note 31(i), (ii) and (iii), the SCA became effective on 9 January 2024.

2.3 Lebuhraya Kemuning Shah Alam ("LKSA")

The Government and Projek Lintasan Shah Alam Sdn. Bhd. ("PLSASB") entered into a concession agreement dated 27 November 2006 in connection with the LKSA project, for a concession period of 40 years, ending 31 July 2047.

In the event that the Government imposes a toll rate which is lower than the toll rates stated in the concession agreement for any concession year, the concession agreement provides that the amount of compensation arising will be paid in full.

For the concession years 2022, 2021 and 2020, the Government has imposed toll rates which are lower than the toll rates stated in the SCA. As a result, further toll compensation for amounting to RM15,879,995 (2021: RM11,872,886; 2020: RM12,035,141) has been recorded in the combined financial statement.

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.3 Lebuhraya Kemuning Shah Alam ("LKSA") (cont'd.)

On 12 October 2022, PLSASB entered into a Supplemental Concession Agreement ("SCA") with the Government of Malaysia. Pursuant to the SCA, the parties agreed to revise the toll rate structure and extend the concession period for a further period of fifteen (15) years commencing from 1 August 2047 until 31 May 2062 ("Extended Concession Period"). There is no more toll compensation from 1 January 2023 onward as there has been no revision in toll rates imposed by the Government except for the toll compensation recognised for the toll free period during the festive season. The SCA included conditions precedent as disclosed in Note 2.5 which have to be fulfilled within 12 months from the date of agreement. As at 30 September 2023, the conditions precedent have not been fulfilled by PLSASB. Pursuant to the events disclosed in Note 31(i), (ii) and (iii), the SCA became effective on 9 January 2024.

2.4 Sistem Lingkaran-Lebuhraya Kajang ("SILK")

On 2 May 2017, Prolintas completed the acquisition of Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. ("SLKSB").

The Government and SLKSB entered into a concession agreement dated 8 October 1997 in connection with the privatisation of the Kajang Traffic Dispersal Ring Road, for a concession period of 33 years, ending 8 October 2030.

On 1 August 2001, SLKSB entered into a Supplemental Concession Agreement ("SCA") with the Government whereby the concession period was extended from 33 years to 36 years.

In the event that the Government imposes a toll rate which is lower than the toll rates stated in the SCA for any concession year, the SCA provides that the amount of further compensation arising will be paid in full.

For the concession years 2022, 2021 and 2020, the Government has imposed toll rates which are lower than the toll rates stated in the SCA. As a result, further toll compensation for amounting to RM 728,256 (2021: RM56,574,403; 2020: RM69,457,339) has been recorded in the combined financial statements.

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.4 Sistem Lingkaran-Lebuhraya Kajang ("SILK") (cont'd.)

On 12 October 2022, SLKSB entered into a Supplemental Concession Agreement ("SCA") with the Government of Malaysia. Pursuant to the SCA, the parties agreed to revise the toll rate structure and extend the concession period for a further period of twenty-five (25) years commencing from 1 August 2037 until 31 May 2062 ("Extended Concession Period"). There is no more toll compensation from 1 January 2023 onward as there has been no revision in toll rates imposed by the Government except for the toll compensation recognised for the toll free period during the festive season. The SCA included conditions precedent as disclosed in Note 2.5 which have to be fulfilled within 12 months from the date of agreement. As at 30 September 2023, the conditions precedent have not been fulfilled by SLKSB. Pursuant to the events disclosed in Note 31(i), (ii) and (iii), the SCA became effective on 9 January 2024.

Collectively, PLKSB, PESB, PLSASB and SLKSB are referred to as Concession Companies.

2.5 Conditions precedent

- (a) The SCA is conditional upon the respective concession company having obtained final approval from the Government confirming that the conditions precedent have been fulfilled within 12 months from the date of the agreement. The conditions precedent set out in the SCA are as per below:
- (a) the registration of the Business Trust pursuant to subsection 256K(2) of the Capital Markets Services Act 2007 [Act 671] has been obtained;
 - (b) the Trustee-Manager has obtained a Capital Markets Services Licence for carrying out the fund management business pursuant to section 58 of the Capital Markets Services Act 2007 [Act 671];
 - (c) the Company has notified the Government in writing of the execution of the Trust Deed;
 - (d) the approval of the existing Lenders for the early redemption and full repayment of the existing credit facilities of the Company which have outstanding drawdown amounts has been obtained;
 - (e) the Shares Sale and Purchase Agreement (hereinafter referred to as "SPA") between the Trustee-Manager and the existing shareholders of the Company has been executed; and

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.5 Conditions precedent (cont'd.)

- (a) The SCA is conditional upon the respective concession company having obtained final approval from the Government confirming that the conditions precedent have been fulfilled within 12 months from the date of the agreement. The conditions precedent set out in the SCA are as per below: (cont'd.)
- (f) the Company has provided to the Government the following Letters of Undertaking:
- (i) Letter of Undertaking from Projek Lintasan Kota Holdings Sdn Bhd to the Government pursuant to which Projek Lintasan Kota Holdings Sdn. Bhd. undertakes:
- (a) to maintain 100% shareholding in Prolintas Managers Sdn Bhd ("PMSB") at all times; and
- (b) that Projek Lintasan Kota Holdings Sdn Bhd, Permodalan Nasional Berhad, and any unit trust managed by Permodalan Nasional Berhad and/or its subsidiary shall maintain at least 25% unit holdings in the Business Trust at all times;
- for so long as the Principal Agreement is in force;
- (ii) Letter of Undertaking from the Company to the Government that it shall fully settle all its existing debt upon issuance of the new debt by or on behalf of the Business Trust; and
- (iii) Letter of Undertaking from Prolintas Managers Sdn Bhd to the Government that it shall ensure that all the highway concession subsidiaries of the Business Trust shall fully settle their existing debt upon issuance of the new debt by or on behalf of the Business Trust, and shall ensure that the proceeds from toll collection will be prioritised for the operating and maintenance cost, scheduled capital expenditures and repayment of Sukuk and other related loans of all the highways before considering and dividend payment.

PROLINTAS PRIME GROUP

2. Concession agreements (cont'd.)

2.5 Conditions precedent (cont'd.)

- (b) As at 30 September 2023, the conditions precedent have not been fulfilled by respective Concession Companies.

Whilst the conditions precedent have not be fulfilled by the Concession Companies as at 30 September 2023, the following provisions in the SCA have been put into effect:

- (a) The new scheduled toll rates per the SCA have been gazetted on 20 October 2022 ("Gazetted Toll Rates");
- (b) The Concession Companies are only entitled to compensation for the differential between the Gazetted Toll Rates and toll rates stipulated in the original concession agreement ("Differential Rates") from 20 October 2022 to 31 December 2022; and
- (c) With effect from 1 January 2023, the Concession Companies were no longer entitled to compensation from the Government on Differential Rates.

(hereinafter referred to as "Specified Provisions in the SCA").

Accordingly, the management has amortised its highway development expenditure based on the Extended Concession Period starting from 1 January 2023.

Pursuant to the events disclosed in Note 31(i), (ii) and (iii), the SCA of respective Concession Companies became effective on 9 January 2024.

3. Summary of accounting policies

3.1 Basis of preparation for the general purpose combined financial statements

The Group's combined financial statements for the financial period ended 30 September 2023 and financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and have been prepared based on historical financial information.

All the entities included in the Group have been under the common control of Projek Lintasan Kota Holdings Sdn. Bhd. and its subsidiaries ("Prolintas Group") for the financial period ended 30 September 2023 and financial years ended 31 December 2022, 31 December 2021 and 31 December 2020.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.1 Basis of preparation for the general purpose combined financial statements (cont'd.)

The combined financial statements have been prepared by carving out the financial information relating to the Prolintas Prime Group from the consolidated financial statements of Prolintas Group. The consolidated financial statements of Prolintas Group have been prepared in accordance with MFRS and IFRS. The goodwill and other intangibles recognised on Prolintas Group's consolidated statement of financial position arising from Prolintas Group's acquisition of the entities consisting the Prolintas Prime Group have been allocated or "pushed-down" to the Group. In addition, the entities included in the Group have been operating independently on their own and the significant related party transactions are charged on an arm's length basis, accordingly, the recognition and measurement in the combined financial statements in relation to these expenses would be consistent with the amount charged in the individual financial statements of the entities.

The combined financial statements of Prolintas Prime Group have been prepared as if Prolintas Prime Group has operated as a single economic entity throughout financial period ended 30 September 2023 and financial years ended 31 December 2022, 31 December 2021 and 31 December 2020, and have been prepared from the books and records maintained by each entity.

In preparing the combined financial statements of the Group, balances, transactions and unrealised gains or losses on transactions between the entities within the Group were eliminated in full in accordance with the consolidation principles of MFRS 10: Consolidated Financial Statements.

The financial information as presented in the combined financial statements may not correspond the consolidated financial statements of the Group after incorporating the proposed pre-IPO restructuring exercise and the initial public offering of the Group. The combined financial statements presented do not necessarily give an accurate picture of the Group's results of operations, financial position, changes in equity and cash flows in the future, nor what these would have been had the entities operated as a standalone separate legal group.

The combined financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below. The combined financial statements are presented in Ringgit Malaysia ("RM").

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.1 Basis of preparation for the general purpose combined financial statements (cont'd.)

The group is in a negative equity fund of RM13,587,201 as at 30 September 2023. However, after Pre-IPO restructuring and upon formation of Prolintas Infra Business Trust, Prolintas Infra Business Trust and its subsidiaries ("Prolintas Infra BT Group") will prepare consolidated financial statements and is expected to report a positive equity fund mainly attributable to certain highway development expenditures that will be reflected at fair value as per the requirements of MFRS 3 Business Combinations.

The Group also incurred net loss of RM256,951,198 for the year ended 31 December 2023. Notwithstanding that, the directors have prepared the combined financial statements of the Group on a going concern basis given the following:

1. The Group has on 21 December 2023 refinanced and restructured its existing borrowings and has obtained additional facility to meet its identified capital expenditure as disclosed in Note 31(ii); and
2. The directors believe that the Group is able to generate sufficient cash flows from its operations to meet their obligations when it falls due.

3.2 Adoption of new and amended MFRSs, interpretations and annual improvements

The Group has adopted the followings new and amended MFRSs, interpretations and annual improvements that became effective during the periods presented (1 January 2020 - 30 Septemeber 2023) in the same manner that they were adopted by Prolintas Group.

Description	Effective for annual periods beginning on or after
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Conceptual Framework: Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Covid-19-Related Rent Concessions (Amendments to MFRS 16 Leases)	1 June 2020
Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.2 Adoption of new and amended MFRSs, interpretations and annual improvements (cont'd.)

Description	Effective for annual periods beginning on or after
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16 Leases)	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020 Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combination)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Initial Application of MFRS 17 and MFRS 9 — Comparative Information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112)	1 January 2023

The adoption of the above new and amended MFRSs, interpretations and annual improvements did not have any significant effect on the combined financial statements of the Group.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's combined financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Lease liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Disclosures: Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7)	1 January 2024
Lack of exchangeability (Amendments to MFRS 121)	1 January 2025
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of the opinion that the new standard and interpretations above would not have any material impact on the combined financial statements in the year of initial application.

3.4 Accounting policies

(a) Basis of consolidation

Control is achieved when a parent entity within the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the parent entity controls an investee if, and only if, the parent entity has:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the parent entity has less than a majority of the voting or similar rights of an investee, the parent entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the parent entity's voting rights and potential voting rights.

The parent entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the parent entity obtains control over the subsidiary and ceases when the parent entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the combined financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the parent entity and subsidiaries are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the parent entity loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When a parent entity acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(b) Business combinations (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income ("OCI"). If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the parent entity reassesses whether it has correctly identified all of assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

(c) Transactions with non-controlling interests

Non-controlling interests represent the equity in the Group not attributable, directly or indirectly, to controlling shareholder of the Group, and is presented separately in the combined statements of comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to controlling shareholder of the Group.

(d) Highway development expenditure and other concession assets

(i) Highway development expenditure ("HDE")

A substantial portion of the Group's assets are used within the framework of concession agreements granted by the Government ("the Grantor"). These assets are classified as highway development expenditures.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(d) Highway development expenditure and other concession assets (cont'd.)

(i) Highway development expenditure ("HDE") (cont'd.)

In order to fall within the scope of IC Interpretation 12 Service Concession Arrangements ("IC 12"), a concession agreement must satisfy the following criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Such assets are not recognised by the Group as plant and equipment but as concession intangible asset. The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided contractual guarantee in respect of the amount recoverable.

The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

Under the intangible asset model, revenue includes revenue from the construction of the infrastructure/asset and revenue derived from the operation and maintenance of the infrastructure.

Highway development expenditure comprise construction, development and upgrading expenditure incurred in relation to the concession highways and bridge (including finance costs relating to the financing of the development of the highways and bridge).

Highway development expenditure is stated at cost less amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(f).

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(d) Highway development expenditure and other concession assets (cont'd.)

(i) Highway development expenditure ("HDE") (cont'd.)

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume over} \\ \text{remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \left[\begin{array}{l} \text{(Opening net book value} \\ \text{+ Additions} \\ \text{during the year)} \end{array} \right]$$

Periodic traffic studies are performed by an independent traffic consultant in order to support the estimated total gross traffic volume for the forecasted future years up to expiry of the concession period.

(ii) Other concession assets

Other concession assets comprise toll equipment, video surveillance equipment, telecommunications network, toll operation computer hardware and software and other assets at the toll plazas are stated at cost less accumulated amortisation and any impairment in value. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4(f).

The other concession assets are amortised on the same basis as highway development expenditure which is based on traffic volume throughout the concession period.

(e) Biological assets

The expenditure on new planting of a different produce crop incurred up to the time of maturity is capitalised. Plantation development expenditure is not amortised. Biological assets are measured at fair value less costs to sell. Any gain or losses arising from changes in fair value less costs to sell are recognised in profit or loss.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(g) Financial assets

Financial assets are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets with the exception of trade receivables without significant financing component are measured initially at fair value plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs. Trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs of financial assets carried at FVTPL are expensed off in profit or loss.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, Fair Value Through Other Comprehensive Income ("FVOCI") or FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group'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.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(g) Financial assets (cont'd.)

(i) Financial assets at amortised cost (cont'd)

Financial assets are subsequently measured at amortised cost using the effective profit/interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if they meet both of the following conditions and are not designated as at FVTPL:

- The financial assets are held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt instruments at FVOCI are measured at fair value.

Finance income, foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss. Other net fair value changes are recognised in other comprehensive income. Fair value changes accumulated in other comprehensive income are recycled to profit or loss when the asset is derecognised.

Equity instruments

Upon initial recognition of equity investments that are not held for trading, the Group may irrevocably elect to classify equity investments that are not held for trading as equity instruments designated at FVOCI and to present subsequent changes in the fair value in other comprehensive income. This election is made on an investment-by-investment basis.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(g) Financial assets (cont'd.)

(ii) Financial assets at FVOCI (cont'd.)

Equity instruments (cont'd.)

Subsequent to initial recognition, equity instruments at FVOCI are measured at fair value.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment in which case, such gains are recorded in other comprehensive income. Other net gains and losses are recognised in other comprehensive income and are never recycled to profit or loss when the asset is derecognised. Equity investments designated at FVOCI are not subject to impairment assessment.

(iii) Financial assets at FVTPL

Financial assets are classified and measured at FVTPL if they are not classified and measured at amortised cost or FVOCI or are designated as such upon initial recognition. This includes all derivative financial assets. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Dividend income, profit/interest income and any gains or losses arising from changes in fair value are recognised in profit or loss, except for changes in fair value on derivatives that qualify for hedge accounting.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(g) Financial assets (cont'd.)

(iii) Financial assets at FVTPL (cont'd.)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liabilities as at FVTPL.

(ii) Other financial liabilities

The Group's other financial liabilities include trade and other payables and borrowings.

Trade and other payables and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit/interest rate method.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(h) Financial liabilities (cont'd.)

(ii) Other financial liabilities (cont'd.)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the receivables and settle the payables simultaneously.

(j) Impairment of financial assets

The Group recognises loss allowances for Expected Credit Loss ("ECL") on financial assets measured at amortised cost and debt investments measured at FVOCI.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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.

For trade and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and the economic environment.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(j) Impairment of financial assets (cont'd.)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with licensed banks which have a maturity period of three months or less which are subject to an insignificant risks of changes in value.

(l) Provisions

Provisions are recognised when the Group 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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.

(m) Deferred toll compensation income

As disclosed in Note 2.1 above, the Group received toll compensation in advance and agreed to a reduction in the toll rate structure originally stipulated in the AKLEH concession agreement.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(m) Deferred toll compensation income (cont'd.)

As this toll compensation is received in advance for the entire concession period, it is recognised in the combined financial statements as deferred income. The deferred income is recognised as revenue in each concession year when the conditions imposed by the Government have been fulfilled in the respective financial year and the amount that is receivable can be measured reliably in accordance with the following formula, as below:

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume over} \\ \text{remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \left[\begin{array}{l} \text{Opening carrying} \\ \text{amount of} \\ \text{deferred income} \end{array} \right]$$

Where the actual toll revenue exceed the forecast toll revenue, the excess of the revenue shall be utilised by the Group for the purpose of repayment or prepayment of all and any indebtedness (including principal, interest and accumulated interest) arising out of or in connection with all loans, advances and facilities obtained for the highway. As soon as the indebtedness has been fully paid, the excess of the revenue will be shared equally between the Group and the Government.

The deferred toll compensation income are amortised on the same basis as highway development expenditure which is based on traffic volume throughout the concession period.

(n) Sukuk Ijarah and Mudharabah

Sukuk Ijarah and Mudharabah are securities issued in accordance with Islamic finance concepts. Under the Sukuk Ijarah, the Group will sell certain assets and repurchase them back at an agreed rental fee after a predetermined lease period upon the 'aqad'. Sukuk Mudharabah is a contract of partnership in a venture and profit will be on distributed based on the pre-agreed profit sharing ratio.

The securities are accounted for as debt instruments and are initially stated at cost, being the fair value of the consideration received. After initial recognition, profit elements for Sukuk Mudharabah and rental fees for Sukuk Ijarah are recognised as an expense and accreted to the principal amount at the effective profit rate based on the expected amounts and timing of capital repayments and profit distributions.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(o) Fair value measurement

The Group measures financial instruments, such as, financial assets at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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 Group 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 combined 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:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(o) Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the combined financial statements on a recurring basis, the Group 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(p) Current versus non-current classification

The Group presents assets and liabilities in the combined statements of financial position based on current/non-current classification.

An asset is classified as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(p) Current versus non-current classification (cont'd.)

The Group classifies all other liabilities as non-current.

Deferred tax liabilities and assets are classified as non-current liabilities and assets.

(q) Equity reserve

Equity reserve consists of the share capital of entities within the Group which do not have a direct parent-subsidary relationship.

(r) Revenue recognition

The core principle of MFRS 15 Revenue from Contract with Customers is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. Under MFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value at consideration received or receivable.

(i) Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressways.

(ii) Toll compensation

Pursuant to the relevant concession agreements, the Government reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the relevant concessionaire for any deduction in toll revenue, subject to the negotiation and other considerations that the Government may deem fit. Toll compensation for any concession year is recognised in the combined financial statements as revenue when recovery is probable and the amount that is recoverable can be measured reliably.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(r) Revenue recognition (cont'd.)

(iii) Deferred toll compensation income

Revenue from amortisation of deferred income is recognised in accordance with the policy set as in Note 3.4(m) above.

(iv) Toll sharing

Pursuant to the concession agreements, the sharing of excess operating cash is required to be paid to the Government if the actual toll revenue meets the minimum threshold and the base case toll rate has been met by the Government in respect of each concession year. Excess operating cash is presented as net of the toll revenue during the year.

Toll sharing for any concession year is recognised in the combined financial statements as reduction of revenue when payment is probable and the amount that is payable can be measured reliably.

(v) Revenue from construction and upgrading services

As required by IC 12, revenue from the construction of infrastructure held under concession includes the income relating to construction services subcontracted by the Group (determined using input method as required by MFRS 15: Revenue from Contract with Customers).

The revenue recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(i) Income derived from deposits with licensed banks

Income derived from deposits with licensed banks is recognised using the effective profit/interest method.

(ii) Rental income

Revenue arising from rental income of billboard space and restaurant outlets are recognised on a straight line basis over the term of the lease under the lease arrangement.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(s) Employee benefits

(i) 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 Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(t) Borrowing costs (cont'd.)

In capitalising general borrowing costs, the Group shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all general borrowings of the Group. General borrowings are all borrowings that are outstanding during the period, except for specific borrowings that are made specifically to obtain a qualifying asset that is not yet ready for its intended use or sale. If a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the Group's general borrowing.

(u) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in statement of changes in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(u) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

PROLINTAS PRIME GROUP

3. Summary of accounting policies (cont'd.)

3.4 Accounting policies (cont'd.)

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the combined statements of financial position of the Group.

4. Significant accounting estimates and judgements

Assumptions concerning the future estimates and judgements are made in the preparation of the combined financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made.

They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the combined financial statements except for the critical judgements disclosed under Notes 2.5(b) of the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Amortisation of highway development expenditure and government compensation

Highway development expenditure and government compensation are amortised over the toll collection period based on the formula as stated in Note 3.4(d)(i) and Note 3.4(m). Significant estimates are required in determining the estimated traffic volume for the forecasted future years up to expiry of the concession period.

PROLINTAS PRIME GROUP

4. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(i) Amortisation of highway development expenditure and government compensation (cont'd.)

In making the estimate, the Group evaluates the projected traffic volume for the concession period projected by independent professional firm of traffic consultants in the projection study commissioned by the Group.

The traffic consultants have derived future traffic volume based on the following information and assumptions:

- (i) Anticipated level of development that would occur during the concession period based on published information on large-scale land use and the transportation development in the Klang Valley and Selangor that were collated from the respective District Structure Plans.
- (ii) Future population and economic growth based on government published economics reports.
- (iii) Socio-economic and demographics trend in Klang Valley and Selangor to established new forecast for variables such as growth in population, gross domestic product, employment, car ownership and value of time.
- (iv) Qualitative judgements to determine the targeted progress of the land use development and their potential impact on the road network in the Klang Valley and Selangor.

The carrying amounts of the Group's highway development expenditure and government compensation at the reporting date are disclosed in Note 12 and Note 18 respectively.

As mentioned in Note 2, the new terms and conditions of the SCA for AKLEH, GCE, LKSA and SILK have been reflected starting from 1 January 2023.

PROLINTAS PRIME GROUP

4. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(ii) Impairment for highway development expenditure

The Group assesses at each reporting date whether there is any objective evidence that a highway development expenditure is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as permanent decline in actual traffic volume compared to estimate traffic forecast.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of highway development expenditure at the reporting date is disclosed in Note 12.

As mentioned in Note 2, the new terms and conditions of the SCA for AKLEH, GCE, LKSA and SILK have been reflected starting from 1 January 2023. In view of the Specified Provision in the SCA have been put into effect, the impairment has been taken into consideration as at 1 January 2023.

The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the usage of highways. The Group has concluded that no single climate-related assumption is a key assumption for the impairment for highway development expenditure for the financial period ended 30 September 2023.

(iii) Provision for pavement resurfacing, lane widening and construction of interchange

In accordance with IC 12, where the operator has an obligation to maintain or construct additional infrastructure to meet a specified level of serviceability, the contractual obligations should be measured in accordance with MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*.

PROLINTAS PRIME GROUP

4. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Provision for pavement resurfacing, lane widening and construction of interchange (cont'd.)

To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Group takes into consideration factors such as past historical experience and other available information. Other significant assumptions are disclosed in Note 20.

(iv) Provision for replacement cost

In order to carry out the highway services, the Group has the obligation to replace the moveable assets during the concession period. Therefore, a provision for replacement cost shall be recognised and measured in accordance with MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*.

To determine whether it is probable that an outflow of resources will be required to replace the moveable assets and the reliable amount of estimates can be made, the Group takes into consideration factors such as the expected timing of the replacement, past historical experience and other available information. Other significant assumptions are disclosed in Note 20.

(v) Income taxes and deferred tax assets

Estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for unabsorbed capital allowances, unutilised tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which unabsorbed capital allowances and other temporary differences can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The recognised and unrecognised unutilised business losses of the Group are disclosed in Note 13.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

5. Revenue

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Toll collection	214,726,504	222,780,015	295,168,470	209,091,992	228,947,178
Government toll compensation					
- Toll compensation revenue	4,907,470	46,389,082	65,629,444	120,899,811	146,871,394
- Amortisation of deferred income	5,571,223	13,057,010	18,044,356	10,322,435	12,373,593
	10,478,693	59,446,092	83,673,800	131,222,246	159,244,987
Revenue from construction (Note 6)	2,231,035	1,941,304	3,463,728	23,897,045	4,320,099
Sundry income	67,146	68,478	173,248	227,728	458,874
Revenue from contracts with customers	227,503,378	284,235,889	382,479,246	364,439,011	392,971,138
Rental income	1,066,848	1,078,756	1,682,123	1,360,655	1,400,588
	<u>228,570,226</u>	<u>285,314,645</u>	<u>384,161,369</u>	<u>365,799,666</u>	<u>394,371,726</u>

Government toll compensation for gross toll compensation revenue arose from toll rate structures as described in Note 2 and compensation for the toll free period during the festive season.

Contract liabilities of the Group relate to deferred income from government toll compensation received in advance and are expected to be recognised as revenue over the concession period. Further details of amortisation of deferred income for government toll compensation is disclosed in Note 18.

Timing of revenue recognition:

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
At a point in time					
- Toll collection	214,726,504	222,780,015	295,168,470	209,091,992	228,947,178
- Toll compensation revenue	4,907,470	46,389,082	65,629,444	120,899,811	146,871,394
- Sundry income	67,146	68,478	173,248	227,728	458,874
Over time					
- Amortisation of deferred income	5,571,223	13,057,010	18,044,356	10,322,435	12,373,593
- Revenue from construction (Note 6)	2,231,035	1,941,304	3,463,728	23,897,045	4,320,099
	<u>227,503,378</u>	<u>284,235,889</u>	<u>382,479,246</u>	<u>364,439,011</u>	<u>392,971,138</u>

The revenue are derived solely from business operation carried out in Malaysia.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

6. Construction revenue/(costs)

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Revenue from construction (Note 5)	2,231,035	1,941,304	3,463,728	23,897,045	4,320,099
Costs from construction	(2,231,035)	(1,941,304)	(3,463,728)	(23,897,045)	(4,320,099)
	-	-	-	-	-

Construction revenue and corresponding construction costs are recognised as required under IC 12 and in accordance with MFRS 15 as described in Note 3.4(r)(v) in respect of highway development works undertaken during the year, without recognising any mark-up on these activities, as the Group had outsourced the construction services to third parties.

7. Other income

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Income received from other investments and deposits with licensed banks	7,788,417	6,318,665	9,079,360	6,752,269	10,082,066
Others	248,892	279,895	133,557	108,861	70,358
	8,037,309	6,598,560	9,212,917	6,861,130	10,152,424

8. Staff costs

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Wages, salaries and bonuses	4,034,431	4,312,012	5,751,359	6,231,302	5,726,236
Defined contribution plan	310,555	411,682	534,729	673,527	575,085
Social security contributions	46,762	64,986	85,103	86,262	79,247
Other staff related expenses	29,095	280,012	310,860	351,951	323,214
	4,420,843	5,068,692	6,682,051	7,343,042	6,703,782

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

9. Finance costs

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Finance costs on borrowings	96,832,842	99,898,352	135,956,382	134,004,499	136,037,987
Amortisation of issuance expenses	549,078	593,943	791,924	847,919	895,274
Unwinding of discount for provisions	9,053,530	10,403,960	13,751,825	11,891,121	9,438,469
Others	1,014,558	-	684	21,707	279,007
	<u>107,450,008</u>	<u>110,896,255</u>	<u>150,500,815</u>	<u>146,765,246</u>	<u>146,650,737</u>

10. (Loss) / Profit before tax

Loss before tax is stated after charging:

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Auditors' remuneration	173,880	167,440	206,000	193,000	193,000
Non executive directors (Note 25 (b))					
- fees	62,280	65,220	86,961	96,000	53,962
- other emoluments	66,000	72,000	96,000	113,000	60,000
Provision for pavement resurfacing	4,533,047	6,484,626	8,824,951	3,533,676	7,146,480
Provision for replacement cost	2,258,099	4,251,443	4,277,836	5,318,377	2,265,149
Impairment loss on highway development expenditure	124,243,785	-	-	-	56,003,851
Operating lease rental	27,204	25,322	34,234	32,857	26,299
	<u>124,243,785</u>	<u>25,322</u>	<u>34,234</u>	<u>32,857</u>	<u>26,299</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

11. Income tax expense

The major components of income tax expense for the financial periods/years ended 30 September 2023, 30 September 2022, 31 December 2022, 31 December 2021 and 31 December 2020 are:

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Current income tax:					
Malaysian income tax	11,190,568	6,861,626	11,435,225	1,437,030	1,663,254
Under/(over) provision in prior years	<u>1,633,951</u>	<u>(1,153,731)</u>	<u>(1,153,731)</u>	<u>(42,468)</u>	<u>41,541</u>
	<u>12,824,519</u>	<u>5,707,895</u>	<u>10,281,494</u>	<u>1,394,562</u>	<u>1,704,795</u>
Deferred tax (Note 13):					
Origination and reversal of temporary differences	160,081,461	1,765,634	(2,024,529)	(114,095,816)	(2,747,501)
(Over)/under provision in prior years	<u>(1,554,180)</u>	<u>971,235</u>	<u>971,235</u>	<u>(1,235,702)</u>	<u>297,817</u>
	<u>158,527,281</u>	<u>2,736,869</u>	<u>(1,053,294)</u>	<u>(115,331,518)</u>	<u>(2,449,684)</u>
Total income tax expense recognised in profit or loss	<u>171,351,800</u>	<u>8,444,764</u>	<u>9,228,200</u>	<u>(113,936,956)</u>	<u>(744,889)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%; 2021: 24%; 2020: 24%) of the estimated assessable (loss)/profit for the period/year.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

11. Income tax expenses (cont'd.)

Reconciliation between tax expenses and accounting loss

The reconciliation between tax expenses and the product of accounting loss multiplied by the applicable corporate tax rate for the financial periods/years ended 30 September 2023, 30 September 2022, 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	Audited 1.1.2023 to 30.9.2023 RM	Unaudited 1.1.2022 to 30.9.2022 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2020 to 31.12.2020 RM
Loss before tax	<u>(85,599,398)</u>	<u>(1,153,190)</u>	<u>(4,332,301)</u>	<u>26,027,764</u>	<u>6,699,035</u>
Taxation at Malaysian statutory tax rate of 24%	(20,543,855)	(276,765)	(1,039,752)	6,246,663	1,607,768
Expenses not deductible for tax purposes	7,121,064	8,904,024	10,450,448	7,042,756	7,353,542
Unutilised business losses where deferred tax assets previously recognised, now unrecognised	-	-	-	(125,948,205)	(10,045,557)
Reversal of deferred tax assets previously recognised in respect of unutilised business losses	184,694,820	-	-	-	-
Under/(over) provision of income tax in prior years	1,633,951	(1,153,731)	(1,153,731)	(42,468)	41,541
(Over)/under provision of deferred tax in prior years	<u>(1,554,180)</u>	<u>971,235</u>	<u>971,235</u>	<u>(1,235,702)</u>	<u>297,817</u>
Total income tax expenses recognised in profit and loss	<u>171,351,800</u>	<u>8,444,764</u>	<u>9,228,200</u>	<u>(113,936,956)</u>	<u>(744,889)</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

12. Highway development expenditure

	Land cost RM	Development expenditure RM	Other concession assets RM	Capital work-in- progress RM	Total RM
Cost					
At 1 January 2020	669,552,457	2,790,138,500	102,118,717	311,139,613	3,872,949,287
Additions	857,708 #	-	138,002	3,324,389	4,320,099
Reclassification	-	(5,225,968)	11,935,845	(6,709,877)	-
Adjustments*	(3,170,415)	(29,500)	(1,208,275)	11,097,006	6,688,816
At 31 December 2020/at 1 January 2021	667,239,750	2,784,883,032	112,984,289	318,851,131	3,883,958,202
Additions	-	8,221,528	252,351	15,576,157	24,050,036
Adjustments*	-	-	(1,178,756)	(27,118,163)	(28,296,919)
At 1 January 2022	667,239,750	2,793,104,560	112,057,884	307,309,125	3,879,711,319
Additions	-	1,239,172	-	2,198,736	3,437,908
Reclassification	-	-	6,644,311	(6,644,311)	-
Adjustments*	-	-	(150,722)	(4,831,988)	(4,982,710)
At 31 December 2022/at 1 January 2023	667,239,750	2,794,343,732	118,551,473	298,031,562	3,878,166,517
Additions	5,535,993 ^	-	1,695,719	2,231,034	9,462,746
Adjustments*	-	-	(216,804)	(19,675,373)	(19,892,177)
At 30 September 2023	672,775,743	2,794,343,732	120,030,388	280,587,223	3,867,737,086

* Adjustment to capital work-in-progress relates mainly to reversal of unutilised provision for lane widening upon finalization of lane widening work programme during the period/year(s). Adjustment to land cost relates to excess payments of land cost refunded by the Government upon finalisation of land cost compensation. Adjustment to other concession assets relate to cost over accrued in the previous period/year(s).

Additions to land cost relates to additional land cost compensation awarded to land owners during the year.

^ Additions to land cost relates to additional land cost premium paid for the proposed construction of petrol station.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

12. Highway development expenditure (cont'd.)

	Land cost RM	Development expenditure RM	Other concession assets RM	Capital work-in- progress RM	Total RM
Accumulated amortisation					
At 1 January 2020	182,615,862	608,096,680	29,956,383	37,834,421	858,503,346
Amortisation for the year	21,895,105	86,411,434	1,982,833	10,861,771	121,151,143
Adjustments	-	(2,329)	(559,746)	-	(562,075)
At 31 December 2020/at 1 January 2021	204,510,967	694,505,785	31,379,470	48,696,192	979,092,414
Amortisation for the year	19,437,688	72,748,604	2,597,962	9,057,990	103,842,244
Adjustments	-	-	(214,919)	-	(214,919)
At 1 January 2022	223,948,655	767,254,389	33,762,513	57,754,182	1,082,719,739
Amortisation for the year	29,353,595	104,621,998	3,997,496	11,972,432	149,945,521
Adjustments	-	-	(99,198)	-	(99,198)
At 31 December 2022/at 1 January 2023	253,302,250	871,876,387	37,660,811	69,726,614	1,232,566,062
Amortisation for the period	6,668,347	22,959,118	922,350	2,313,549	32,863,364
Adjustments	-	-	(146,194)	-	(146,194)
At 30 September 2023	259,970,597	894,835,505	38,436,967	72,040,163	1,265,283,232
Accumulated impairment loss					
At 1 January 2020	-	80,097,308	-	-	80,097,308
Impairment loss for the year	-	56,003,851	-	-	56,003,851
At 31 December 2020/at 31 December 2021/at 31 December 2022	-	136,101,159	-	-	136,101,159
Impairment loss for the period	-	124,243,785	-	-	124,243,785
At 30 September 2023	-	260,344,944	-	-	260,344,944

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

12. Highway development expenditure (cont'd.)

	Land cost RM	Development expenditure RM	Other concession assets RM	Capital work-in- progress RM	Total RM
Net carrying amount					
At 31 December 2020	462,728,783	1,954,276,088	81,604,819	270,154,939	2,768,764,629
At 31 December 2021	443,291,095	1,889,749,012	78,295,371	249,554,943	2,660,890,421
At 31 December 2022	413,937,500	1,786,366,186	80,890,662	228,304,948	2,509,499,296
At 30 September 2023	412,805,146	1,639,163,283	81,593,421	208,547,060	2,342,108,910

The land cost is in respect of compulsory acquisition of land made by the Government via Lembaga Lebuhraya Malaysia under the Land Acquisition Act, 1960 for the purpose of the construction of AKLEH, GCE, LKSA and SILK highways. The entities within the Group were given the right by the Government to undertake the construction, operation, maintenance and toll collection of the respective highways on the acquired land over the concession period.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

12. Highway development expenditure (cont'd.)

Recoverable amount determined from value in use ("VIU")

For the financial year ended 31 December 2020, the Group recognised impairment loss of RM56,003,851 which represented the write down of certain highway development expenditure of AKLEH highway to the recoverable amount as a result of decline in both actual and forecasted traffic volume due to declining public demand and various measures implemented by the Government to control the spread of Covid-19 pandemic. These were recognised in the profit of loss in the line item, "other operating expenses". The recoverable amounts for the financial year ended 31 December 2020 was RM372,165,109. The recoverable amounts were based on VIU calculation determined at the level of CGU, whereby the cash flow projections based on the remaining concession year were discounted at rate of 7% for the financial years ended 31 December 2020.

For the financial period ended 30 September 2023, the Group recognised impairment loss of RM124,243,785 which represented the write down of certain highway development expenditure of AKLEH and LKSA highway to the recoverable amount as a result of the Specified Provisions in the SCA have been put into effect as per mention under Note 2. The recoverable amounts were based on VIU calculation determined at the level of CGU, whereby the cash flow projections based on the remaining concession year were discounted at rate of 7.8% and 8.1% for AKLEH and LKSA.

Key assumptions used in value-in-use calculations of impairment assessment ("CGU")

The Group assesses concession intangible assets at the end of each reporting period when there is indication that an asset may be impaired by comparing its carrying amount with its recoverable amount.

The continuous gap of AKLEH and LKSA in meeting its traffic volume projections in prior years indicates that the carrying amount of concession intangible assets in the PLKSB and PLSASB may be impaired.

For financial period ended 30 September 2023, in view of the Specified Provisions in the SCA as detailed in Note 2.5(b) indicates that the carrying amount of concession intangible assets in the respective Concession Companies may be impaired.

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections covering the remaining length of the concession period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing on the concession intangible assets:

(a) Discount rate

Value-in-use was determined by discounting the future cash flows generated by applying the discount rate of 7.8% (2022: 7.1%; 2021: 7.5%; 2020: 7.0%) for AKLEH and 8.1% (2022: 7.9%) for LKSA. The rate used to discount future cash flows is subject to change in economic conditions and is reviewed annually.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

12. Highway development expenditure (cont'd.)

Key assumptions used in value-in-use calculations of impairment assessment ("CGU") (cont'd.)

(b) Revenue

The projected traffic volume for the concession period projected by an independent professional firm of traffic consultants in the projection study commissioned by the Group.

The traffic consultants have derived future traffic volume based on the following information and assumptions as per disclosed under Note 4(b)(i).

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that reasonably possible changes in any of the above key assumptions would not cause the carrying values to materially exceed their recoverable amounts.

13. Deferred tax (assets)/liabilities

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
At 1 January	(131,072,176)	(130,018,882)	(14,687,364)	(12,237,680)
Recognised in profit or loss	158,527,281	(1,053,294)	(115,331,518)	(2,449,684)
At end of the period/year	<u>27,455,105</u>	<u>(131,072,176)</u>	<u>(130,018,882)</u>	<u>(14,687,364)</u>
Presenting after appropriate offsetting as follows				
Deferred tax assets	(37,175,607)	(214,895,931)	(209,363,471)	(84,548,884)
Deferred tax liabilities	64,630,712	83,823,755	79,344,589	69,861,520
	<u>27,455,105</u>	<u>(131,072,176)</u>	<u>(130,018,882)</u>	<u>(14,687,364)</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

13. Deferred tax (assets)/liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities before offsetting during the financial period/year are as follows:

Deferred tax assets:

	Unutilised business losses RM	Unabsorbed capital allowance RM	Others RM	Total RM
At 1 January 2020	(75,258,204)	(182,861,317)	(71,731,301)	(329,850,822)
Recognised in profit or loss	15,458,456	42,303,487	(15,445,160)	42,316,783
At 31 December 2020/ at 1 January 2021	(59,799,748)	(140,557,830)	(87,176,461)	(287,534,039)
Recognised in profit or loss	(110,895,932)	27,495,346	(14,990,661)	(98,391,247)
At 31 December 2021/ at 1 January 2022	(170,695,680)	(113,062,484)	(102,167,122)	(385,925,286)
Recognised in profit or loss	19,725,440	9,441,411	(15,091,142)	14,075,709
At 31 December 2022/ at 1 January 2023	(150,970,240)	(103,621,073)	(117,258,264)	(371,849,577)
Recognised in profit or loss	98,796,743	(4,648,934)	98,290,764	192,438,573
At 30 September 2023	(52,173,497)	(108,270,007)	(18,967,500)	(179,411,004)

Deferred tax liabilities:

	Accelerated capital allowances RM	Total RM
At 1 January 2020	317,613,142	317,613,142
Recognised in profit or loss	(44,766,467)	(44,766,467)
At 31 December 2020/at 1 January 2021	272,846,675	272,846,675
Recognised in profit or loss	(16,940,271)	(16,940,271)
At 31 December 2021/at 1 January 2022	255,906,404	255,906,404
Recognised in profit or loss	(15,129,003)	(15,129,003)
At 31 December 2022/at 1 January 2023	240,777,401	240,777,401
Recognised in profit or loss	(33,911,292)	(33,911,292)
At 30 September 2023	206,866,109	206,866,109
Net deferred tax assets at 31 December 2020		(14,687,364)
Net deferred tax assets at 31 December 2021		(130,018,882)
Net deferred tax assets at 31 December 2022		(131,072,176)
Net deferred tax liabilities at 30 September 2023		27,455,105

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

13. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax assets have not been recognised in respect of the following item:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Unutilised business losses	414,892,411	52,892,678	52,892,678	577,676,862
Other deductible temporary differences	407,562,011	-	-	-

The unutilised business losses shall expire in the following years of assessment:

	<----- Audited ----->			
	30.9.2023 RM	31.12.2022 RM	31.12.2021 RM	31.12.2020 RM
Year of assessment 2025	-	-	-	577,676,862
Year of assessment 2028	414,892,411	52,892,678	52,892,678	-
	<u>414,892,411</u>	<u>52,892,678</u>	<u>52,892,678</u>	<u>577,676,862</u>

For the financial year ended 31 December 2021, in Malaysia, the unutilised business losses can be carried forward and available for use for 10 years starting from the year of assessment 2019. Based on management's assessment, additional deferred tax asset of RM120,801,883 arising from unutilised business losses has been recognised as at 31 December 2021. The unutilised business losses of the Group relates to the loss making highways and can be utilised to offset against future taxable profits.

For the financial year ended 31 December 2020, in Malaysia, the unutilised business losses can be carried forward and available for use for 7 years starting from the year of assessment 2019. The unutilised business losses of the Group relates to the loss making highways and can be utilised to offset against future taxable profits.

The availability of unutilised business losses for offsetting against future taxable profits of the Group is subject to tax law and tax guidance issued by tax authority enacted at the reporting date.

Deferred tax assets have not been recognised in respect of business losses as they may not be sufficient to offset against future taxable profits expected to be generated from the Group.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

14. Trade and other receivables

	Note	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Trade receivables					
Current					
Compensation claim receivable from the Government	(a)	54,205,805	149,670,460	231,755,136	160,909,802
Other receivables					
Non-current					
Prepayments		7,969,849	8,482,196	9,165,326	9,848,456
Current					
Amount due from related companies	(b)	6,489,495	595,688	1,243,422	2,633,988
Amount due from controlling shareholder	(b)	-	31,821,533	32,703	-
Sundry receivables		4,256,621	1,637,995	1,273,922	1,501,727
Profit receivable		403,303	383,817	105,658	131,290
Prepayments		2,124,663	1,444,633	1,567,842	866,594
Deposits		1,278,100	1,205,200	1,147,690	1,221,238
		14,552,182	37,088,866	5,371,237	6,354,837
Non-current		7,969,849	8,482,196	9,165,326	9,848,456
Current		68,757,987	186,759,326	237,126,373	167,264,639
Total trade and other receivables		76,727,836	195,241,522	246,291,699	177,113,095
Total trade and other receivables		76,727,836	195,241,522	246,291,699	177,113,095
Add: Deposits, cash and bank balances	16	348,469,273	315,382,255	251,793,288	237,011,435
Less: Prepayments		(10,094,512)	(9,926,829)	(10,733,168)	(10,715,050)
Total financial assets at amortised costs		415,102,597	500,696,948	487,351,819	403,409,480

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

14. Trade and other receivables (cont'd.)

(a) Trade receivables

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors other than the above compensation claim receivable from the Government.

Ageing analysis of trade receivables:

The ageing analysis of trade receivables is as follows:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Current (not past due)	54,205,805	149,670,460	231,755,136	160,909,802

Loss rate are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected. (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group has not experienced any actual credit loss over the past three years and that the other factors are immaterial for the purpose of impairment calculation for the year.

(b) Amounts due from related companies and controlling shareholder

Amounts due from related companies and controlling shareholder are non-trade in nature, unsecured, interest free and are repayable on demand. The Group has no significant concentration of credit risk that may arise from exposure to a single related company or group of related companies other than the amount due from controlling shareholder as at 31 December 2022 amounting to RM31,821,533.

15. Other investments

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
<i>Fair value through profit or loss</i>				
Investments in unit trust	6,653	36,984,756	20,987,835	111,237,788

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

16. Deposits, cash and bank balances

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Cash at bank and on hand	101,532,561	72,309,348	11,091,853	6,095,202
Deposits with licensed banks	246,936,712	243,072,907	240,701,435	230,916,233
Deposits, cash and bank balances	<u>348,469,273</u>	<u>315,382,255</u>	<u>251,793,288</u>	<u>237,011,435</u>
Amount pledged as security for bank guarantee	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Deposits with licensed banks with tenure of more than 3 months	<u>(57,331,686)</u>	<u>-</u>	<u>(149,111,400)</u>	<u>(120,692,629)</u>
Cash and cash equivalents	<u>288,637,587</u>	<u>312,882,255</u>	<u>100,181,888</u>	<u>113,818,806</u>

The deposits at reporting date earn profit/interest ranging from 2.55% to 3.83% per annum (2022: 1.85% to 3.85% per annum; 2021: 1.50% to 2.20% per annum; 2020: 1.50% to 3.40% per annum) and the maturities of deposits as at the end of the financial year range from 30 to 365 days (2022: 31 to 365 days; 2021: 31 to 365 days; 2020: 30 to 365 days). Included in the deposits are deposits placed with Government linked financial institutions amounting to RM94,971,525 (2022: RM112,611,479; 2021: RM92,574,634; 2020: RM90,848,630).

17. Equity reserve

Equity reserve consists of the share capital or purchase consideration of the following entities within Prolintas Prime Group which do not have a direct parent-subsiary relationship.

	Purchase Share capital RM	Purchase consideration RM	Total share capital/ purchase consideration RM
Projek Lintasan Kota Sdn. Bhd.	129,067,059	-	129,067,059
Prolintas Expressway Sdn. Bhd.	180,000,000	-	180,000,000
Projek Lintasan Shah Alam Sdn. Bhd.	5,000,000	-	5,000,000
Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd.	-	394,115,000	394,115,000
As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023	<u>314,067,059</u>	<u>394,115,000</u>	<u>708,182,059</u>

The following is the entity which is held through a direct parent-subsiary relationship within the Prolintas Prime Group:

Parent entity

Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd.

Subsidiary

Manfaat Tetap Sdn. Bhd.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

18. Deferred income

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Gross compensation from government	290,890,000	290,890,000	290,890,000	290,890,000
Less: Cumulative amount amortised to revenue	(174,503,106)	(168,931,883)	(150,887,527)	(140,565,092)
	<u>116,386,894</u>	<u>121,958,117</u>	<u>140,002,473</u>	<u>150,324,908</u>
Current	<u>7,269,646</u>	<u>17,649,205</u>	<u>14,611,404</u>	<u>10,315,162</u>
Non-current	<u>109,117,248</u>	<u>104,308,912</u>	<u>125,391,069</u>	<u>140,009,746</u>

The deferred income represents compensation from the Government for reduction in the toll rate structure over the concession period for the Ampang Kuala Lumpur Elevated Highway arising from the reduction of proposed toll rates throughout the concession period by the Government in year 2001.

19. Borrowings

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2021 RM
Short term borrowings				
<u>Secured:</u>				
Lease liabilities (Note 23)	164,085	164,083	168,937	205,928
Support loan from the Government (Note a)	12,970,000	25,940,000	25,941,897	23,941,897
Sukuk Mudharabah (Note b)	12,141,413	60,955,054	54,121,451	40,078,617
Syndicated business financing-I facility (Note c)	35,000,000	30,000,000	27,500,000	22,500,000
Tawarruq financing facility (Note d)	31,328,989	15,158,052	14,349,517	13,584,799
	<u>91,604,487</u>	<u>132,217,189</u>	<u>122,081,802</u>	<u>100,311,241</u>
Less: Unamortised issuance expenses	(688,825)	(732,104)	(791,924)	(847,918)
Total short term borrowings	<u>90,915,662</u>	<u>131,485,085</u>	<u>121,289,878</u>	<u>99,463,323</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Long term borrowings				
<u>Secured:</u>				
Lease liabilities (Note 23)	-	41,024	205,106	376,778
Sukuk Mudharabah (Note b)	781,854,757	789,577,815	844,565,388	923,333,760
Syndicated business financing-I facility (Note c)	202,500,000	237,500,000	267,500,000	295,000,000
Tawarruq financing facility (Noted d)	462,703,254	494,032,243	523,698,657	551,757,363
	<u>1,447,058,011</u>	<u>1,521,151,082</u>	<u>1,635,969,151</u>	<u>1,770,467,901</u>
Less: Unamortised issuance expenses	(2,781,632)	(3,287,431)	(4,019,535)	(4,811,460)
Total long term borrowings	<u>1,444,276,379</u>	<u>1,517,863,651</u>	<u>1,631,949,616</u>	<u>1,765,656,441</u>
Total borrowings				
<u>Secured:</u>				
Lease liabilities	164,085	205,107	374,043	582,706
Support loan from the Government	12,970,000	25,940,000	51,881,897	75,823,793
Sukuk Mudhabarah	793,996,170	850,532,869	872,746,839	911,530,481
Syndicated business financing-I facility	237,500,000	267,500,000	295,000,000	317,500,000
Tawarruq financing facility	494,032,243	509,190,295	538,048,174	565,342,162
	<u>1,538,662,498</u>	<u>1,653,368,271</u>	<u>1,758,050,953</u>	<u>1,870,779,142</u>
Less: Unamortised issuance expenses	(3,470,457)	(4,019,535)	(4,811,459)	(5,659,378)
Total borrowings	<u>1,535,192,041</u>	<u>1,649,348,736</u>	<u>1,753,239,494</u>	<u>1,865,119,764</u>
Unamortised issuance expenses:				
At beginning of period/year	4,019,535	4,811,459	5,659,378	6,554,652
Amortisation for the period/year (Note 9)	(549,078)	(791,924)	(847,919)	(895,274)
At end of period/year	<u>3,470,457</u>	<u>4,019,535</u>	<u>4,811,459</u>	<u>5,659,378</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2021 RM
Remaining maturities of borrowings (excluding unamortised issuance expenses):				
On demand or within one year	91,604,487	132,217,189	122,081,802	100,311,241
More than 1 year and less than 2 years	73,198,345	106,370,015	120,811,520	81,761,912
More than 2 years and less than 5 years	221,306,598	240,334,472	224,590,863	225,249,216
5 years or more	1,152,553,068	1,174,446,595	1,290,566,768	1,463,456,773
	<u>1,538,662,498</u>	<u>1,653,368,271</u>	<u>1,758,050,953</u>	<u>1,870,779,142</u>

The details of the borrowings are as follows:

(a) Support loan from the Government

PLKSB has obtained support loan from the Government which is secured via a debenture creating a fixed and floating charge on the present and future assets and undertakings of PLKSB, a subsidiary company and an assignment of all toll proceeds collected by PLKSB. The profit rate per annum at the reporting date for the support loan is 4.0% per annum (2022: 4.0% per annum; 2021: 4.0% per annum; 2020: 4.0% per annum).

(b) Sukuk Mudharabah

PLSASB:

On 21 October 2008, PLSASB issued Islamic Securities which is known as Sukuk Mudharabah amounting to RM415 million.

The Sukuk facility is secured via a debenture creating a fixed charge over all assets and undertakings of PLSASB and an assignment of all toll proceeds collected by PLSASB.

The tenure for Sukuk Mudharabah is up to 29 years from issuance date, and the issuance was done in multiple tranches with various maturity dates. The profit rate per annum at the reporting date for the Sukuk Mudharabah is 5.4% per annum (2022: 5.4% per annum; 2021: 5.4% per annum; 2020: 5.4% per annum).

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

The details of the borrowings are as follows: (cont'd.)

(b) Sukuk Mudharabah (cont'd.)

Manfaat Tetap Sdn. Bhd. ("MTSB"):

On 25 January 2008, MTSB issued Sukuk Mudharabah of RM752,236,660, which is constituted by a Trust Deed dated 17 January 2008 and Supplemental Trust Deed dated 15 March 2011 entered into by MTSB, SLKSB and the Trustee for the Sukuk holders (controlling shareholder). The Sukuk Mudharabah, which was issued at par, has a tenure of up to twenty-one (21) years and four (4) months from the date of issuance. The average profit rate per annum for the Sukuk Mudharabah is 11.3% per annum (2022: 11.7% per annum; 2021: 10.4% per annum; 2020: 9.3% per annum).

The Sukuk Mudharabah is structured to be paid progressively. It is:

- non-transferable;
- not listed;
- not underwritten;
- not rated; and
- non-tradable.

(i) Capital repayment terms under Sukuk Mudharabah contract

The Issuer (MTSB) shall refund the capital, subject to availability of funds at the ratio of 1:99 for Issuer:Investor, provided at the outset of the venture in full to the Investors (Sukuk holders). However, a minimum RM2.0 million per annum shall be paid annually commencing from third anniversary from the date of issuance (to be known as "Periodic Ijarah Rental B").

The Periodic Ijarah Rental B is:

- for the amount of RM2.0 million per annum;
- payable annually in arrears;
- payable commencing on the third year from the issue date;
- RM38.0 million for the whole period of the Ijarah;
- not constitute an event of default for any non-payment of Periodic Ijarah Rental B from the issue date until the seventh anniversary and continue to accrue notwithstanding the same; and
- constitute a default under the Ijarah Agreement for any non-payment of accrued and current Periodic Ijarah Rental B from the eighth anniversary from the issue date.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

The details of the borrowings are as follows: (cont'd.)

(b) Sukuk Mudharabah (cont'd.)

Manfaat Tetap Sdn. Bhd. ("MTSB"): (cont'd.)

(ii) Profit payment is by way of Periodic Ijarah ("lease") Rental A as follows:

The Periodic Ijarah Rental A is:

- the amount calculated at 8.0% per annum on the outstanding Sukuk Mudharabah;
- payable commencing on the 1st year from the issue date;
- payable semi-annually in arrears;
- up to RM1.49 billion for the period of the Ijarah;
- subject to payment of minimum rental of 3.5% per annum calculated on the outstanding of the Sukuk Mudharabah ("Minimum Ijarah Rental A") that is payable commencing from the 1st anniversary from the issue date;
- not constitute an event of default for non-payment of Minimum Ijarah Rental A from the issue date until the 7th anniversary and continue to accrue notwithstanding the same;
- not constitute an event of default for non-payment of Periodic Ijarah Rental A throughout the Sukuk Tenure; and
- constitute a default under the Ijarah Agreement for any non-payment of accrued and current Minimum Ijarah Rental A from the 8th anniversary from the issue date.

(iii) Profit Payment C ("PPC") and Profit Payment D ("PPD")

The Excess Funds of the Mudharabah shall be distributed based on the distribution scheme as follows:

SLKSB shall refund the capital to MTSB ("Issuer"), subject to the availability of funds, based on the Distribution Scheme as follows:

	Pay to issuer	Retained by SLKSB
1st to 7th distributions of Excess Funds	10% of Excess Funds	90% of Excess Funds, or RM3 million per annum whichever is lower.
8th to 22nd distributions of Excess Funds	94% of Excess Funds	6% of Excess Funds, or RM2 million per annum whichever is lower.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

The details of the borrowings are as follows: (cont'd.)

(b) Sukuk Mudharabah (cont'd.)

Manfaat Tetap Sdn. Bhd. ("MTSB"): (cont'd.)

(iii) Profit Payment C ("PPC") and Profit Payment D ("PPD") (cont'd.)

Excess Funds are defined as follows (on a 12-month period basis):

Total available cash flow

Less: Taxes and any other payment/ fees to the authorities
Operating expenditure
Capital expenditure
Minimum Ijarah Rental A
Periodic Ijarah Rental B
Any accrued Minimum Ijarah Rental A and
accrued Periodic Ijarah Rental B

Sums exceeding the amount payable to MTSB shall be payable to the Sukuk Investors and shall form part of Expected Profit Payment C and Expected Profit Payment D that shall be distributed between the Issuer and the Investors pursuant to the distribution scheme as follows:

	1st to 7th distributions	8th to 22nd distributions
Percentage of Issuer's portion of the Excess Funds ("Profit Payment C")	49.5%	59.4%
Percentage of Issuer's portion of the Excess Funds ("Profit Payment D")	49.5%	39.6%

The credit balance of the Profit Payment Account in respect of the Expected Profit Payment C received by the Issuer shall be applied in the following order of priority:

- any accrued Periodic Ijarah Rental A;
- current year shortfall of Periodic Ijarah Rental A; and
- any balance thereof as additional profit for distribution of the Investors.

The credit balance of the Profit Payment Account in respect of the Expected Profit Payment D shall be utilised as the Mudharabah capital payments under the Sukuk Mudharabah transaction.

(iv) Securities

The Sukuk Mudharabah is secured by:

- fixed and floating charge over all the assets and undertaking of MTSB; and
- corporate guarantee given by SLKSB.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

The details of the borrowings are as follows: (cont'd.)

(b) Sukuk Mudharabah (cont'd.)

Manfaat Tetap Sdn. Bhd. ("MTSB"): (cont'd.)

(v) Prepayment option of Sukuk Mudharabah

Prepayment is only allowed by way of Expected Profit Payment D and/or refinancing through Islamic financing facility (be it financing facility or Islamic securities) by the Investors ("Sukuk holders"). The refinancing by the Investors shall be led by Affin Hwang Investment Bank Berhad.

(c) Syndicated business financing-I facility

On 28 March 2014, PLSASB entered into the facility with a financial institution to finance the purchase of the outstanding Sukuk Ijarah from Permodalan Nasional Berhad, the immediate holding company of controlling shareholder. The facility is secured by way of a fixed and floating charge over all assets and undertakings of PLSASB and an assignment of all toll proceeds collected by PLSASB. The facility also secured by a corporate guarantee given by the controlling shareholder. The average profit rate per annum for the facility is 4.75% per annum (2022: 4.75% per annum; 2021: 4.75% per annum; 2020: 4.75% per annum).

(d) Tawarruq financing facility

On 17 December 2019, PESB entered into a facility with a financial institution amounting to RM590 million. The profit rate per annum shall be 5.65% throughout the tenure of the facility. The term loan is secured via a debenture incorporating a first fixed and floating charge over all present and future assets of PESB and by the corporate guarantee given by the controlling shareholder. The profit rate per annum at the reporting date for the facility is 5.65% per annum (2022: 5.65% per annum, 2021: 5.65% per annum, 2020: 5.65% per annum).

The following loans are secured by all the assets of the respective subsidiaries mentioned above, of which the carrying value of the assets are also stated in the table below:

Entities	Borrowings	30.9.2023 RM	31.12.2022 RM	31.12.2021 RM
PLKSB	Support loan from the government	240,031,161	336,830,624	365,892,799
PLSASB	Sukuk Mudharabah & Syndicated business financing-I facility	630,052,674	779,707,950	788,902,180
PESB	Tawarruq financing	820,914,875	823,162,479	861,439,895
MTSB	Sukuk Mudharabah	3,087,051	2,667,026	4,097,926

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities:

			← Movement →		
			← Cash flows →		
	30.9.2023 RM	31.12.2022 RM	Principal movement RM	Finance costs paid RM	Finance costs RM
Lease liabilities	164,085	205,107	(41,022)	-	-
Support loan from the Government	12,970,000	25,940,000	(12,970,000)	(514,536)	579,918
Syndicated business financing-I facility	237,500,000	267,500,000	(30,000,000)	(14,516,279)	11,207,423
Tawarruq financing facility	494,032,243	509,190,295	(15,158,052)	(14,266,396)	21,301,957
Sukuk Mudharabah:					
- PLSASB	415,000,000	415,000,000	-	-	31,973,913
- MTSB	378,996,170	435,532,869	(56,536,699)	(96,396,902)	31,769,631
	<u>1,538,662,498</u>	<u>1,653,368,271</u>	<u>(114,705,773)</u>	<u>(125,694,113)</u>	<u>96,832,842</u>

			← Movement →		
			← Cash flows →		
	31.12.2022 RM	1.1.2022 RM	Principal movement RM	Finance costs paid RM	Finance costs RM
Lease liabilities	205,107	374,043	(168,936)	-	-
Support loan from the Government	25,940,000	51,881,897	(25,941,897)	(1,813,725)	1,682,949
Syndicated business financing-I facility	267,500,000	295,000,000	(27,500,000)	(13,305,278)	12,698,832
Tawarruq financing facility	509,190,295	538,048,174	(28,857,879)	(29,991,016)	29,991,016
Sukuk Mudharabah:					
- PLSASB	415,000,000	415,000,000	-	-	40,815,558
- MTSB	435,532,869	457,746,839	(22,213,970)	(46,094,850)	50,768,027
	<u>1,653,368,271</u>	<u>1,758,050,953</u>	<u>(104,682,682)</u>	<u>(91,204,869)</u>	<u>135,956,382</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities: (cont'd.)

			← Movement →		
			← Cash flows →		
	31.12.2021	31.12.2020	Principal movement	Finance costs paid	Finance costs
	RM	RM	RM	RM	RM
Lease liabilities	374,043	582,706	(208,663)	-	-
Support loan from the Government	51,881,897	75,823,793	(23,941,896)	(2,791,565)	2,670,873
Syndicated business financing-I facility	295,000,000	317,500,000	(22,500,000)	(13,718,849)	13,461,683
Tawarruq financing facility	538,048,174	565,342,162	(27,293,988)	(31,554,907)	31,554,907
Sukuk Mudharabah:					
- PLSASB	415,000,000	415,000,000	-	-	38,708,060
- MTSB	457,746,839	496,530,481	(38,783,642)	(72,140,972)	47,608,976
	<u>1,758,050,953</u>	<u>1,870,779,142</u>	<u>(112,728,189)</u>	<u>(120,206,293)</u>	<u>134,004,499</u>

			← Movement →		
			← Cash flows →		
	31.12.2020	1.1.2020	Principal movement	Finance costs paid	Finance costs
	RM	RM	RM	RM	RM
Lease liabilities	582,706	854,550	(271,844)	(529)	8,503
Support loan from the Government	75,823,793	95,825,689	(20,001,896)	(3,631,364)	3,530,533
Syndicated business financing-I facility	317,500,000	332,500,000	(15,000,000)	(17,375,674)	16,303,275
Tawarruq financing facility	565,342,162	590,000,000	(24,657,838)	(34,191,058)	33,003,784
Sukuk Mudharabah:					
- PLSASB	415,000,000	415,000,000	-	-	36,807,305
- MTSB	496,530,481	540,930,091	(44,399,610)	(82,270,503)	46,384,587
Land cost advance from the Government	-	35,000,000	(35,000,000)	-	-
	<u>1,870,779,142</u>	<u>2,010,110,330</u>	<u>(139,331,188)</u>	<u>(137,469,128)</u>	<u>136,037,987</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

20. Provisions

	Pavement resurfacing RM	Replacement cost RM	Lane Widening RM	Construction of interchange RM	Total RM
At 1 January 2020	22,906,358	4,546,839	289,501,838	60,364,501	377,319,536
Provision during the year	7,146,480	2,265,149	-	-	9,411,629
Unwinding of discount	551,476	295,686	7,250,655	1,340,652	9,438,469
Adjustment	-	-	7,822,022	3,299,806	11,121,828
Utilised during the year	(5,831,314)	(2,144,972)	-	-	(7,976,286)
At 31 December 2020/at 1 January 2021	24,773,000	4,962,702	304,574,515	65,004,959	399,315,176
Provision during the year	3,533,676	5,318,377	-	-	8,852,053
Unwinding of discount	808,926	156,821	8,945,262	1,980,112	11,891,121
Adjustment	-	-	(24,776,163)	(2,342,000)	(27,118,163)
Utilised during the year	(3,840,055)	(4,485,307)	(620,020)	(444,333)	(9,389,715)
At 31 December 2021/at 1 January 2022	25,275,547	5,952,593	288,123,594	64,198,738	383,550,472
Provision for the year	8,824,951	4,277,836	-	-	13,102,787
Unwinding of discount	1,027,991	228,640	10,171,000	2,324,194	13,751,825
Adjustment	-	-	(4,024,806)	(807,182)	(4,831,988)
Utilised during the year	(17,597,300)	(3,098,663)	(20,079,757)	(239,610)	(41,015,330)
As at 31 December 2022/at 1 January 2023	17,531,189	7,360,406	274,190,031	65,476,140	364,557,766
Provision for the period	4,533,047	2,258,099	-	-	6,791,146
Unwinding of discount	515,234	184,357	6,641,084	1,712,855	9,053,530
Adjustment	-	-	(12,636,557)	(7,038,816)	(19,675,373)
Utilised during the period	(4,467,129)	(2,029,471)	(26,754,386)	(298,424)	(33,549,410)
As at 30 September 2023	18,112,341	7,773,391	241,440,172	59,851,755	327,177,659

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

20. Provisions (cont'd.)

	Pavement resurfacing RM	Replacement cost RM	Lane Widening RM	Construction of interchange RM	Total RM
2020					
Current	6,656,175	1,935,332	35,507,535	444,333	44,543,375
Non-current	18,116,825	3,027,370	269,066,980	64,560,626	354,771,801
	<u>24,773,000</u>	<u>4,962,702</u>	<u>304,574,515</u>	<u>65,004,959</u>	<u>399,315,176</u>
2021					
Current	13,306,401	2,241,393	65,049,616	239,610	80,837,020
Non-current	11,969,146	3,711,200	223,073,978	63,959,128	302,713,452
	<u>25,275,547</u>	<u>5,952,593</u>	<u>288,123,594</u>	<u>64,198,738</u>	<u>383,550,472</u>
2022					
Current	4,900,397	3,050,719	139,964,301	26,890,054	174,805,471
Non-current	12,630,792	4,309,687	134,225,730	38,586,086	189,752,295
	<u>17,531,189</u>	<u>7,360,406</u>	<u>274,190,031</u>	<u>65,476,140</u>	<u>364,557,766</u>
2023					
Current	4,723,283	3,569,493	18,496,066	2,202,545	28,991,387
Non-current	13,389,058	4,203,898	222,944,106	57,649,210	298,186,272
	<u>18,112,341</u>	<u>7,773,391</u>	<u>241,440,172</u>	<u>59,851,755</u>	<u>327,177,659</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

20. Provisions (cont'd.)

Pavement resurfacing

Provision for pavement resurfacing is recognised and measured at the present value of the future expenditure expected to be incurred over the pavement resurfacing cycle, discounted at risk free rate of 3.89% (2022: 4.03%; 2021: 3.39%; 2020: 2.39%) and with the assumption of inflation rate at 3.50% (2022: 3.50%; 2021: 3.00%; 2020: 3.00%). The pavement resurfacing works for certain entities is managed by a subsidiary of the controlling shareholder.

Lane widening

Provision for lane widening is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date, discounted at risk free rate of 3.68% (2022: 3.24% to 3.84%; 2021: 3.16% to 3.39%; 2020: 2.39%). The lane widening project is managed by a subsidiary of the controlling shareholder.

Construction of interchange

Provision for construction of interchange is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date, discounted at risk free rate of 3.68% (2022: 3.67%; 2021: 3.16%; 2020: 2.10%).

Replacement cost

Provision for replacement cost of highway concession assets are recognised and measured at the present value of the future expenditure expected to be incurred over the replacement cycle, discounted at risk free rate of 3.68% (2022: 3.84%; 2021: 3.16%; 2020: 2.39%) and with the assumption of inflation rate at 3.50% (2022: 3.50%; 2021: 3.00%; 2020: 3.00%).

21. Trade and other payables

	Note	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Trade payables					
Third parties		7,574	10,927	15,948	15,947
Other payables					
Accruals		24,377,257	28,478,794	17,899,530	21,459,649
Amount due to controlling shareholder	(a)	81,641,335	81,050,895	85,354,523	84,749,214
Amounts due to related companies	(a)	22,141,362	24,219,031	21,178,278	5,673,054
Sundry payables	(b)	3,952,452	4,558,895	2,311,604	2,755,876
Deposits received		312,219	411,399	213,540	90,883
		<u>132,424,625</u>	<u>138,719,014</u>	<u>126,957,475</u>	<u>114,728,676</u>
Total trade and other payables		132,432,199	138,729,941	126,973,423	114,744,623
Add: Accrued finance cost on Sukuk mudharabah		633,349,952	666,003,311	620,514,575	606,338,512
Add: Total borrowings (excluding amortised issuance expenses)		1,538,662,498	1,653,368,271	1,758,050,953	1,870,779,142
Total financial liabilities carried at amortised cost		<u>2,304,444,649</u>	<u>2,458,101,523</u>	<u>2,505,538,951</u>	<u>2,591,862,277</u>

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

21. Trade and other payables (cont'd.)

(a) Amounts due to controlling shareholder and related companies

Amounts due to controlling shareholder and related companies are unsecured, non-interest bearing and repayable on demand.

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on an average term of 30 - 40 days (2022: 30-40 days; 2021: 30-40 days; 2020: 30-40 days).

22. Deferred liabilities

Deferred liabilities comprise fees received in advance for future maintenance expenditure to be incurred, in consideration for right-of-way access granted by Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. to third parties, analysed as follows:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
At beginning of period/year	6,524,609	6,975,621	7,426,628	6,800,559
Payment received	-	-	-	1,037,187
Recognised in profit or loss	(338,259)	(451,012)	(451,007)	(411,118)
At end of period/year	<u>6,186,350</u>	<u>6,524,609</u>	<u>6,975,621</u>	<u>7,426,628</u>
Deferred liabilities payable within 12 months	451,011	451,011	450,963	451,007
Deferred liabilities payable after 12 months	5,735,339	6,073,598	6,524,658	6,975,621
	<u>6,186,350</u>	<u>6,524,609</u>	<u>6,975,621</u>	<u>7,426,628</u>

23. Lease liabilities

The Group has finance leases for certain computers and electronic bikes at the Toll Plaza. These leases are without renewable terms, but with a purchase option at nominal values at the end of the lease term.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

23. Lease liabilities (cont'd.)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payment are as follows:

Minimum lease payments:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
On demand or within 1 year	164,085	174,912	180,086	219,519
Later than 1 year, but not later than 2 years	-	46,440	228,269	434,133
Total minimum lease payments	164,085	221,352	408,355	653,652
Less: Future finance charges	-	(16,245)	(34,312)	(70,946)
Present value of minimum lease payments	164,085	205,107	374,043	582,706

Present value of payments:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Not later than 1 year	164,085	164,083	168,937	205,928
Later than 1 year, but not later than 2 years	-	41,024	205,106	376,778
Present value of minimum lease payments	164,085	205,107	374,043	582,706
Less: Amount due within 12 months	(164,085)	(164,083)	(168,937)	(205,928)
Amount due after 12 months	-	41,024	205,106	376,778

The profit/interest rate at the reporting date for lease liabilities is 5.5% - 6.6% (2022: 5.5% - 6.6%; 2021: 5.5%-6.6%;2020: 5.5%-6.6%).

24. Dividends

	Audited 2023 RM	Audited 2022 RM	Audited 2021 RM	Audited 2020 RM
In respect of financial year ended 31 December 2021: A final single tier dividend declared on 29 June 2022 and paid on 29 June 2022	-	23,400,000	-	-
In respect of financial year ended 31 December 2020: A final single tier dividend declared on 21 June 2021 and paid on 29 June 2021	-	-	27,000,000	-

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

25. Related party disclosures

(a) Related party transactions

In addition to the transactions disclosed elsewhere in the combined financial statements, the Group has the following transactions with related parties during the financial period/year:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Assets and project management fee paid/ payable to a subsidiary of controlling shareholder	(29,534,190)	(40,795,994)	(45,180,524)	(35,848,631)
Sharing of rental income/ receivable from a subsidiary of controlling shareholder	1,096,994	1,568,284	1,103,300	1,107,994
Management fees paid /payable to controlling shareholder	(4,134,496)	(4,912,876)	(5,088,092)	(3,546,691)

The directors are of the opinion that the above transactions have been entered into in the normal course of the business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

The Group is an entity related to the Government as the Government has significant influence to the Group through the concession agreement and by virtue of its relationship with Yayasan Pelaburan Bumiputra, the ultimate holding company of the Group.

(b) Compensation of key management personnel

Key management personnel is defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any director of the Group.

The key management personnel of the Group comprises its Board of Directors whose remuneration is disclosed below:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Non executive directors:				
- Fees (Note 10)	62,280	89,961	96,000	53,962
- Other emoluments (Note 10)	66,000	96,000	113,000	60,000

PROLINTAS PRIME GROUP

26. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors of Prolintas Group reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer of controlling shareholder.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For deposits, cash and bank balances, the Group minimises credit risk by dealing exclusively with reputable financial institutions.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors other than the compensation claim receivable from the Government.

At the reporting date, the Group's maximum exposure to credit risks is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages liquidity risk by maintaining sufficient cash. In addition, the Group maintains bank facilities such as working capital lines deemed adequate by the management to ensure the Group will have sufficient liquidity to meet their liabilities when they fall due.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

26. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contracted undiscounted repayment obligations.

	Less than one year RM	One to five years RM	More than five years RM	Total RM
30 September 2023				
Trade and other payables	132,432,199	-	-	132,432,199
Accrued finance cost on				
Sukuk Mudharabah	28,377,044	387,224,082	848,641,205	1,264,242,331
Lease liabilities	164,085	-	-	164,085
Borrowings	133,264,713	644,604,402	992,765,870	1,770,634,985
Total undiscounted financial liabilities	<u>294,238,041</u>	<u>1,031,828,484</u>	<u>1,841,407,075</u>	<u>3,167,473,600</u>
31 December 2022				
Trade and other payables	138,729,941	-	-	138,729,941
Accrued finance cost on				
Sukuk Mudharabah	103,095,299	295,298,793	1,037,227,012	1,435,621,104
Lease liabilities	174,912	46,440	-	221,352
Borrowings	187,577,073	599,942,839	1,262,411,473	2,049,931,385
Total undiscounted financial liabilities	<u>429,577,225</u>	<u>895,288,072</u>	<u>2,299,638,485</u>	<u>3,624,503,782</u>
31 December 2021				
Trade and other payables	126,973,423	-	-	126,973,423
Accrued finance cost on				
Sukuk Mudharabah	46,094,850	271,093,735	834,418,441	1,151,607,026
Lease liabilities	180,086	228,269	-	408,355
Borrowings	198,774,332	708,583,238	1,690,226,036	2,597,583,606
Total undiscounted financial liabilities	<u>372,022,691</u>	<u>979,905,242</u>	<u>2,524,644,477</u>	<u>3,876,572,410</u>
31 December 2020				
Trade and other payables	114,744,623	-	-	114,744,623
Accrued finance cost on				
Sukuk Mudharabah	72,140,973	210,441,703	890,901,540	1,173,484,216
Lease liabilities	219,519	434,133	-	653,652
Borrowings	134,277,941	763,894,044	2,137,916,824	3,036,088,809
Total undiscounted financial liabilities	<u>321,383,056</u>	<u>974,769,880</u>	<u>3,028,818,364</u>	<u>4,324,971,300</u>

As disclosed in Note 31(ii), the borrowings and accrued finance cost on Sukuk Mudharabah were settled on 21 December 2023.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

26. Financial risk management objectives and policies (cont'd.)

(c) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market profit/interest rates.

The Group's exposure to interest rate risk arises primarily from their floating rate borrowings. The Group's policy is to manage finance cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if profit/interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM180,500 (2022: RM203,000; 2021: RM224,200; 2020:RM241,300) lower/higher, arising mainly as a result of higher/lower finance cost on syndicated business financing-I facility in Malaysia. The Group's profit net of tax for the financial period ended 30 September 2023 and for the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020 would have been RM180,500, RM203,300, RM224,200 and RM241,300 higher/lower respectively, arising mainly as a result of higher/lower finance cost on syndicated business financing-I facility in Malaysia. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment in Malaysia.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

27. Fair value of financial instruments

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

		2023		2022		2021		2020	
	Fair value hierarchy level	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial liabilities									
Support loan from the government	3	(12,970,000)	(12,970,000)	(25,940,000)	(25,688,527)	(51,881,897)	(51,388,604)	(75,823,793)	(73,921,648)
Tawarruq financing facility	3	(494,032,243)	(469,804,961)	(509,190,295)	(510,445,188)	(538,048,174)	(562,503,824)	(565,342,162)	(590,661,190)

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

27. Fair value of financial instruments (cont'd.)

The carrying amount of syndicated business financing-I facility and Sukuk Mudharabah are reasonable approximation of fair values, as it is floating rate instrument that is re-priced to market profit/interest rates on or near the reporting date.

The carrying amounts of investment in unit trust, short term trade and other payables and short term trade and other receivables are reasonable approximation of fair values due to their short-term nature.

The Group has classified the fair value measurements using a fair value hierarchy based on the following levels:

- Level 1 - The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. Segment information

The chief operating decision-maker has been identified as the Board of Directors (the "Board"). The Board reviews the internal reporting of the Group in order to assess performance and allocation of resources. No information on segment profit or loss, segment assets and segment liabilities is presented as the Group has a single operating segment of which its principal activity is to undertake the construction, operations, maintenance and toll collection of various highways in the Klang Valley and Selangor. No information on geographical areas is presented as the Group operates solely in Malaysia.

29. Capital management

The primary objective of the Group's capital management was based on capital management of Prolintas Group which is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

According to Prolintas Group's capital management policy, the Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may drawdown new borrowings, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

29. Capital management (cont'd.)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, accrued finance cost on Sukuk Mudharabah, less deposits, cash and bank balances. Capital of the Group represents the total equity.

The debt to equity ratio as at 30 September 2023, 31 December 2022, 31 December 2021 and 31 December 2020 is as follows:

	Audited 30.9.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM	Audited 31.12.2020 RM
Borrowings	1,535,192,041	1,649,348,736	1,753,239,494	1,865,119,764
Accrued finance cost on Sukuk Mudharabah	633,349,952	666,003,311	620,514,575	606,338,512
Less: Deposits, cash and bank balances	<u>(348,469,273)</u>	<u>(315,382,255)</u>	<u>(251,793,288)</u>	<u>(237,011,435)</u>
Net debt	<u>1,820,072,720</u>	<u>1,999,969,792</u>	<u>2,121,960,781</u>	<u>2,234,446,841</u>
Total equity, representing total capital	<u>(13,587,201)</u>	<u>243,363,997</u>	<u>280,324,498</u>	<u>167,359,778</u>
Capital and net debt	<u>1,806,485,519</u>	<u>2,243,333,789</u>	<u>2,402,285,279</u>	<u>2,401,806,619</u>
Gearing ratio	<u>101%</u>	<u>89%</u>	<u>88%</u>	<u>93%</u>

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one Group to another.

30. Contingent liability

(i) Dispute over Coordination and Cost Sharing Agreement of Interchange

In prior years, PESB, the Government of Malaysia and another highway concessionaire ("Concessionaire") entered into a Cost Sharing Agreement in respect of the construction and maintenance of an Interchange and Access (collectively referred to as "Intersections") in which the Concessionaire through an adjudication under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") obtained an Adjudication Decision against PESB for approximately RM70.8 million and pre-adjudicated interest of approximately RM9.2 million. The Adjudication Decision had been set aside by the High Court of Kuala Lumpur upon the hearing of PESB's application on 23 September 2020.

PROLINTAS PRIME GROUP

30. Contingent liability (cont'd.)

(i) Dispute over Coordination and Cost Sharing Agreement of Interchange (cont'd.)

Concurrently, PESB initiated a legal suit in the High Court of Kuala Lumpur against the Concessionaire, claiming a sum of approximately RM48.3 million and interests of approximately RM31.8 million being the construction costs of a portion of road. The Concessionaire had then obtained a Fortuna injunction against the legal suit initiated by PESB and PESB has filed an appeal to set aside the Fortuna injunction order. PESB's appeal was heard on 15 September 2021 and was dismissed by the Court of Appeal.

The Concessionaire has also referred to the dispute relating to the construction and maintenance costs of the Intersections for arbitration. PEX has objected the reference to arbitration due to the fact that both parties have submitted the dispute for Minister's determination in accordance with the contract pursuant to the construction and maintenance of the Interchanges. The Minister had on 9 July 2021 instructed both parties to resolve the matter via arbitration.

Arbitration

The Arbitration Proceedings' hearing commenced on 20 October 2022 and shall continue up to May 2024.

There are two claims brought forward by each of the parties and based on an objective assessment of the facts of the case and the law, it is possible that PEX's claim will succeed. Whereas, should the Concessionaire's claim is also awarded by the Arbitration Tribunal, the difference between the quantum of the two awards would be minimal.

The parties had exchanged closing submissions on 17 January 2024.

The arbitrator had set the following dates:

- a. Parties to exchange reply closing submissions together with submissions by costs on 27 February 2024;
- b. Parties to exchange reply submissions on costs by 4 March 2024; and
- c. Virtual oral hearing and clarification on 6 May 2024.

The solicitors estimate that the time taken for the Arbitrator to publish his Award(s) to be within the next 5-6 months from the last date of the hearing.

(ii) Compliance to Local Authority requirements

The four highways under Prolintas Prime Group have obtained the Sijil Kesempurnaan Pembinaan Lebuhraya (Certificate Of Completion For Highway Construction) ("SKPL") issued by Malaysian Highway Authority ("MHA") being the regulatory body under the Ministry of Works (Kementerian Kerja Raya or "KKR").

In the past, certain requirements by the local authorities for ancillary facilities such as rest stops and lay-bys have not been actively enforced and in practice, the local authorities have accepted the SKPL for the purposes of a business premise license application by the vendors operating in the rest service areas of the highways.

In recent years (2018-2019), the local authorities have required additional compliance documentation over and above the SKPL in respect of new buildings within the highway concession area.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

30. Contingent liability (cont'd.)

(ii) Compliance to Local Authority requirements (cont'd.)

Consequently, the Group has sought direction from KKR with regards to this local authority requirements on the additional compliance documentation and the matter is subject to discussion with all relevant parties. As at the date of this report, the discussion is still at the preliminary stage.

The management is of the view that the likelihood of any additional outflow is low as such requirement was not actively enforced in the past and the management do not believe it will be retrospectively enforced. Therefore, no provision has been recognised in the combined financial statements.

Nevertheless, in the unlikely event that the management is required to retrospectively rectify the above matter, the estimated maximum exposure to the Group is approximately RM39.1 million (inclusive of administrative and regulatory cost).

31. Subsequent events

(i) Pre-Initial Public Offering Acquisition

On 11 December 2023, Prolintas Managers Sdn Bhd (on behalf of the Prolintas Infra Business Trust) entered into a conditional sale of business agreement with PLKH to acquire the entire issued share capital of PLKSB, PLSASB, PESB and SLKSB for an aggregate purchase consideration of RM1,100 million ("Pre-IPO Acquisition").

In conjunction with the Pre-IPO Acquisition, PLKH had acquired the remaining 10% equity interest in PLSASB from Permodalan Nasional Berhad.

The acquisition of the Concession Companies by Prolintas Managers Sdn Bhd (on behalf of the Prolintas Infra BT Group) was wholly satisfied via the issuance of 1,100,000,000 new units of the Trust at an issue price of RM1.00 per unit to PLKH.

Upon completion of the Pre-IPO Acquisition, Prolintas Managers Sdn Bhd (on behalf of Prolintas Infra BT Group) holds the entire issued share capital in the Concession Companies, thereby forming the Trust group. The Pre-IPO Acquisition has been completed on 21 December 2023.

(ii) Debt refinancing

Prolintas Managers Sdn Bhd (on behalf of Prolintas Infra BT Group) has secured a Tawarruq Financing Facilities ("TWA") of up to RM2,700 million from Bank Pembangunan Malaysia Berhad.

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

31. Subsequent events (cont'd.)

(ii) Debt refinancing (cont'd)

The total amount of financing is up to RM2,700 million made up of :

i)	Tawarruq 1 facility ("TWA 1")	Up to RM2,400 million is to be utilised for the purposes of refinancing of the existing debts of the Concession Companies, including the payment of any amount due to the related parties, and fees and expenses related to the facility.
ii)	Tawarruq 2 facility ("TWA 2")	Up to RM300 million is to be utilised for the capital expenditure in relation to the construction of a new interchange for GCE and lane widening for SILK.

On 21 December 2023, Prolintas Managers Sdn Bhd (on behalf of Prolintas Infra BT Group) has drawdown RM2,326 million from TWA 1 to settle all of the existing debts of the Concession Companies and amounts due to the related parties, and fees and expenses related to the facility.

The tenure for the TWA is up to 24 years from the date of first disbursement.

The effective profit rate of the respective financing is as per below:

Facility	Year	Effective Profit Rate ("EPR")
TWA 1	1 - 12	5.6% per annum Note: the above EPR to be paid in two methods as below: 1. Semi-annual instalment of New Cost of Fund ("COF") + 0.30% per annum 2. The balance to be paid in bullet payment at maturity date
	13 - 24	New COF + 1.77% per annum
TWA 2	1 - 15	New COF + 0.90% per annum - 1.50% per annum
	16 - 24	New COF + 0.90% per annum

The TWA is secured by:

- first party first ranking legal debenture incorporating a fixed and floating charge over all present and future assets;
- first party first ranking legal assignment and charge over certain specified designated bank accounts;
- third party first ranking legal assignment and charge over specified revenue accounts of the respective Concession Companies;
- first party first ranking legal assignment and charge over all rights, interest, title and benefits under the agreements entered into by the Trustee-Manager with the Concession Companies for the purpose of, inter alia, the refinancing utilising TWA 1;
- a deed of subordination subordinating all present and future advances and loans or financings from the Trustee-Manager's shareholders except for financings to be determined in the deed of subordination;

17. ACCOUNTANTS' REPORT (Cont'd)

PROLINTAS PRIME GROUP

31. Subsequent events (cont'd.)

(ii) Debt refinancing (cont'd)

The TWA is secured by: (cont'd.)

- f) Letter of Undertaking from PLKH, undertaking that for so long as any of the Concession Agreements is in force and effect:
 - i) PLKH shall at all times throughout the tenure of the facility hold 100% of the ordinary shares of the Trustee-Manager; and
 - ii) PLKH, Permodalan Nasional Berhad, any unit trust fund managed by Permodalan Nasional Berhad and/or its subsidiary, shall at all times throughout the tenure of the facility hold in aggregate more than 33% of all units of the Prolintas Infra Business Trust then in issue.
- g) first party first ranking assignment and charge over all rights, interest, title, and benefits under the Sales of Business Agreement;
- h) third party first ranking legal assignment over all rights, title, interest and benefits under the Concession Agreements, in respect of the following:
 - i) the proceeds of the toll collection;
 - ii) the rights on the portion of ancillary income which are permitted to be assigned under the terms of the Concession Agreements;
 - iii) the rights to any cash payments from the Government to compensate for any reduction in toll rate and/or abolishment of toll rate; and
 - iv) all rights, interest and title in respect of the amount payable by the Government as a result of early termination of the Concession Agreements;
- i) first party first ranking legal charge over the Trustee-Manager's entire shareholding in the Concession Companies; and
- j) third party first ranking legal assignment and charge over the Concession Companies' operating accounts.

(iii) Status of the supplemental concession agreements entered between the Government and each of the Concession Companies dated 12 October 2022 ("SCA 2022")

On 18 December 2023, each of the Concession Companies submitted a letter to the Government, to inform that all the conditions precedent stipulated in the respective SCAs 2022 have been duly fulfilled by each of the Concession Companies. The SCAs 2022 became effective on 9 January 2024.



TRAFFIC REPORT FOR PROLINTAS INFRA BUSINESS TRUST

February 2024

Prepared by:



PERUNDING TRAFIK KLASIK SDN. BHD.

(Co. No. 300560-H)

Transportation Planning • Traffic Management

TRAFFIC REPORT FOR
PROLINTAS INFRA BUSINESS TRUST



PERUNDING TRAFIK KLASIK SDN. BHD.

(Co. No. 300560-H)

Transportation Planning • Traffic Management

Our Ref: PTK/J2047/NR/L22177nr/23

9th February 2024

PROJECT LINTASAN KOTA HOLDINGS SDN BHD

Peti 2, Tingkat 12, Menara PNB 201-A,
Jalan Tun Razak 50400, Kuala Lumpur
Tel: 03-2164 2450 Fax: 03-2164 2795

Dear Sir/Madam,

TRAFFIC REPORT FOR PROLINTAS INFRA BUSINESS TRUST

Perunding Trafik Klasik Sdn Bhd have prepared this Traffic Report for Prolintas Infra Business Trust.

This report is a comprehensive overview of the project, including the methodology used, the findings, and the recommendations. The report was prepared by a team of qualified and experienced traffic engineers who employed widely accepted industry standard in projecting the tollable traffic volume on the Highways.

We are confident that the traffic projections in this report will be valuable to *Prolintas Infra Business Trust*.

Thank you.

Yours faithfully
PERUNDING TRAFIK KLASIK SDN BHD

Ir. Chew Choon Aik
General Manager

L13A-01-02, Level 13A, PJX-HM Shah Tower, No.16A, Persiaran Barat, 46050 Petaling Jaya, Selangor
Tel: 03-7932 3266 Fax: 03-7932 3261
Email: trafik@ptk.my Website: www.ptk.my

TRAFFIC REPORT FOR PROLINTAS INFRA BUSINESS TRUST

1. INTRODUCTION

Perunding Trafik Klasik Sdn Bhd (PTK SB) was commissioned to undertake a traffic study to review the projection of the tollable traffic volume on the Ampang – Kuala Lumpur Elevated Highway (AKLEH), Guthrie Corridor Expressway (GCE), Lebuhraya Kemuning - Shah Alam (LKSA), and Sistem Lingkaran Lebuhraya Kajang (SILK) for Prolintas Infra Business Trust. The four highways will be referred to as 'the Highways' hereon.

Perunding Trafik Klasik Sdn Bhd (PTK SB) is a transportation consulting firm in Malaysia that was founded in 1994. The company has grown from a team of 5 to 26 personnel and has become a leading transportation consulting firm in Malaysia. PTK's team is well-qualified and experienced in transport planning, traffic management, transport information system technology, transport project economic analysis, and highly technical and advanced computing skills. They have extensive local and international experience and are constantly keeping abreast with developments in the transportation and associated information technology disciplines.

Ir. Chew Choon Aik has an impressive career spanning 22 years in the field of professional traffic engineering. He holds a Professional Engineer with a Practicing Certificate (PEPC) qualification granted by the esteemed Board of Engineers Malaysia. His career has been marked by active engagement in a multitude of Highway Privatisation Projects, strategically positioned in and around the vibrant hub of Klang Valley.

Ir. Chew's pivotal contributions extend far beyond the confines of highway projects. His active involvement in Transport Masterplan Studies, meticulous Traffic Impact Assessment Studies, and a diverse array of Transport and Traffic Management Studies has afforded him a keen insight into the intricate dynamics between infrastructural developments and the resultant traffic demands on highways. This nuanced understanding has further illuminated the reciprocal relationship between highway expansion and urban development.

In addition to his extensive experience in highway projects, Ir. Chew's acumen in public transport demand projection and strategic planning has proven invaluable. His proficiency in this area seamlessly complements his work in highway development, recognizing the symbiotic relationship between highway and public transport traffic projections.

1.1 OVERVIEW OF THE AKLEH, GCE, LKSA AND SILK HIGHWAY

The Highways are operated by Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS).

The Highways are major highways in the Klang Valley operated by Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS). They provide a vital link between the city of Kuala Lumpur and the surrounding suburbs. These highways are all important traffic links in the Klang Valley. They help to reduce traffic congestion and improve the flow of traffic. They also help to connect the different parts of the Klang Valley and make it easier for people to get around.

Below are the snapshots of these highway: -

18. TRAFFIC CONSULTANT’S REPORT (Cont’d)

TRAFFIC REPORT FOR
PROLINTAS INFRA BUSINESS TRUST

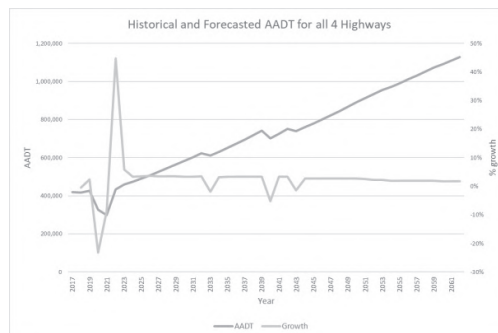
				
The Highway	Ampang – Kuala Lumpur Elevated Highway (E12)	Guthrie Corridor Expressway (E35)	Lebuhraya Kemuning – Shah Alam (E13)	Sistem Lingkaran Lebuhraya Kajang (E18)
Highway Length	7.4 km	25 km	14.7 km	37.0 km
Type of Toll & Toll Collection	<ul style="list-style-type: none"> - Open Toll - Electronic Toll Collection (Touch 'n Go card, SmartTAG, RFID and Bankcard (starting 1st September 2023)) 	<ul style="list-style-type: none"> - Open Toll - Electronic Toll Collection (Touch 'n Go card, SmartTAG, RFID and Bankcard (starting 1st September 2023)) 	<ul style="list-style-type: none"> - Open Toll - Electronic Toll Collection (Touch 'n Go card, SmartTAG, and RFID) 	<ul style="list-style-type: none"> - Open Toll - Electronic Toll Collection (Touch 'n Go card, SmartTAG, and RFID)
Location of Highway	<ul style="list-style-type: none"> - Kuala Lumpur 	<ul style="list-style-type: none"> - Selangor 	<ul style="list-style-type: none"> - Selangor 	<ul style="list-style-type: none"> - Selangor
Toll Plaza	<ul style="list-style-type: none"> - 1 toll plaza - Datuk Keramat Toll Plaza 	<ul style="list-style-type: none"> - 3 toll plazas - Lagong Toll Plaza, Elmina Toll Plaza & Bukit Jelutong Toll Plaza 	<ul style="list-style-type: none"> - 2 toll plazas - Alam Impian Toll Plaza & Sri Muda Toll Plaza 	<ul style="list-style-type: none"> - 4 toll plazas - Sungai Balak Toll Plaza, Sungai Ramal Toll Plaza, Bukit Kajang Toll Plaza & Sungai Long Toll Plaza
Interchanges	<ul style="list-style-type: none"> - 7 interchanges 	<ul style="list-style-type: none"> - 8 interchanges 	<ul style="list-style-type: none"> - 6 interchanges 	<ul style="list-style-type: none"> - 14 interchanges
Catchment Area & Committed Development & Highways	<ul style="list-style-type: none"> - continuous growth of traffic in the KL central business district - new development along the corridor such as Semarak Residence, Datum Jelatek and Picasso Residence Jelatek - Connectivity with SPE and SUKE 	<ul style="list-style-type: none"> - Bukit Subang 3 - Elmina East - Elmina West - Elmina Green - Lagong Mas - development of a commercial area within the City of Elmina - Connectivity with DASH 	<ul style="list-style-type: none"> - mixed development of Bandar Rimbayu (adjacent to Kota Kemuning Shah Alam) - Alam Impian township - 192-acre TTDI mixed development projects 	<ul style="list-style-type: none"> - current development of Mutiara Heights, Palm Hill Residence, and Setia Eco Hill - Connectivity with EKVE

1.2 OVERVIEW OF THE COMBINED TRAFFIC VOLUME PROJECTION FOR AKLEH, GCE, LKSA, AND SILK

The study projects the traffic demand along the Highways based on the future growth of the region, taking into consideration the various proposed developments and new roads in the region.

Between 2017 and 2023, the Highways reported a CAGR of 0.9% in total. This was primarily attributed to the decline in growth during the Covid-19 Movement Control Order period.

Table 1.2 tabulates the historical and projected Annual Average Daily Traffic (AADT) volume (excluding motorcycles) and yearly growth for the Highways.



Year	AADT	%	Year	AADT	%	Year	AADT	%
2017	418,989		2033	607,344	-1.8%	2049	864,919	2.7%
2018	417,277	-0.4%	2034	626,745	3.2%	2050	888,056	2.7%
2019	427,142	2.4%	2035	646,814	3.2%	2051	911,171	2.6%
2020	327,850	-23.2%	2036	667,563	3.2%	2052	933,983	2.5%
2021	299,451	-8.7%	2037	689,012	3.2%	2053	954,216	2.2%
2022	433,457	44.8%	2038	656,223	-4.8%	2054	972,710	1.9%
2023	458,762	5.8%	2039	678,310	3.4%	2055	991,772	2.0%
2024	473,755	3.3%	2040	701,175	3.4%	2056	1,011,418	2.0%
2025	489,490	3.3%	2041	724,833	3.4%	2057	1,031,665	2.0%
2026	506,415	3.5%	2042	749,330	3.4%	2058	1,052,537	2.0%
2027	523,672	3.4%	2043	738,643	-1.4%	2059	1,073,438	2.0%
2028	541,573	3.4%	2044	758,275	2.7%	2060	1,091,393	1.7%
2029	560,118	3.4%	2045	778,454	2.7%	2061	1,109,907	1.7%
2030	578,842	3.3%	2046	799,191	2.7%	2062	1,129,000	1.7%
2031	598,264	3.4%	2047	820,504	2.7%			
2032	618,778	3.4%	2048	842,403	2.7%			

Note: The AADT from 2024 and onwards are based on PTK SB's projections

An annual growth rate ranging from 1.7% to 3.3% provides a fair representation of the organic traffic expansion in the Klang Valley, taking into consideration the potential for reduced growth in the initial year following a toll increase.

2.0 STUDY METHODOLOGY

The approach adopted in this highway modelling study is to evaluate the existing travel patterns and movement characteristics of drivers in the Klang Valley by way of a transport model. The transport model will sufficiently represent all major roads, highways, and public transportation services. The study projects the traffic demand along the Highways based on the future growth of the region, taking into consideration the various proposed developments and new roads in the region.

The foundation for the forecast incorporates its objectives, evaluation date, constraints, and the duration covered for each highway. It's presumed that SCA terms will be adhered to and that no new gazette rates will be introduced.

2.1 TRAVEL DEMAND PROJECTION AND TRANSPORT MODELLING PARAMETERS

The projection of the future traffic volume in the study area is based on socio economic factors of the study area (i.e. Klang Valley). The following factors have been found to influence the traffic growth and have been identified and incorporated in the model projection procedures:

i. **Gross Domestic Product (GDP) and Vehicle Registration Growth**

The interplay between Gross Domestic Product (GDP) and the growth of vehicle registrations is characterised by a dynamic relationship. Broadly speaking, an uptick in GDP tends to influence traffic growth in a particular way. When GDP increases, individuals typically find themselves with more disposable income at their disposal. This, in turn, can translate into a heightened propensity for people to acquire and own vehicles, consequently resulting in an increase in traffic volume.

Nevertheless, it is essential to consider the exceptional circumstances introduced by the COVID-19 pandemic, which disrupted this conventional pattern. The pandemic's adverse economic impact led to a temporary downturn in both GDP and traffic growth, as widespread lockdowns, reduced economic activity, and travel restrictions had a stifling effect on the movement of people and vehicles.

As the global situation gradually stabilizes and pandemic-related constraints are alleviated, GDP is projected to rebound and regain its pre-pandemic levels. This resurgence in economic activity is anticipated to be accompanied by a corresponding resurgence in traffic growth. It is estimated that by 2024, GDP will have largely recovered to its previous levels, setting the stage for a potential resurgence in vehicle registrations and increased traffic on the roadways. In fact, traffic has mostly returned to pre-pandemic levels, even higher along most roads.

ii. **Population and Employment Growth**

The population and employment growth rates within the study area between 2010 and 2020, which have averaged at 3.0% and 2.7% per year, respectively, are closely correlated with the average traffic growth experienced in the same geographic region.

The 3.0% annual population growth rate signifies a consistent increase in the number of residents living in the study area over this decade. A growing population often leads to an augmented demand for transportation services and infrastructure, such as roads, public transit, and parking facilities. More people living in the area can also result in increased traffic on the roadways, as individuals commute to work, school, and other destinations. This upsurge in population is a critical factor contributing to the overall traffic growth observed in the study area.

Similarly, the 2.7% annual employment growth rate indicates a steady rise in the number of people actively engaged in the workforce within the study area. As employment opportunities increase, people from within and outside the region may seek employment in the study area, leading to more commuters and business-related travel. These workers contribute to the daily traffic flow, further accentuating the traffic growth trends.

The synergy between population and employment growth is integral to understanding the overall traffic growth dynamics in the study area. The higher the number of residents and employed individuals, the greater the demand for transportation, which results in increased traffic volume. Hence, the population and employment growth rates serve as reliable indicators of the average traffic growth patterns within the study area.

iii. **Historical Traffic Growth**

The study in question has relied on historical data to establish traffic growth rates in the Klang Valley, which is a crucial component of the research. These historical growth rates were obtained from the "Road Traffic Volume Malaysia 2020" report published by the Highway Planning Unit (HPU) under the Ministry of Works. The data covers traffic trends from the year 2010 to 2019, offering a comprehensive and credible dataset for analysis.

To enhance the robustness and reliability of the historical traffic growth rates, the study also conducted primary on-ground surveys in 2020, specifically focusing on the areas adjacent to the MRR1 and MRR2 boundaries. These surveys were instrumental in capturing real-time traffic patterns, which provided additional empirical evidence to support the historical data.

The primary purpose of incorporating these historical traffic growth rates is to serve as a benchmark or reference point for evaluating the outcomes of the projection exercise. By comparing the projected traffic growth rates with the established historical data, the study can assess the reasonableness and accuracy of the projections. If the projected growth rates align closely with the historical trends, it lends credibility to the projections, indicating that they are in line with the past performance of traffic growth in the region.

In summary, the study has taken a rigorous approach by utilising a combination of historical data and contemporary on-ground surveys to validate the reliability and reasonableness of the projected traffic growth rates. This ensures that the research findings are anchored in a solid foundation of real-world data and can be considered a valuable resource for future planning and decision-making in the Klang Valley.

iv. **Committed major developments in the study area.**

The future traffic projection conducted in the region was undertaken via a comprehensive and inclusive approach by incorporating the traffic impact of all significant developments, both local and regional, within the study area. This approach ensures that the projection exercise accounts for the full spectrum of factors that can influence traffic patterns and demands.

1. **Localised Developments Along Highway Corridors:** The study considered local developments that are situated along specific highway corridors. These developments can include residential, commercial centers, or industrial zones. By including these developments, the projection exercise can accurately estimate how traffic patterns and congestion might evolve in areas immediately adjacent to these projects.
2. **Major Developments in Klang Valley:** In addition to localised developments, the study also factored in major developments in Klang Valley. These can encompass large-scale infrastructure projects, urban expansions, business hubs, and other significant initiatives that are expected to bring about substantial changes in the traffic landscape of the entire region. Incorporating these major developments into the projection is crucial for understanding how they will shape the broader traffic flow and transportation network.

For example, some of the major developments considered in the model include redevelopment of Kampung Baru within the vicinity of AKLEH, which encompasses 83 million square feet of development floor area, and the 5,000-acre City of Elmina, Kota Elmina, and the connection via DASH for GCE. Please refer to Sections 3 to 6 below for further details of the developments contributing to the traffic volume for each Highway respectively.

By considering both localised and major developments, the future traffic projection captures a holistic view of the region's generated traffic. It allows for a more accurate assessment of how these developments will impact traffic volume, congestion levels, and infrastructure requirements.

v. **Proposed Future Highways and Public Transport**

The future scenario model incorporated the start of operations for all the new highways as well as public transport lines:

- Year 2023: West Coast Expressway, Damansara – Shah Alam Highway, Setiawangsa Pantai Expressway, Sungai Besi – Ulu Kelang Elevated Expressway.
- Year 2025: East Klang Valley Expressway, Shah Alam LRT Line
- Year 2028: DUKE 2A (Istana Link), KL-NODE, Bangi Putrajaya Expressway, New Pantai Expressway Extension
- Year 2030: MRT3 (Circle Line)

3.0 THE AMPANG-KUALA LUMPUR ELEVATED HIGHWAY

The Ampang-Kuala Lumpur Elevated Highway functions as an alternative route to Jalan Ampang; facilitating access between Kuala Lumpur – Jelatek / Setiawangsa – MRR11 and Ampang. AKLEH spans 7.9km and starts eastward from Jalan Sultan Ismail and ends at Taman Ampang Utama in Ampang. The highway provides a 3-lane carriageway for both directions from Jalan Sultan Ismail interchange to Jalan Lingkaran Tengah 2 interchange while the journey to Jalan Ampang interchange thereafter offers a 2-lane carriageway in each direction. AKLEH’s open system toll plaza located along AKLEH near Jalan Datuk Keramat.

3.1 AKLEH: TOLL CHARGES AND TRAFFIC PROJECTION-

The current and proposed toll charges and traffic composition for AKLEH are as follows.

Table 3.1: Toll Charge for AKLEH

Segment	Class 1	Class 2	Class 3	Class 4	Class 5
	Car	Light Truck	Heavy Truck	Taxis	Buses
2022	2.50	7.00	10.50	1.80	1.50
2023 - 2037	2.13	7.00	10.50	1.53	1.28

Toll Plaza	Class 1	Class 2	Class 3	Class 4	Class 5
Plaza Tol Keramat	98.57%	0.37%	0.02%	0.90%	0.14%

Table 3.2 tabulates the projected AADT volume (excluding motorcycles) that will pass the toll plaza.

Table 3.2: Projected AADT Volume (Keramat Toll Plaza)

Year	AADT	%	Year	AADT	%
2017	51,642	-	2028	47,730	1.8%
2018	48,006	-7.0%	2029	48,583	1.8%
2019	45,094	-6.1%	2030	48,963	0.8%
2020	30,937	-31.4%	2031	49,345	0.8%
2021	25,792	-16.6%	2032	50,113	1.6%
2022	38,215	48.2%	2033	50,894	1.6%
2023	42,943	12.4%	2034	51,687	1.6%
2024	44,661	4.0%	2035	52,491	1.6%
2025	45,390	1.6%	2036	53,310	1.6%
2026	46,134	1.6%	2037	54,139	1.6%
2027	46,887	1.6%			

Note: The AADT from 2023 and onwards are based on PTK SB’s projections

From 2013 to 2018, the traffic volume on AKLEH was influenced by various factors, including lane widening construction in 2014, opening of Besraya Eastern Extension in 2014, a toll increase in 2015, and opening of DUKE2 in 2017, and the impact of the Movement Control Order (MCO) in 2020. Looking ahead to 2023, it is anticipated that the Average Annual Daily Traffic (AADT) will experience an uptick due to improved dispersibility resulting from the connection to SUKE (fully opened on 16 June 2023) and SPE (opened on 3 November 2023).

This growth is well supported by an estimated annual traffic increase of 1.6% to 4%, a reasonable projection based on the consistent traffic growth observed in the Klang Valley. Contributing to this growth are significant developments within the Kuala Lumpur Central Business District, particularly in the vicinity of AKLEH, such as the redevelopment of Kampung Baru, which encompasses 83 million square feet of development floor area. It’s worth noting that a 3% growth rate translates to just an additional 120 vehicles during the peak hour, demonstrating the reasonableness of this growth.

Figure 3.1 shows the Historical and Projected AADT Volume for AKLEH

The following observations and recommendations are made.

- a) The pandemic has decreased traffic on AKLEH by 32% (2020) and 16% (2021) due to the Movement Control Order which caused a major impact to the movement of office workers ie the main users of AKLEH.
- b) In 2023, the traffic volume on AKLEH has made a recovery but has yet to reach 2019 traffic volume levels of around 45,000 AADT as some offices still practice the work from home scheme.
- c) As highways do rely on other highways ‘feeding’ traffic into each other, the 2023 AADT has shown an encouraging growth of 12.4% due to additional volume from SPE and SUKE. SPE connects to AKLEH via the Jelatek Interchange while SUKE connects to AKLEH at the Ampang Interchange.
- d) The projected traffic volume growth on AKLEH of 1.6% to 4.0% is reflective of the increasing development demand in future and the potential impact from the future MRT lines.
- e) The MRT3 Circle Line is expected to lower the traffic growth on AKLEH in 2030 and 2031 where the traffic volume growth is projected to be 0.8% for both years.

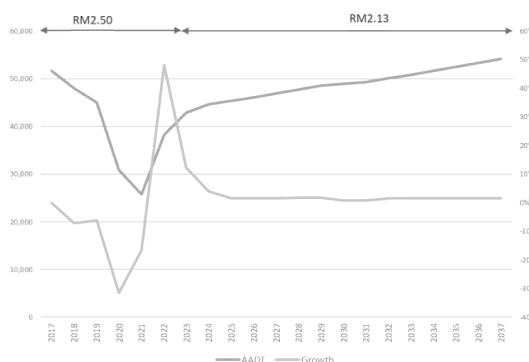


Figure 3.1: Historical and Projected AADT Volume for AKLEH

4.0 THE GUTHRIE CORRIDOR EXPRESSWAY

The Guthrie Corridor Expressway, which has been operating since Year 2005 provides a rapid means of travel between the existing township of Klang, Shah Alam, Bukit Jelutong, Subang, Sungai Buloh and Rawang. The 25km highway was also built to alleviate traffic congestion along the existing North-South Expressway.

The open toll highway consists of three mainline toll plazas namely Bukit Jelutong, Elmina, and Lagong toll plazas and it connects to New Klang Valley Expressway (NKVE), North South Expressway Central Link (ELITE), Damansara – Shah Alam Highway (DASH), North South Expressway (NSE), and the Kuala Lumpur – Kuala Selangor Expressway (LATAR).

4.1 GCE: TOLL CHARGES AND TRAFFIC PROJECTION

The current and proposed toll charges and traffic composition for GCE are as follows.

Table 4.1: Toll Charge for GCE

Segment	Class 1	Class 2	Class 3	Class 4	Class 5
	Car	Light Truck	Heavy Truck	Taxis	Buses
Year 2022	1.90	3.80	5.70	0.90	1.40
Year 2023 - 2032	1.75	3.80	5.70	0.83	1.29
Year 2033 – 2042	2.59	5.20	7.80	1.23	1.91
Year 2043 - 2062	3.40	7.00	10.50	1.70	2.83

18. TRAFFIC CONSULTANT'S REPORT (Cont'd)

TRAFFIC REPORT FOR PROLINTAS INFRA BUSINESS TRUST

Toll Plaza	Class 1	Class 2	Class 3	Class 4	Class 5
Bukit Jelutong	93.0%	3.6%	2.9%	0.3%	0.2%
Elmina	89.2%	5.7%	4.6%	0.3%	0.2%
Lagong	89.7%	5.5%	4.3%	0.3%	0.2%

Table 4.2 tabulates the projected AADT volume (excluding motorcycles) that will pass the toll plaza.

Table 4.2: Projected AADT Volume (All GCE Toll Plaza)

Year	AADT	%	Year	AADT	%	Year	AADT	%
2017	106,430	-	2033	169,789	-2.2%	2049	273,925	3.1%
2018	107,844	1.3%	2034	176,668	4.1%	2050	282,362	3.1%
2019	112,603	4.4%	2035	183,836	4.1%	2051	291,060	3.1%
2020	84,049	-25.4%	2036	191,295	4.1%	2052	300,029	3.1%
2021	71,676	-14.7%	2037	199,062	4.1%	2053	309,273	3.1%
2022	117,735	64.3%	2038	207,153	4.1%	2054	318,805	3.1%
2023	122,525	4.1%	2039	215,572	4.1%	2055	328,634	3.1%
2024	125,755	2.6%	2040	224,344	4.1%	2056	338,768	3.1%
2025	130,351	3.7%	2041	233,472	4.1%	2057	349,214	3.1%
2026	135,816	4.2%	2042	242,981	4.1%	2058	359,987	3.1%
2027	141,532	4.2%	2043	228,371	-6.0%	2059	370,487	2.9%
2028	147,428	4.2%	2044	235,394	3.1%	2060	377,723	2.0%
2029	153,578	4.2%	2045	242,638	3.1%	2061	385,195	2.0%
2030	159,988	4.2%	2046	250,107	3.1%	2062	392,911	2.0%
2031	166,674	4.2%	2047	257,805	3.1%			
2032	173,647	4.2%	2048	265,741	3.1%			

Note: The AADT from 2024 and onwards are based on PTK SB's projections

Figure 4.1 shows the Historical and Projected AADT Volume for GCE

The following observations and recommendations are made.

- During the two years of the Movement Control Order (MCO), the traffic volume on GCE dropped by 25% because of the lower commuter volume and interstate travel. GCE serves as a connector between ELITE and North South Expressway and thus cater for interstate travel as well.
- Upon the end of the MCO and opening of borders in 2022, GCE recorded tremendous recovery in traffic volume with a positive growth of 64% to record a AADT of 117,782 which is has also surpassed the pre-pandemic 2019 AADT of 112,618

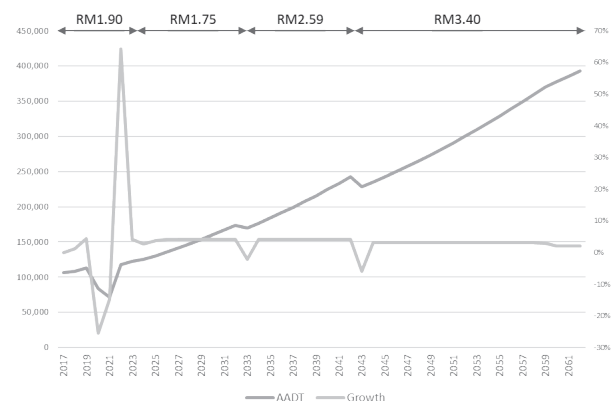


Figure 4.1: Historical and Projected AADT Volume for GCE

- The traffic on GCE is expected to continue to grow in anticipation of the connectivity with DASH and the development progress of Elmina. Another contributing factor in the attractiveness of the GCE is its similar function to NKVE linking between ELITE and NSE (northern section).
- An annual traffic growth ranging from 2.0% to 4.2% takes into consideration both the organic growth in traffic and the continued development projects in the area. The primary sources of increased traffic are expected to be the 5,000-acre City of Elmina, Kota Elmina, and the connection via DASH.

5.0 THE LEBUHRAYA KEMUNING SHAH ALAM

Lebuhraya Kemuning Shah Alam, also known as LKSA, is a 14.7-kilometer expressway opened in 2010. It connects Shah Alam and Kemuning and serves as a major link between the Federal Highway and the Shah Alam Expressway (KESAS). LKSA was built to alleviate traffic congestion in the Shah Alam and Kemuning areas, which were experiencing rapid development and population growth at the time. In addition to reducing congestion, LKSA has also helped to spur economic development in the surrounding areas by improving accessibility and connectivity. The expressway has two toll plazas namely Alam Impian and Sri Muda Toll Plazas.

5.1 LKSA: TOLL CHARGES AND TRAFFIC PROJECTION

The current and proposed toll charges and traffic composition for LKSA are as follows.

Table 5.1: Toll Charge for Alam Impian Toll Plaza, LKSA

Segment	Class 1	Class 2	Class 3	Class 4	Class 5
	Car	Light Truck	Heavy Truck	Taxis	Buses
Year 2022	0.90	1.80	2.70	0.90	0.60
Year 2023 - 2032	0.83	1.80	2.70	0.83	0.55
Year 2033 – 2042	1.23	3.00	4.50	1.23	0.81
Year 2043 - 2062	1.82	4.80	7.20	1.82	1.21

Table 5.2: Toll Charge for Seri Muda Toll Plaza, LKSA

Segment	Class 1	Class 2	Class 3	Class 4	Class 5
	Car	Light Truck	Heavy Truck	Taxis	Buses
Year 2022	1.70	3.40	5.10	0.90	1.20
Year 2023 - 2032	1.56	3.40	5.10	0.83	1.10
Year 2033 – 2042	2.31	6.00	9.00	1.23	1.63
Year 2043 - 2062	3.42	9.40	14.10	1.82	2.41

Toll Plaza	Class 1	Class 2	Class 3	Class 4	Class 5
Alam Impian	95.2%	3.4%	0.8%	0.2%	0.4%
Sri Muda	93.7%	3.5%	1.7%	0.3%	0.8%

Table 5.3 tabulates the projected AADT volume (excluding motorcycles) that will pass the toll plaza.

Table 5.3: Projected AADT Volume (All LKSA Toll Plaza)

Year	AADT	%	Year	AADT	%	Year	AADT	%
2017	71,454	-	2033	121,138	-2.0%	2049	181,383	2.0%
2018	74,667	4.5%	2034	125,308	3.4%	2050	184,952	2.0%
2019	78,730	5.4%	2035	129,624	3.4%	2051	187,924	1.6%
2020	64,389	-18.2%	2036	134,087	3.4%	2052	190,000	1.1%
2021	62,697	-2.6%	2037	138,701	3.4%	2053	190,000	0.0%
2022	80,824	28.9%	2038	143,480	3.4%	2054	190,000	0.0%
2023	85,089	5.3%	2039	148,418	3.4%	2055	190,000	0.0%
2024	88,916	4.5%	2040	153,529	3.4%	2056	190,000	0.0%
2025	92,916	4.5%	2041	158,815	3.4%	2057	190,000	0.0%
2026	97,031	4.4%	2042	164,285	3.4%	2058	190,000	0.0%
2027	101,019	4.1%	2043	161,369	-1.8%	2059	190,000	0.0%
2028	105,175	4.1%	2044	164,546	2.0%	2060	190,000	0.0%
2029	109,498	4.1%	2045	167,782	2.0%	2061	190,000	0.0%
2030	113,998	4.1%	2046	171,081	2.0%	2062	190,000	0.0%
2031	118,688	4.1%	2047	174,450	2.0%			
2032	123,570	4.1%	2048	177,882	2.0%			

Note: The AADT from 2024 and onwards are based on PTK SB’s projections

Figure 5.1 shows the Historical and Projected AADT Volume for LKSA

The following observations and recommendations are made.

- a) During the Covid-19 Pandemic MCO, LKSA recorded the least impact in terms of reduction in traffic with a drop of 18% and 2% for Year 2020 and 2021 respectively. LKSA serves a highly industrial catchment and is a vital link for dispersal of Port Klang traffic between KESAS and Federal Highway. The industry sector was there first few sectors to reopen after the MCO thus the quick recovery of the traffic volume to the highway.
- b) Year 2022 traffic volume on the highway recorded an AADT of 80,779 which has surpassed the Year 2019 AADT of 78,914. This shows the attractiveness of the highway in catering for the travel demand in the area. Year 2023 recorded an optimistic 5.3% growth which shows the attractiveness of the highway.
- c) The traffic on LKSA is expected to continue to grow due to the development in Alam Impian as well as the catchment in the Rimbayu area. The largely undeveloped area at the southern catchment of LKSA will continue to propel the traffic growth on the highway at around 4.1% over the next 10 years. Thereon, traffic growth will start to stabilize and finally plateau around 2052 where both sections of the highway are expected to reach capacity.

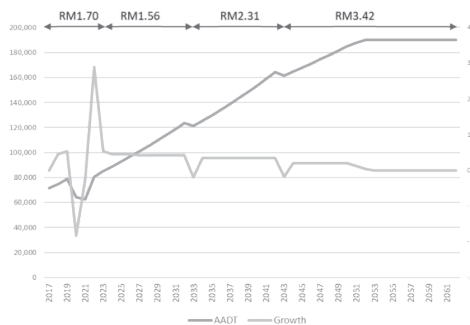


Figure 5.1: Historical and Projected AADT Volume for LKSA

6.0 THE SISTEM LINGKARAN LEBUHRAYA KAJANG (SILK)

The Sistem Lingkar Lebuhraya Kajang, also known as the SILK Highway, is a 37-kilometer expressway that runs from Kajang to Sungai Long, passing through the towns of Balakong and Cheras. The SILK Highway was built to provide an alternative route for commuters travelling between Kajang and Cheras, It has four toll plazas namely Sg. Ramal, Sg Balak, Bukit Kajang, and Sg. Long Toll Plazas.

In addition to easing traffic congestion, the SILK Highway has also helped to stimulate economic growth in the surrounding areas by improving accessibility and facilitating the movement of goods and services.

6.1 SILK: TOLL CHARGES AND TRAFFIC PROJECTION

The current and proposed toll charges and traffic composition for SILK are as follows:

Table 6.1: Toll Charge for SILK (each toll plaza)

Segment	Class 1	Class 2	Class 3	Class 4	Class 5
	Car	Light Truck	Heavy Truck	Taxis	Buses
Year 2022	1.80	3.60	5.40	0.90	1.00
Year 2023 - 2032	1.66	3.60	5.40	0.83	0.92
Year 2033 – 2042	2.10	4.80	7.20	1.05	1.17
Year 2043 - 2062	2.30	4.80	7.20	1.20	1.48

Toll Plaza	Class 1	Class 2	Class 3	Class 4	Class 5
Sg. Balak	95.0%	3.1%	1.3%	0.4%	0.2%
Sg. Ramal	94.7%	3.0%	1.4%	0.4%	0.5%
Bukit Kajang	94.1%	3.5%	1.9%	0.3%	0.2%
Sg. Long	95.8%	3.0%	0.8%	0.2%	0.2%

Table 6.2 tabulates the projected AADT volume (excluding motorcycles) that will pass the toll plaza.

Table 6.2: Projected AADT Volume (All SILK Toll Plaza)

Year	AADT	%	Year	AADT	%	Year	AADT	%
2017	189,463	-	2033	265,523	-2.2%	2049	409,611	2.7%
2018	186,760	-1.4%	2034	273,082	2.8%	2050	420,742	2.7%
2019	190,715	2.1%	2035	280,863	2.8%	2051	432,187	2.7%
2020	148,475	-22.1%	2036	288,871	2.9%	2052	443,954	2.7%
2021	139,286	-6.2%	2037	297,110	2.9%	2053	454,943	2.5%
2022	196,683	41.2%	2038	305,590	2.9%	2054	463,905	2.0%
2023	208,205	5.9%	2039	314,320	2.9%	2055	473,138	2.0%
2024	214,423	3.0%	2040	323,302	2.9%	2056	482,650	2.0%
2025	220,833	3.0%	2041	332,546	2.9%	2057	492,451	2.0%
2026	227,434	3.0%	2042	342,064	2.9%	2058	502,550	2.1%
2027	234,234	3.0%	2043	348,903	2.0%	2059	512,951	2.1%
2028	241,240	3.0%	2044	358,335	2.7%	2060	523,670	2.1%
2029	248,459	3.0%	2045	368,034	2.7%	2061	534,712	2.1%
2030	255,893	3.0%	2046	378,003	2.7%	2062	546,089	2.1%
2031	263,557	3.0%	2047	388,249	2.7%			
2032	271,448	3.0%	2048	398,780	2.7%			

Note: The AADT from 2024 and onwards are based on PTK SB's projections

Figure 6.1 shows the Historical and Projected AADT Volume for SILK

The following observations and recommendations are made.

- a) During the two years of the Covid-19 pandemic MCO, SILK recorded a total drop of 23% in traffic volume due to restricted travel demand however, the impact is not as great as the SILK catchment caters for travel related to industries which were among the few sectors to reopen after the MCO.
- b) Upon the end of the MCO, traffic on SILK recovered encouragingly to record a total AADT of 196,683 for Year 2022, a 40% increase from year 2021. Year 2023 recorded an encouraging growth of 5.9%.
- c) SILK is expected to continue to grow albeit in a moderate pace due to the presence of alternative toll-free routes and the future Putrajaya Bangi Expressway. However, positive traffic growth is still expected from SILK which will benefit from the link to EKVE and will form part of the Kuala Lumpur Outer Ring Road.
- d) Apart from that, the continuous development in Bangi and Semenyih will continue to provide the traffic volume demand on SILK in the future years.

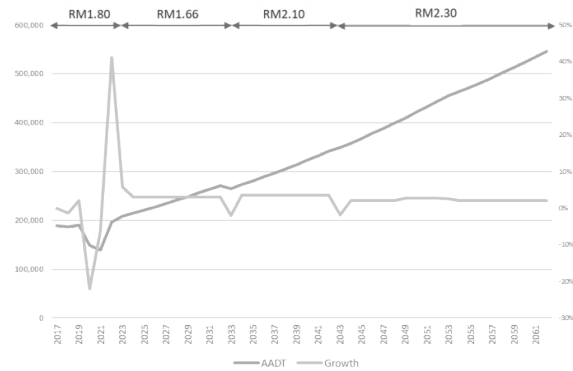


Figure 6.1: Historical and Projected AADT Volume for SILK

7.0 CONCLUSION

In conclusion, the traffic projections presented in this report represent the most accurate projections based on the current available data. It is crucial to understand that forecasting, by nature, involves a degree of uncertainty. However, the methodologies used and the sources of information utilised have been meticulously vetted to ensure the utmost precision. As with all forecasts, it is essential to revisit and revise these projections periodically in light of new data or changes in underlying conditions. Stakeholders are encouraged to consider these findings as a reliable guide, but also to remain adaptable and responsive to future data updates and changes in traffic patterns.



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19 September 2023

Dear Sirs

THIS INDICATIVE VALUATION LETTER IS PREPARED FOR INCLUSION IN THE PROSPECTUS OF THE INITIAL PUBLIC OFFERING OF UNITS IN PROLINTAS INFRA BUSINESS TRUST (“PROLINTAS INFRA BT”)

INDICATIVE VALUATION OF PROJEK LINTASAN KOTA HOLDINGS SDN BHD’S HIGHWAY BUSINESS IN RELATION TO THE PRE-IPO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE CONCESSION COMPANIES BY PROLINTAS MANAGERS SDN BHD (“PROLINTAS MANAGERS”) ON BEHALF OF PROLINTAS INFRA BT

(The above valuation is hereinafter to be referred to as the “Indicative Valuation”)

1.0 INTRODUCTION

- 1.1 In accordance with the terms of reference set out in our engagement letter dated 11 March 2022 (“**Engagement Letter**”), the Board of Directors of Projek Lintasan Kota Holdings Sdn Bhd (“**PLKH**” or “**Company**”) has appointed KPMG Corporate Advisory Sdn Bhd (“**KPMG**”) to perform an indicative valuation of PLKH’s concession companies comprising Projek Lintasan Kota Sdn Bhd, Projek Lintasan Shah Alam Sdn Bhd, Prolintas Expressway Sdn Bhd and Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (Collectively, “**Concession Companies**”) in relation to the Pre-IPO acquisition of the entire equity interest in the Concession Companies by Prolintas Managers Sdn Bhd (“**Prolintas Managers**”) on behalf of Prolintas Infra BT.
- 1.2 This Indicative Valuation letter (“**this Valuation Letter**”) has been prepared at your request for inclusion in the prospectus in connection with the initial public offering of units in Prolintas Infra BT through the listing on the main market of Bursa Securities (“**IPO**”). Save and except for this purpose, this Valuation Letter is not to be reproduced, quoted or referred to, in whole, or in part, in any public documents, submissions to any regulatory bodies or announcement without the prior written consent of KPMG in each specific instance. We are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Valuation Letter, in whole or in part.
- 1.3 This Valuation Letter must be read in conjunction with the key bases and assumptions set out in Section 4.0 herein.



2.0 TRANSACTION BACKGROUND

- 2.1 PLKH is principally engaged in the design, construction, operation and maintenance of highways in Malaysia.
- 2.2 In connection with the IPO, Prolintas Managers (on behalf of Prolintas Infra BT) will enter into a sale of business agreement (“**SBA**”) with PLKH to acquire the entire issued share capital of the Concession Companies for an aggregate purchase consideration of RM1,100million (“**Pre-IPO Acquisition**”).

Set out below are the highway concessions held by the respective Concession Companies:

Concession Companies	Highway Concessions
Projek Lintasan Kota Sdn Bhd (“ AKLEH Co ”)	Ampang Kuala Lumpur Elevated Highway (“ AKLEH ”)
Projek Lintasan Shah Alam Sdn Bhd (“ LKSA Co ”)	Lebuhraya Kemuning Shah Alam (“ LKSA ”)
Prolintas Expressway Sdn Bhd (“ GCE Co ”)	Guthrie Corridor Expressway (“ GCE ”)
Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (“ SILK Co ”)	Kajang Traffic Dispersal Ring Road (“ SILK ”)

(AKLEH, LKSA, GCE and SILK are collectively hereinafter to be referred to as “**Highways**” or “**Highway Concessions**”)

- 2.3 Prolintas Infra BT is a business trust to be established for the purpose of the IPO and is to be managed by Prolintas Managers via a trust deed.

3.0 BASIS OF THE INDICATIVE VALUATION

3.1 Subject of the Indicative Valuation

This Indicative Valuation seeks to estimate a range of indicative values of the entire equity interest in the following Concession Companies, including their highway concessions:

- (i) Projek Lintasan Kota Sdn Bhd;
- (ii) Project Lintasan Shah Alam Sdn Bhd;
- (iii) Prolintas Expressway Sdn Bhd; and
- (iv) Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd.

3.2 Date of the Indicative Valuation

The date of this Indicative Valuation is 31 December 2022 (“**Valuation Date**”). This Indicative Valuation is based on the audited financial statements of the Concession Companies as at 31 December 2022 and the Financial Projections set out in Section 4.1(iv).



3.3 Basis of Valuation

- (i) The standard of value that applies to this Indicative Valuation is the market value, defined as the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, and where the parties had each acted knowledgeably, prudently, and without compulsion.
- (ii) This indicative valuation is assessed on control basis, considering that Prolintas Managers (on behalf of Prolintas Infra BT) will acquire the entire equity interest of the Concession Companies in relation to the Pre-IPO Acquisition.
- (iii) This Indicative Valuation is assessed without taking into consideration the value of synergies of a particular buyer.
- (iv) The premise of valuation is for a going concern use.
- (v) It must be emphasised that the range of values estimated by us involves a high degree of subjectivity and an element of judgment. The final price of the business will reflect the specific circumstances of the buyer and seller, and their perceptions of business and market factors at the point of execution.

4.0 KEY BASES AND ASSUMPTIONS

4.1 This Indicative Valuation is prepared based on the key bases and assumptions as set out below. We wish to highlight that the Indicative Valuation may be materially or adversely affected should actual results or events differ from any of the bases and assumptions upon which the Indicative Valuation were based.

- (i) We have relied upon financial and non-financial information obtained from the management of PLKH ("**Management**") on or before 19 September 2023 in the form of audited accounts, management accounts, financial projections, agreements and supporting documents, data, work papers and/or oral representations in meetings and discussions, including the SBA that is in draft form ("**Information**"). We do not accept responsibility for such Information which remains the responsibility of the Management;
- (ii) Our scope of work does not include verifying or auditing the reliability of the Information. Additionally, the scope of our work is different from that required for an audit which is based on generally accepted auditing standards and for that reason, it does not provide the same level of assurance as an audit of financial statements. We will assume all such information provided to us is accurate, complete and reliable;
- (iii) The conditions precedent as set out in Clause 4 of the respective Highway Concessions' Supplemental Concession Agreement dated 12 October 2022 ("**SCA 2022**") are assumed will be fulfilled and the SCA 2022 will be effective;



- (iv) For the purpose of the Indicative Valuation, Management has prepared the financial projections of the Concession Companies for the projection periods from FY2023 to the end of the concession period of the respective highway concessions of the Concession Companies ("**Financial Projections**"). We have reviewed the said Financial Projections prepared by Management in particular the toll rates applied based on the applicable concession agreements, traffic volume forecasts, and cost assumptions taking into consideration the historical actual performance of the Concession Companies. Notwithstanding, the Board of Directors of the Company ("**Board**") remains ultimately responsible for the Financial Projections including the bases and assumptions underlying the Financial Projections. The Board represented that to their best knowledge, the Financial Projections are reasonable and are not misleading;
- (v) In the Financial Projections, Management has adopted the traffic forecasts prepared by the traffic consultant commissioned by Management, namely Perunding Trafik Klasik Sdn Bhd ("**PTK**" or "**Traffic Consultant**"). PTK's traffic forecasts cover the period from 1 January 2023 up to the end of the respective concession periods ("**Traffic Forecasts**"), as set out in PTK's report dated 19 September 2023 ("**Traffic Consultant Report**"). Whilst we have carried out discussions with PTK to understand the bases and assumptions of the Traffic Forecasts, we have placed reliance on the Traffic Forecasts in our valuation analysis as PTK is a professional expert in traffic study and traffic survey;
- (vi) The contingent liability pertaining to the outstanding legal suit against GCE Co with a potential claim liability amounting to RM80million against GCE Co has not been adjusted in this Indicative Valuation. We understand that PLKH will indemnify Prolintas Infra BT under Clause 11.5 of the draft SBA;
- (vii) All legal titles to the assets of the Concession Companies are assumed to be valid;
- (viii) There will be no material changes in the present legislation, government regulations, inflation rates and rates of taxation which will affect the operations of the Concession Companies;
- (ix) Unless otherwise stated in this Valuation Letter, there are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of the Concession Companies; and
- (x) The Board of Directors of the Company represented that as at 19 September 2023, there are no material events subsequent to the Valuation Date of 31 December 2022 which would have a material impact on the Concession Companies and the Indicative Valuation.



5.0 VALUATION METHOD AND ANALYSIS

5.1 In our valuation of the Concession Companies, we have applied the Income Approach which is commonly known as the Discounted Cash Flow (“**DCF**”) Method.

5.2 The principal business of the Concession Companies is the design, construction, operation and maintenance of the respective highway concessions which are governed by the relevant concession agreements (including supplemental agreements) entered into between the Concession Companies and the Government of Malaysia (“**Government**”).

The operations of the Concession Companies are governed by the respective concession agreements such as concession period, toll rates, schedules for toll rate hike, etc. and the highways are to be handed over to the Government upon expiry of the concession period. The underlying value of the Concession Companies is the concession cashflow from toll collection to be generated during the concession period under the respective concession agreements. Accordingly, the DCF method which takes into consideration the present value of the future net cash flows to be derived from the highway concessions business, is the appropriate valuation method.

5.3 The DCF method, is an investment appraisal technique that takes into consideration both the time value of money and the future cash flows of the asset/business over a fixed period of time. Under this approach, the future net cash flows of the Concession Companies are discounted at a specified discount rate to arrive at the net present value.

5.4 For the purpose of the Indicative Valuation, the Financial Projections for the period from 1 January 2023 until the end of the concession period of the respective highway concessions provided by Management is applied in the DCF valuation analysis. Set out below are the key assumptions adopted by Management in the Financial Projections:

Item	Management's assumptions			
	AKLEH	GCE	LKSA	SILK
Concession end date	15 May 2037	31 May 2062	31 Jul 2062	31 Jul 2062
Remaining concession period from the Valuation Date / financial projection period	14.4 years	39.4 years	39.6 years	39.6 years
Toll rates	Based on the agreed toll rates as stipulated in the SCA 2022 of the respective Highways.			
Traffic volume	Based on the Traffic Forecasts as set out in Traffic Consultant Report.			
Operational expenditure	Based on Management's experience in the historical operational trends of the respective Highways to remain in a well-maintained and operational condition throughout their respective concession periods.			
Capital expenditure	Based on Management's experience in the historical capital expenditure incurred, future capital expenditure plan and construction contracts awarded for the respective Highways.			
Inflation rate	Inflation rate of 3.5% per annum is applied on the projected operational expenses and capital expenditure.			



5.5 A key assumption for the DCF valuation analysis is the choice of the discount rate. In our analysis of the appropriate discount rate, we apply the Capital Asset Pricing Model (“CAPM”) and Weighted Average Cost of Capital (“WACC”) approach that takes into account, amongst others, the risk free rate based on Malaysia Government Securities corresponding to the remaining concession period of the respective Concession Companies, Malaysia market equity risk premium, capital structure taking into consideration the capital structure of the Concession Companies and peer group, cost of debt taking into consideration the cost of debt and debt tenure of the Concession Companies and yield of corporate bonds in Malaysia, and the business and financial risks relating to the subject business/asset.

Set out below is the range of discount rates adopted for the respective Concession Companies in our DCF valuation analysis. Please refer to Appendix I of this Valuation Letter for details of the WACC analysis.

Concession Companies	Discount rate applied in DCF	
	Lower range valuation	Higher range valuation
AKLEH Co	8.1%	7.8%
GCE Co	8.4%	8.1%
LKSA Co	8.4%	8.1%
SILK Co	8.4%	8.1%

5.6 In our DCF evaluation, we present value the future free net cash flows of the Concession Companies by applying the above-mentioned range of discount rates to arrive at the net present value which reflects the business value (Enterprise Value), and thereafter adjusted for the cash and debt position as at the Valuation Date to arrive at the range of Equity Value of the Concession Companies.

5.7 In addition, we have performed sensitivity analysis of the impact on the valuation of the Concession Companies based on changes in the Traffic Forecast. Please refer to Appendix II of this Valuation Letter for details of the sensitivity analysis.

5.8 We consider the Market Approach valuation method based on comparative pricing multiples of similar companies and precedent transactions to be not an appropriate valuation method for the valuation of the Concession Companies. Each highway concession is unique according to its concession agreement and thus would have different features, such as concession period, road length, toll rate, toll rate hike schedule, etc., which are key factors that drive the value of a highway concession business. In our view, there is a lack of highway concession companies with concession terms that are closely comparable to the respective highway concessions of the Concession Companies and accordingly the Market Approach is inappropriate for the valuation of the Concession Companies.

6.0 CONCLUSION OF VALUE

Premised on the key bases and assumptions underlying the Indicative Valuation as set out in Section 4.0, and the basis of valuation and valuation approach explained in Sections 3.0 and 5.0 respectively above, **we arrived at an indicative value of the entire equity interest of the Concession Companies for the purpose of the Pre-IPO Acquisition, in the range of RM1,140million to RM1,286million as at the valuation date of 31 December 2022.**



7.0 RESTRICTION

This Valuation Letter pertaining to the Pre-IPO Acquisition has been prepared strictly for the exclusive use of PLKH for inclusion in the prospectus to be issued in relation to the IPO of units in Prolintas Infra BT and is not intended for general circulation or publication and not to be reproduced, quoted or referred to, in whole or in part, in any public documents, submissions to any regulatory bodies or announcement without the prior written consent of KPMG in each specific instance. We are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Valuation Letter, in whole or in part.

Neither KPMG nor any of its members or employees undertakes responsibility arising in any way whatsoever to any person in respect of this Valuation Letter, including any error or omission therein, however caused.

Yours faithfully,

For and on behalf of
KPMG Corporate Advisory Sdn Bhd

A handwritten signature in black ink, appearing to read 'Emily', written over a faint circular stamp or watermark.

Choo Soke Yee (Emily)
Executive Director, Advisory
Corporate Finance

19. VALUATION LETTER IN RELATION TO THE PRE-IPO ACQUISITION (Cont'd)



Appendix I – Discount Rate (WACC) Analysis

Set out below is the WACC analysis as at valuation date of 31 December 2022:

WACC Analysis	Higher Range Valuation		Lower Range Valuation		Source and Description
	AKLEH Co	GCE Co, LKSA Co, & GCE Co	AKLEH Co	GCE Co, LKSA Co, & GCE Co	
Risk free rate (Rf)	4.2%	4.6%	4.2%	4.6%	Yield for Malaysia Government Securities as at 30 December 2022 corresponding to the remaining concession period for the respective Highway Concessions.
Levered / Regeared beta (β)	0.75	0.75	0.75	0.75	KPMG's analysis derived from peer group (Source: Capital IQ)
Equity Risk Premium (ERP)	8.07%	8.07%	8.07%	8.07%	KPMG's analysis taking into consideration developed country risk premium, Malaysia country default spread and Malaysia market equity risk premium.
Specific Premium Risk (α)	0.0%	0.0%	0.5%	0.5%	KPMG's analysis for additional risk premium taking into consideration the projection risk of the Concession Companies.
Cost of Equity (Ke)	10.3%	10.6%	10.8%	11.1%	$Ke = Rf + [\beta \times ERP] + \alpha$
Cost of Debt (Kd)	5.3%	5.6%	5.3%	5.6%	KPMG's analysis taking into consideration the cost of debt of the Concession Companies and yield of corporate bonds in Malaysia with AA ratings range (i.e., AA+, AA and AA-) as at 30 December 2022 corresponding to the debt tenure of the respective Concession Companies.
Tax rate (t)	24.0%	24.0%	24.0%	24.0%	Statutory tax rate of Malaysia.
After-tax Kd (Kd^{AT})	4.0%	4.3%	4.0%	4.3%	$Kd^{AT} = Kd (1 - t)$
% Debt (D%)	40.0%	40.0%	40.0%	40.0%	KPMG's analysis taking into consideration the capital structure of the Concession Companies and peer group.
% Equity (E%)	60.0%	60.0%	60.0%	60.0%	
Adopted WACC range	7.8%	8.1%	8.1%	8.4%	$WACC = (Ke \times E\%) + (Kd^{AT} \times D\%)$



Appendix II – Sensitivity Analysis

Set out below is the sensitivity analysis of the impact on the Equity Value of the Concession Companies based on assumptions of yearly changes in the Traffic Forecast applied throughout the respective concession period of the Concession Companies:

Yearly change in Traffic Forecast	Discount rate (Higher range valuation): AKLEH Co: 7.8% GCE Co, SILK Co & LKSA Co: 8.1%	
	Equity Value (RM'million)	% change in Equity Value
0%	1,286	n.a.
Yearly decrease in Traffic Forecast		
-1%	1,237	-4%
-2%	1,188	-8%
-3%	1,138	-11%
Yearly increase in Traffic Forecast		
+3%	1,433	+11%
+2%	1,384	+8%
+1%	1,335	+4%

20. ADDITIONAL INFORMATION

20.1 GENERAL

- (i) Save as disclosed in this Prospectus, no Units will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) As at the LPD, there is only one class of Units in Prolintas Infra BT, all of which rank equally with one another. There are no special rights attached to the Units.
- (iii) Save for the issuance of Units in connection with the Pre-IPO Acquisition, Prolintas Infra BT has not issued or proposed to issue any Units as fully or partly paid-up in cash or otherwise, within the Period Under Review and the subsequent period from 1 January 2023 up to the LPD.
- (iv) As at the date of this Prospectus, there is currently no scheme involving the Directors and employees of the Trustee-Manager and the Subsidiaries in the Units or the share capital of Prolintas Infra BT or any of the Subsidiaries.
- (v) As at the date of this Prospectus, there is no agreement, whether conditionally or unconditionally, to put any Unit or any of the unit capital of Prolintas Infra BT or any of the Subsidiaries under option.
- (vi) As at the date of this Prospectus, none of the Subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in Section 12 of this Prospectus, there are no other restrictions upon the holding or voting or transfer of the Units or upon the declaration or payment of any dividend or distribution thereon.
- (viii)
 - (A) As the Units are proposed for quotation on the Official List, such Units must be prescribed as securities required to be deposited with Bursa Depository. Upon such prescription, a holder of the Units must deposit the Units with Bursa Depository on or before the date fixed, failing which the Unit Registrar will be required to transfer his Units to the Minister of Finance Incorporated and such Units may not be traded on Bursa Securities.
 - (B) Dealing in Units deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository (“**Depositor**”) by means of entries in the securities account of that Depositor.
 - (C) A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of Units will be deemed to be a Unitholder of Prolintas Infra BT and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Units.
- (ix) Subject to Section 20.1(viii) above, there is no limitation on the right to own the Units, including any limitation on the right of a non-resident or non-Malaysian Unitholder to hold or exercise voting rights, on the Units which is imposed by Malaysian law or by the Trust Deed.

20.2 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

Please refer to Annexure E, “Taxation Adviser’s Letter in respect of the taxation of Prolintas Infra BT and the Unitholders” of this Prospectus for more information.

20. ADDITIONAL INFORMATION *(Cont'd)*

20.3 MATERIAL CONTRACTS

(i) Material contracts outside the ordinary course of business

Save for the following, the Trust Group has not entered into any material contracts that are not in the ordinary course of business within the period covered by the historical financial information as disclosed in this Prospectus and up to the date of this Prospectus:-

- a. SBA dated 11 December 2023 for the Pre-IPO Acquisition.

The SBA was entered into on 11 December 2023 between Prolintas Managers (on behalf of Prolintas Infra BT), as purchaser, and PLKH, as seller in connection with the Pre-IPO Acquisition.

The salient terms of the SBA are set out in Section 6.1.8(i)(a). The Pre-IPO Acquisition was completed on 21 December 2023.

- b. Retail Underwriting Agreement dated 14 February 2024.
- c. Master Cornerstone Placement Agreement and the individual cornerstone placement agreements dated 14 February 2024.
- d. Lock-up Deeds dated 14 February 2024.

(ii) Highly dependent contracts

Summaries of the salient terms of the contracts on which the Trust Group is highly dependent and within ordinary course of business are set out in Annexure C of this Prospectus.

20.4 MATERIAL LITIGATION

As at the LPD, Prolintas Infra BT is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on its financial position or profitability, save for the following:

(i) Arbitration proceeding between KL-Kuala Selangor Expressway Berhad ("LATAR") and GCE Co in relation to a cost sharing agreement dated 18 July 2000

There is an ongoing arbitration proceeding between GCE Co and LATAR, whereby:

- (A) GCE Co is claiming for approximately RM80.1 million (including interest) from LATAR; and
- (B) LATAR is claiming for approximately RM74.9 million from GCE Co.

The arbitration proceedings have commenced, and the cross examinations of the parties' witnesses were completed on 21 October 2023, on which the arbitrator sets the following dates:

- (A) the parties are to file their written submissions from January 2024 to March 2024; and
- (B) the date for oral clarification and hearing is set on 6 May 2024.

20. ADDITIONAL INFORMATION *(Cont'd)*

Based on external counsel's opinion, GCE Co's claim is likely to succeed as LATAR had accepted, acknowledged and verified GCE Co's claim and had failed to raise or show any dispute to the claim that is based on substantial grounds.

On the other hand, based on external counsel's opinion, LATAR's claim is open-ended as there are substantial issues in relation to the quantum of the claim which require the opinions of expert witnesses, and the quantum is being disputed by GCE Co. GCE Co also did not acknowledge LATAR's claim.

Accordingly, external counsel's view is that in the unlikely event LATAR's claim is awarded and GCE Co's claim is dismissed, the contingent liability of GCE Co is in the range of RM80 million. However, if both claims are awarded, the net difference in quantum of the awards would be minute according to external counsel.

On that basis, external counsel's view is that GCE Co is in a strong position with regards to the contingent liabilities that may be incurred as a result of the arbitration proceeding.

20.5 CONSENTS

The written consents of the Principal Adviser, Lead Bookrunner, Joint Bookrunners, Managing Underwriter, Joint Underwriters, Legal Advisers, Taxation Adviser, Shariah Adviser, Unit Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report, Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position and Reporting Accountants' Report on the Profit and Cash Flows Forecast of Prolintas Infra BT and its Subsidiaries for the FYE 31 December 2024, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Frost & Sullivan for the inclusion of its name and all references thereto, and the IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Traffic Consultant for the inclusion of its name and all references thereto, and the Traffic Consultant's Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Valuer for the inclusion of its name and all references thereto, and the Valuation Letter in relation to the Pre-IPO Acquisition in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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20. ADDITIONAL INFORMATION *(Cont'd)*

20.6 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Trustee-Manager's registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) the Trust Deed;
- (ii) the material contracts as referred to in Section 20.3(i) of this Prospectus;
- (iii) audited financial statements of each of the subsidiaries of Prolintas Infra BT for the FYE 2020, FYE 2021 and FYE 2022;
- (iv) Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Information, as included in Section 15.5 of this Prospectus;
- (v) Accountants' Report as included in Section 17 of this Prospectus;
- (vi) IMR Report as included in Section 8 of this Prospectus;
- (vii) Traffic Consultant's Report as included in Section 18 of this Prospectus;
- (viii) Valuation Letter in relation to the Pre-IPO Acquisition prepared by the Independent Valuer as included in Section 19 of this Prospectus;
- (ix) Reporting Accountants' Report on the Profit and Cash Flows Forecast of the Trust Group for Forecast Year 2024 as included in Annexure A of this Prospectus;
- (x) Shariah Pronouncement Letter as included in Annexure D of this Prospectus;
- (xi) Taxation Adviser's Letter in respect of the taxation of Prolintas Infra BT and the Unitholders as included in Annexure E of this Prospectus; and
- (xii) letters of consent referred to in Section 20.5 of this Prospectus.

20.7 RESPONSIBILITY STATEMENTS

The Directors, Promoter and the Selling Unitholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

The Directors accept full responsibility for the profit and/or cash flow estimate/forecast and/or projections included in this Prospectus and confirm that the profit and/or cash flow estimate/forecast and/or projections have been prepared based on assumptions made.

AmlInvestment Bank, being the Principal Adviser, Lead Bookrunner and Joint Bookrunner for the Institutional Offering, Managing Underwriter and Joint Underwriter for the Retail Offering in relation to the IPO, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

21. PROCEDURES FOR APPLICATION

THE SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR THE IPO UNITS. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF THIS PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in the Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

21.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: **10:00 A.M., 6 MARCH 2024.**

CLOSING OF THE APPLICATION PERIOD: **5:00 P.M., 12 MARCH 2024.**

The Trustee-Manager, the Managing Underwriter and Joint Underwriters may decide in their absolute discretion to vary the closing date and time for applications under the Retail Offering to any later date or dates. If they decide to vary the closing date for applications, the dates for the balloting and allotment of the Units and the Listing will be extended accordingly. Any such variation will be announced by way of advertisement in a widely circulated Bahasa Malaysia and English newspaper within Malaysia.

Late Applications will not be accepted.

21.2 METHODS OF APPLICATIONS

21.2.1 Application of the IPO Units under the Retail Offering by the Malaysian Public and Eligible Persons

Applications must accord with this Prospectus and the Trust Deed. The submission of an Application Form does not mean that the Application will succeed.

<u>Type of Application and category of investors</u>	<u>Application method</u>
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public under the Retail Offering	
(i) Individuals	- White Application Form; or - Electronic Application; or - Internet Application
(ii) Non-individuals	White Application Form only

21.2.2 Application of the IPO Units under the Institutional Offering

Institutional and selected investors and foreign institutional and selected investors being allocated the IPO Units under the Institutional Offering (other than Bumiputera investors approved by the MITI) will be contacted directly by the Bookrunner and will follow the instructions as communicated by the Bookrunner.

Bumiputera investors approved by the MITI who have been allocated the IPO Units will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

21. PROCEDURES FOR APPLICATION *(Cont'd)*

21.3 ELIGIBILITY

21.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO UNITS OR MULTIPLES OF 100 IPO UNITS.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO UNITS USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". THE TRUSTEE-MANAGER, MANAGING UNDERWRITER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

21.3.2 Application by the Malaysian Public

You can only apply for the IPO Units if you fulfil all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for the IPO Units; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

21. PROCEDURES FOR APPLICATION (Cont'd)

- (iii) You must submit an Application by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Application; or
 - (c) Internet Application.

21.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of this Prospectus.

Eligible Persons may request for a copy of the printed Prospectus from the Trustee-Manager at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from the Trustee-Manager, the Issuing House, AmInvestment Bank, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

21.4 PROCEDURE FOR APPLICATION BY WAY APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.95 per IPO Unit.

Payment must be made out in favour of “**MIH UNIT ISSUE ACCOUNT NO.639**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5.00 p.m. on 12 March 2024 by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

21. PROCEDURES FOR APPLICATION *(Cont'd)*

The Trustee-Manager, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

21.5 APPLICATION BY WAY OF ELECTRONIC APPLICATION

Only Malaysian individuals may apply for the IPO Units by way of Electronic Application.

Electronic Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

Note:

Applicants of the IPO Units should take note that the word “share” or “shares” appearing on the ATM screen should be taken to represent “Unit(s)” in the application process.

21.6 APPLICATION BY WAY OF INTERNET APPLICATION

Only Malaysian individuals may use the Internet Application to apply for the IPO Units by way of Internet Application.

Internet Applications may be made through an internet financial services website of these Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Note:

Applicants of the IPO Units should take note that the word “share” or “shares” appearing on the internet financial services website of the Internet Participating Financial Institutions should be taken to represent “Unit(s)” in the application process.

21.7 AUTHORITY OF THE TRUSTEE-MANAGER AND THE ISSUING HOUSE

The Issuing House, on the authority of the Trustee-Manager reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Application and Internet Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of remittance;
or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 21.9 below.

21. PROCEDURES FOR APPLICATION (Cont'd)

If you are successful in your Application, the Board of Directors of the Trustee-Manager reserves the right to require the applicant to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to the applicant to ascertain that his Application is genuine and valid. The Board of Directors of the Trustee-Manager shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by the applicant for the purpose of complying with this provision.

21.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by the Trustee-Manager to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, the Trustee-Manager will consider the desirability of allotting and allocating the IPO Units to a reasonable number of applicants for the purpose of broadening the unitholding base of Prolintas Infra BT and establishing a liquid and adequate market for the IPO Units.

The results of the allocation of the IPO Units derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one Market Day after the balloting date.

Pursuant to the Listing Requirements, Prolintas Infra BT is required to have a minimum number of 1,000 public unitholders holding not less than 100 Units each upon Listing and completion of this Offering. The Trustee-Manager expects to achieve this at the point of Listing. In the event that the above requirement is not met, the Trustee-Manager may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be refunded in full (without interest).

In the event of an under-subscription of the IPO Units by the Malaysian public and / or Eligible Persons, subject to the underwriting arrangements and clawback and reallocation provisions as set out in Sections 4.9.1 and 4.3.3 of this Prospectus, any of the abovementioned IPO Units not applied for will then be subscribed by the Managing Underwriter based on the terms of the Underwriting Agreement.

21.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANT

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to the applicant in the following manner.

21.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to his your registered or correspondence address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If the Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to the your address as stated in the NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

21. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

21.9.2 For applications by way of Electronic Application and Internet Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into the applicant's account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) within two Market Days after the receipt of confirmation from The Issuing House.
- (ii) The applicant may check his account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into the applicant's account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 10 Market Days after the receipt of confirmation from the Issuing House.

21.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) The IPO Units allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed the IPO Units as prescribed securities. As such, the IPO Units issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the SICDA and Rules of Bursa Depository.

21. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iv) In accordance with Section 29 of the SICDA, all dealings in the Units will be by book entries through CDS Accounts. No share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as the IPO Units are listed on Bursa Securities.
- (v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to the applicant without any interest thereon. The refund will be credited into the applicant's bank account for purposes of cash dividend/distribution if the applicant have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to his address maintained with Bursa Depository if the applicant has not provided such bank account information to Bursa Depository, or by crediting into his account with the Electronic Participating Financial Institutions for applications made via the Electronic Application or by crediting into his account with the Internet Participating Financial Institutions for applications made via the Internet Application, within 10 Market Days from the date of final ballot of applications, at the applicant's own risk.

21.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

<u>Mode of application</u>	<u>Parties to direct the queries</u>
Application Form	Issuing House Enquiry Services Telephone at 03-7890 4700
Electronic Application	Participating Financial Institutions
Internet Application	Internet Participating Financial Institution or Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between 5 to 10 Market Days (during office hours only) after the final ballot day.

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ANNEXURE A(I): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
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Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Our ref: Assurance.NRG/ZAR/FHH

The Board of Directors
Prolintas Managers Sdn. Bhd.
12th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur.

Dear Sirs,

Report on the consolidated profit forecast for the year ending 31 December 2024 for inclusion in the prospectus for the proposed initial public offering and proposed listing of units of Prolintas Infra Business Trust (“Proposed Listing of Prolintas Infra BT”)

We have been engaged to examine the consolidated profit forecast (the “Prospective Financial Information”) of Prolintas Infra Business Trust and its subsidiaries, Projek Lintasan Kota Sdn Bhd, Prolintas Expressway Sdn Bhd, Projek Lintasan Shah Alam Sdn Bhd, Sistem Lingkaran – Lebuhraya Kajang Sdn Bhd and Manfaat Tetap Sdn. Bhd. (the “Group”) for the financial year ending 31 December 2024 (the “Consolidated Profit Forecast”) for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad as set out in Appendix I and the assumptions thereon as set out in Appendix II (the “Assumptions”).

Responsibilities of the Directors on the Prospective Financial Information

The Prospective Financial Information has been prepared by the management of Prolintas Managers Sdn. Bhd. (“PMSB”) (“the Directors”), for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust. The Directors are solely responsible for the preparation and presentation of the Prospective Financial Information and the assumptions on a basis consistent with the format of financial statements and accounting policies to be adopted by the Group and the requirements of the Prospectus Guidelines for Business Trust issued by the Securities Commission Malaysia (the “Prospectus Guidelines”).



Our Independence and Quality Management

We have complied with the independence and other ethical requirement of 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”), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Malaysian Approved Standard on Quality Management 1, ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our examination has been undertaken to enable us to form an opinion as to whether the Prospective Financial Information, for which the Directors are solely responsible, in all material respects, are properly prepared on the basis of the assumptions made by the Directors as set out on Appendices I and II, and are presented on a basis consistent with the format of financial statements and accounting policies to be adopted by the Group and the requirements of the Prospectus Guidelines.

A forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which management and Directors expect to take place and the actions which management and Directors expect to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual performance is likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material. We do not express any opinion as to the possibility of achievement of the profit forecast.

We have examined the forecast in accordance with the *Malaysian Approved Standards on Assurance Engagement, ISAE 3400: The Examination of Prospective Financial Information* issued by Malaysian Institute of Accountants.



Opinion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. The Prospective Financial Information has been prepared on the basis of the best-estimate assumptions made by the Directors. Further, the Prospective Financial Information are presented in a manner consistent with both the format of the financial statements and the accounting policies of the business trust.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Attention is drawn, in particular, to the risk factors set out in Section 5 of the Prospectus which describe the principal risks associated with the listing of Prolintas Infra Business Trust, to which the Prospective Financial Information is related.

For the reasons set out above, we do not express any assurance as to the possibility of achievement of the Prospective Financial Information.

Restriction on Distribution and Use

This report is made solely for Prolintas Managers Sdn Bhd for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Yours faithfully,

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
9 February 2024

**ANNEXURE A(I): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT
FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024 (Cont'd)**

Prolintas Infra Business Trust Group

Appendix I

FORECAST CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Forecast Year 2024 (RM'000)
Revenue	3.1	310,156
Construction costs	3.2	(2,200)
Other income	3.3	12,875
Staff costs	3.5	(22,174)
Amortisation of highway development expenditure	3.4	(47,201)
Other operating expenses	3.5	(80,372)
Trustee-Manager's fee	3.6	(8,000)
Trust expenses	3.7	(500)
Profit from operations		162,584
Finance costs	3.8	(139,515)
Profit before tax		23,069
Income tax expenses	3.9	(14,791)
Profit for the financial year, representing total comprehensive income for the financial year		8,278

Prolintas Infra Business Trust Group

Appendix II

1. INTRODUCTION

Projek Lintasan Kota Holdings Sdn. Bhd. ("PLKH") is planning for an initial public offering ("IPO") and proposed listing on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") via the establishment of a business trust involving certain subsidiaries of the PLKH Group (collectively to be called Prolintas Infra Business Trust).

Prolintas Infra Business Trust ("Prolintas Infra BT") is a business trust constituted by a trust deed under the laws of Malaysia ("Trust Deed"). Prolintas Infra BT has been established on 11 December 2023 upon the execution of the Trust Deed by the Trustee-Manager, Prolintas Managers Sdn Bhd ("Prolintas Managers"), after registration with the Securities Commission Malaysia ("SC").

All references to "Prolintas Infra BT" include references to the Trustee-Manager, in its capacity as the trustee-manager of Prolintas Infra BT, unless the context otherwise requires. All references to "Prolintas Infra BT Group" are to Prolintas Infra BT and its subsidiaries, taken as a whole.

Pre-IPO restructuring

The Proposed Listing involves an acquisition of the entire equity interest in the following four concession companies ("Concession Companies") by Prolintas Managers (on behalf of Prolintas Infra BT) from PLKH ("Pre-IPO Acquisition") thereby forming the Prolintas Infra BT Group:

No.	Companies	Concession highways
1.	Projek Lintasan Kota Sdn Bhd ("AKLEH Co")	Ampang - Kuala Lumpur Elevated Highway ("AKLEH")
2.	Prolintas Expressway Sdn Bhd ("GCE Co")	Guthrie Corridor Expressway ("GCE")
3.	Projek Lintasan Shah Alam Sdn Bhd ("LKSA Co")	Lebuhraya Kemuning - Shah Alam Highway ("LKSA")
4.	Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK Co")	Sistem Lingkaran Lebuhraya Kajang ("SILK")
5.	Manfaat Tetap Sdn Bhd ("Manfaat Tetap")*	Principal activity Special purpose vehicle set up to facilitate Sukuk Mudharabah for the purpose of refinancing the debt of its immediate holding company, SILK Co.

* Entity that is held through a direct parent-subsidary relationship through SILK Co.

The above acquisition has been completed on 21 December 2023.

Prolintas Infra Business Trust Group

Appendix II

1. INTRODUCTION (CONT'D.)

Pre-IPO Acquisition

The acquisition has been executed by Prolintas Infra BT via a Sale of Business Agreement with PLKH, after the disposal of 10% equity interest of LKSA Co by PNB to PLKH, to acquire the issued share capital of the respective Concession Companies for an aggregate purchase consideration of RM1,100 million which has been fully satisfied via the issuance of 1,100,000,000 new undivided interest in Prolintas Infra BT as provided in the Trust Deed ("Units") at an issue price of RM1.00 per Unit in connection with the Pre-IPO Acquisition. The Pre-IPO Acquisition has been completed on 21 December 2023.

Pre-IPO Reorganisation

Prior to the Pre-IPO Acquisition, AKLEH Co, GCE Co and LKSA Co outsource majority of the operation and maintenance ("O&M") services of their respective highways to Turnpike Synergy Sdn Bhd ("Turnpike"), a wholly-owned subsidiary of PLKH. As a way to reflect better organisational accountability, PLKH has undertaken an employee reorganisation exercise ("Pre-IPO Reorganisation"). The Pre-IPO Reorganisation involved the transfer of relevant operational and technical employees performing the O&M services between Turnpike and the respective Concession Companies. Following the completion of the Pre-IPO Reorganisation, the mutual termination of the existing O&M arrangements between AKLEH Co, GCE Co and LKSA Co and Turnpike has been in effect on 1 January 2024. All O&M Services including liaison with relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

Debt Financing

In connection with the Proposed Listing, Prolintas Managers (on behalf of Prolintas Infra BT) has raised up to RM2,700 million of debt financing via the Tawarruq financing facilities ("TWA").

Tawarruq 1 facility ("TWA 1"): RM2,326 million out of the maximum limit of RM2,400 million has been drawdown to refinance the existing debts of the Concession Companies on 21 December 2023, including the payment of any amount due to the related parties, and fees and expenses related to the facility.

Tawarruq 2 facility ("TWA 2"): Up to RM300 million is to be utilised for the capital expenditure in relation to the construction of a new interchange for GCE and lane widening for SILK.

Collectively, the pre-IPO restructuring exercises above are referred to as ("Pre-IPO Restructuring").

ANNEXURE A(I): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024 (Cont'd)

Prolintas Infra Business Trust Group

Appendix II

2. SUMMARY OF BASIS PREPARATION

The Profit Forecast has been prepared on the bases and accounting principles consistent with those to be adopted in the preparation of the consolidated financial statements of the Prolintas Infra BT Group. The financial year end of the Prolintas Infra BT Group is 31 December. The Profit Forecast has been prepared on the assumption that the Proposed Listing of Prolintas Infra BT will be completed on 25 March 2024.

The Prolintas Managers has prepared the Profit Forecast based on the material bases and assumptions listed below. The Prolintas Managers consider these bases and assumptions to be appropriate and reasonable. However, investors should consider these bases and assumptions as well as the Profit Forecast and make their own assessment of the future performance of the Prolintas Infra BT Group.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS

(1) Revenue

The Prolintas Infra BT Group's revenue comprises revenue from toll collection revenue, non-toll revenue and construction revenue as set out below:

		Forecast Year 2024	
	Note	(RM'000)	%
Toll collection revenue	(i)	305,609	98.5
Non-toll revenue	(ii)	2,347	0.8
Construction revenue	(iii)	2,200	0.7
Total		310,156	100.0

(i) Toll collection revenue

The Concession Companies operate via open toll system where road users are charged fixed toll rates according to their vehicle classes regardless of travelling distance. The toll revenue is recognised as and when the toll is charged for the usage of the highways based on gazetted toll rates as stipulated in SCAs 2022. The toll revenue is recognised after deducting the commission charged.

ANNEXURE A(I): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024 (Cont'd)

Prolintas Infra Business Trust Group

Appendix II

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS (CONT'D.)

(1) Revenue (cont'd.)

(i) Toll collection revenue (cont'd.)

The toll collection revenue, which is a function of traffic volume and gazetted toll rates for the financial year indicated is as set out below:

Highway	Forecast Year 2024 (RM'000)
AKLEH	34,575
GCE	90,435
LKSA	43,715
SILK	136,884
Total	305,609

The following are the key drivers for toll collection revenue:

a. Traffic

Perunding Trafik Klasik Sdn Bhd was engaged to prepare the traffic study in its capacity as the Traffic Consultant.

The traffic volume projections for each Highway based on the key bases and assumptions as set out in the Traffic Consultant's Report for the Forecast Year 2024 are as follows:

Highway	Annual average daily traffic volume (AADT) Forecast Year 2024
AKLEH	44,661
GCE	125,755
LKSA	88,916
SILK	214,423
Total	473,755

b. Toll rate

The toll rates assumed for the Forecast Year 2024 charged to road users are based on the gazetted toll rates which are currently same as the toll rate stipulated in the respective SCAs 2022 as follows:

Highways	Gazetted toll rates from 2023⁽¹⁾ to 2032 (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
AKLEH	2.13	7.00	10.50	1.53	1.28
GCE	1.75	3.80	5.70	0.83	1.29
LKSA (Alam Impian)	0.83	1.80	2.70	0.83	0.55
LKSA (Seri Muda)	1.56	3.40	5.10	0.83	1.10
SILK	1.66	3.60	5.40	0.83	0.92

Note:

(1) The toll rates were gazetted on 20 October 2022.

Prolintas Infra Business Trust Group

Appendix II

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS
(CONT'D.)

(1) Revenue (cont'd.)

(ii) Non-toll revenue

Concession Companies	Forecast Year 2024 (RM'000)
AKLEH Co	414
GCE Co	1,015
LKSA Co	720
SILK Co	198
Total	2,347

Non-toll revenue includes rental income of billboard space, space rental for telco towers and rental from stall operators in rest service areas.

Non-toll revenue is projected by the Trustee-Managers based on the revenue-sharing arrangement as stipulated in the service level agreement with Prolintas Highway Services Sdn. Bhd. ("PHSSB"), a wholly-owned subsidiary of PLKH.

(iii) Construction revenue

The construction revenue is forecasted based on the approved capital expenditure plan prepared by the in-house engineers based on industry experience with projects that are of the same nature.

These revenues are mainly from projects such as upgrading works for SILK lay-bys in Forecast Year 2024.

(2) Construction costs

The construction costs are forecasted based on the approved capital expenditure plan prepared by the in-house engineers based on industry experience with projects that are of the same nature.

(3) Other income

Other income is forecasted based on assumed future average deposit placements of approximately RM351.8 million multiplied by actual average interest/profit rate of 3.66% per annum of respective concession companies.

The average interest/profit rate 3.66% per annum used for projection is based on actual average interest/profit rate from the actual fixed deposit for the respective Concession Companies from 1 January 2023 to 31 December 2023.

Prolintas Infra Business Trust Group

Appendix II

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS (CONT'D.)

(4) Amortisation of highway development expenditure

Highway development expenditure ("HDE") comprises construction, development and upgrading expenditure incurred in relation to the concession highways and bridge (including finance costs relating to the financing of the development of the highways and bridge). HDE is stated at cost less amortisation and impairment losses.

HDE is amortised over the toll collection period under the intangible asset model based on a formula which directly relates to the traffic volume (both actual and expected), as follows:

$$\left[\begin{array}{l} \text{Actual traffic volume for the year} \\ \text{(Forecast traffic volume} \\ \text{over remaining concession period +} \\ \text{Actual traffic volume for the year)} \end{array} \right] \times \left[\begin{array}{l} \text{(Opening net book value} \\ \text{+ Additions} \\ \text{during the year)} \end{array} \right]$$

The computation is updated on an annual basis to incorporate actual and forecasted traffic volume for the year and remaining highway concession period.

The fair value of the identifiable assets and liabilities assumed in this Profit Forecast is for illustrative purpose only. The purchase price allocation exercise ("PPA") in accordance with MFRS 3 Business Combination, which includes the determination of the fair value of the identifiable assets and liabilities acquired which has not been completed. Accordingly, the fair value of the net identifiable assets assumed in this Profit Forecast may be materially different from fair values of the net identifiable assets when the final PPA is completed.

(5) Staff costs and other operating expenses

	Note	Forecast Year 2024 (RM'000)
Staff costs	a	22,174
Highway repair and maintenance costs	b	29,190
Corporate shared service fees	c	9,040
Provision for replacement costs	d	2,928
Provision for road and pavement resurfacing costs	e	7,589
Utilities	f	7,517
Listing expenses	g	10,080
Other expenses	h	14,028
Total		102,546

Prolintas Infra Business Trust Group

Appendix II

**3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS
(CONT'D.)**

(5) Staff costs and other operating expenses

a. Staff costs

Staff costs consist of salaries and wages of permanent and contract staff, employer's contribution to defined contribution plans, social security contributions, medical costs, training, and other staff-related expenses.

The forecasted staff costs in 2024 is based on estimated staff costs to be incurred after the completion of Pre-IPO Reorganisation which took effect on 1 January 2024. The Pre-IPO Reorganisation includes the transfer of technical and operational employees from Turnpike, i.e. the personnel that operate AKLEH Co, GCE Co and LKSA Co.

b. Highway repair and maintenance costs

	Note	Forecast Year 2024 (RM'000)
Operation overhead costs	i	5,193
Engineering overhead costs	ii	21,897
Heavy repairs costs	iii	2,100
Total		29,190

- i. Repair and maintenance costs for toll plaza and toll collection system.
- ii. Repair and maintenance costs for highway structure such as road sign, electrical components, and rails.
- iii. Costs for repair works such as reinstatement of toll plaza, bridge, structure repair of highways and pavement repairs. Heavy repairs costs are one-off in nature.

The highway repair and maintenance costs are forecasted based on the Prolintas Manager's industry experience and trend of historical cost adjusted for one-off costs with an adjustment for average Malaysia's inflation rate at 3.5% per annum.

Prolintas Infra Business Trust Group

Appendix II

**3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS
(CONT'D.)**

(5) Staff costs and other operating expenses (cont'd.)

c. Corporate shared services fees

Corporate shared service fees represent shared services subcontracted to Prolintas Corporate Shared Services Sdn Bhd ("PCSSSB") for certain management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services.

The fees forecasted are allocated to the respective companies managed by PCSSSB based on proportion of time spent for each entity.

d. Provision for replacement costs

Provision for replacement costs is recognised at the forecasted present value of the future replacement cost expected to be incurred over a 5-year replacement cycle. The forecasted present value amount is discounted using a risk-free rate which is the rate of government bond with similar remaining term as the provision.

e. Provision for road and pavement resurfacing costs

In accordance with the SCAs 2022, the Concession Companies have an obligation to perform road and pavement resurfacing to maintain the highway. The Prolintas Managers forecasted the road and pavement resurfacing costs based on a 7-year cycle, with pavement condition assessment ("PCA") conducted on a yearly basis to assess the road conditions. During the 7-year cycle, the Concession Companies will perform partial PCA in every year except in the 7th year whereby a full PCA will be performed, of which the Concession Companies are expected to incur a higher cost for resurfacing during that particular year.

Provision for road and pavement resurfacing is forecasted based on historical cost and agreed capital expenditure plan prepared by in-house engineers based on their past experience. Provision for road and pavement resurfacing is projected based on present value of future costs to be incurred over the road resurfacing cycle and discounted at a risk-free rate.

f. Utilities

Utilities which include electricity charges, connectivity charges, and water usage are forecasted by the Prolintas Managers based on historical cost with an adjustment for average Malaysia's inflation rate at 3.5% per annum.

Prolintas Infra Business Trust Group

Appendix II

**3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS
(CONT'D.)**

(5) Staff costs and other operating expenses (cont'd.)

g. Listing expenses

Prolintas Infra BT Group forecasted to incur listing expenses which comprises advisers fee during the Pre-IPO Restructuring and listing process, as well as the expenses to prepare the necessary documents and filings required by regulatory authorities.

The amount is forecasted by the Prolintas Managers based on the contract with the respective advisers.

h. Other expenses

Other expenses comprise legal and professional fees, public relation activities, and others. Other expenses are forecasted by the Trustee-Manager based on historical cost with an adjustment for average Malaysia's inflation rate at 3.5% per annum. From 1 January 2024 onwards, Turnpike has been engaged as consultant to the Concession Companies with forecasted fee of approximately RM1.66 million per annum.

(6) Trustee-Manager's Fee

Trustee-Manager's fee is forecasted based on the Trust Deed which entitles the Trustee-Manager to base fee, performance fee, acquisition fee and divestment fee.

Base fee is a fixed fee of RM8.0 million per annum. The base fee is forecasted to be charged effective from the 1 January 2024 amounting to RM8.0 million in 2024 pursuant to the Trust Deed.

Trustee-Manager is entitled to receive a performance fee of 10% per annum of the increase in dividend per unit ("DPU") in a financial year as compared to the DPU in the preceding financial year. There is no performance fee to be incurred in 2024 as it is Prolintas Infra BT Group's first year of operations.

No acquisition fee and divestment fee were forecasted in 2024 as there is no potential asset acquisition or any divestment plan at this juncture.

(7) Trust expenses

Trust expenses which include cost for periodical statutory audit, external corporate secretary, annual general meeting and other miscellaneous expenses. The expenses will be incurred in Forecast Year 2024, following the formation of the Prolintas Infra BT Group on 31 December 2023.

ANNEXURE A(I): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024 (Cont'd)

Prolintas Infra Business Trust Group

Appendix II

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS (CONT'D.)

(8) Finance costs

Financing facilities	Forecast Year 2024 (RM'000)
Tawarruq financing facility	127,573
Amortisation of debt issuance expenses	252
Unwinding of discount for provisions	11,690
Total	139,515

Finance costs for financing facilities post Debt Financing are forecasted based on the loan facility agreement obtained from Bank Pembangunan Malaysia Berhad ("BPMB") as follows:

Financing facilities	Profit rate and assumptions
TWA 1 (Facility limit: RM2,400,000,00; Drawdown amount: RM2,326,318,700)	i) Effective Profit Rate ("EPR") of 5.48% calculated based on the repayment schedule provided by BPMB. The profit is to be payable on a semi-annual basis of new Cost of Fund ("COF") + 0.30% p.a. and the balance to be paid in bullet payment at maturity date. ii) Drawdown of financing is on 21 December 2023.
TWA 2 (Facility limit: RM300,000,000; Assumed drawdown amount of RM24,578,389 on 30 November 2024)	i) Profit rate of 4.42% based on New COF + 0.90% p.a. – 1.50% p.a. from the signed loan facility agreement with BPMB, repayable on a semi-annual basis. ii) Drawdown of financing limited to 70.8% of the capital expenditure based on the signed loan facility agreement from BPMB is expected to commence based on the approved capital expenditures schedule for lane widening for SILK and construction of Strathairlie interchange for GCE.

Prolintas Infra Business Trust Group

Appendix II

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ASSUMPTIONS
(CONT'D.)

(9) Income tax expenses

The forecasted chargeable income is derived after the deduction of allowable expenses and permitted allowances. The amounts are calculated based on Malaysian statutory tax rate of 24% for the Forecast Year 2024.

	Forecast Year 2024
Concession Companies	(RM'000)
AKLEH Co	5,218
GCE Co	6,748
LKSA Co	(11,079)
SILK Co	13,904
Total	14,791

4. OTHERS

(1) Accounting standards

The Prolintas Managers has assumed that there will be no material change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit Forecast for Forecast Year 2024.

(2) Other assumptions

The Prolintas Managers has made the following additional assumptions in preparing and the Consolidated Profit Forecast:

- (i) the asset portfolio of the Prolintas Infra BT Group remains unchanged;
- (ii) no further capital will be raised during Forecast Year 2024 apart from the above-mentioned;
- (iii) the Prolintas Infra BT Group will not be required to incur additional material capital and operating expenditure, other than those identified in the Profit Forecast;
- (iv) there will be no change in applicable accounting standards or tax treatment or other financial reporting requirements that may have a material effect on and the Profit Forecast;
- (v) there will be no material changes in the cost of supplies, inflation rates and interest/profit rates from those currently prevailing in the context of the Prolintas Infra BT Group's operations, other than those which are discussed in this section of this document;

Prolintas Infra Business Trust Group

Appendix II

4. OTHERS (CONT'D.)

(2) Other assumptions (cont'd.)

The Prolintas Managers has made the following additional assumptions in preparing and the Consolidated Profit Forecast (cont'd.):

- (vi) there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies;
- (vii) there will be no economic crisis, industrial disputes, political changes, wars, military incidents, pandemic diseases or natural disasters or any unforeseeable factors that are beyond the Prolintas Infra BT Group's control, that would have a material impact on the Prolintas Infra BT Group's business and operating activities;
- (viii) there will be no material changes in the management and business policies currently practiced by the Prolintas Infra BT Group;
- (ix) the Prolintas Infra BT Group and the Government will be in compliance at all times with the agreements and arrangements entered into in connection with the Concession Agreements;
- (x) there will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the Prolintas Infra BT Group's activities or the market in which the Prolintas Infra BT Group operates;
- (xi) there will be no significant effects on the projections of toll revenue resulting from alternative expressways or alternative forms of transportation in Peninsular Malaysia;
- (xii) there will be no significant changes in the terms and conditions of material contracts and agreements, including but not limited to, the Concession Agreements, the Trust Deed and the financing agreements;
- (xiii) there will be no material contingent liabilities or litigations, which are likely to give rise to any proceedings that may adversely affect the assets, financial position and operations of the Prolintas Infra BT Group; and
- (xiv) there will be no material deviation in actual expenses incurred from the forecasted expenses to be incurred for the and Forecast Year 2024.

ANNEXURE A(II): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED CASH FLOWS FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024



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Our ref: Assurance.NRG/ZAR/FHH

The Board of Directors
Prolintas Managers Sdn. Bhd.
12th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur.

Dear Sirs,

Report on the consolidated cash flow forecast for the year ending 31 December 2024 for inclusion in the prospectus for the proposed initial public offering and proposed listing of units of Prolintas Infra Business Trust (“Proposed Listing of Prolintas Infra BT”)

We have been engaged to examine the consolidated cash flow forecast (the “Prospective Financial Information”) of Prolintas Infra Business Trust and its subsidiaries, Projek Lintasan Kota Sdn Bhd, Prolintas Expressway Sdn Bhd, Projek Lintasan Shah Alam Sdn Bhd, Sistem Lingkaran - Lebuhraya Kajang Sdn Bhd and Manfaat Tetap Sdn. Bhd. (the “Group”) for the financial year ending 31 December 2024 (the “Consolidated Cash Flow Forecast”) for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad as set out in Appendix I and the assumptions thereon as set out in Appendix II (the “Assumptions”).

Responsibilities of the Directors on the Prospective Financial Information

The Prospective Financial Information has been prepared by the management of Prolintas Manager Sdn. Bhd. (“PMSB”) (“the Directors”), for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust. The Directors are solely responsible for the preparation and presentation of the Prospective Financial Information and the assumptions on a basis consistent with the format of financial statements and accounting policies to be adopted by the Group and the requirements of the Prospectus Guidelines for Business Trust issued by the Securities Commission Malaysia (the “Prospectus Guidelines”).



Our Independence and Quality Management

We have complied with the independence and other ethical requirement of 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”), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Malaysian Approved Standard on Quality Management 1, ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our examination has been undertaken to enable us to form an opinion as to whether the Prospective Financial Information, for which the Directors are solely responsible, in all material respects, are properly prepared on the basis of the assumptions made by the Directors as set out on Appendices I and II, and are presented on a basis consistent with the format of financial statements and accounting policies to be adopted by the Group and the requirements of the Prospectus Guidelines.

A forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which management and Directors expect to take place and the actions which management and Directors expect to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual performance is likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material. We do not express any opinion as to the possibility of achievement of the cash flow forecast.

We have examined the forecast in accordance with the *Malaysian Approved Standards on Assurance Engagement, ISAE 3400: The Examination of Prospective Financial Information* issued by Malaysian Institute of Accountants.



Opinion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. The Prospective Financial Information has been prepared on the basis of the best-estimate assumptions made by the Directors. Further, the Prospective Financial Information are presented in a manner consistent with both the format of the financial statements and the accounting policies of the business trust.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Attention is drawn, in particular, to the risk factors set out in Section 5 of the Prospectus which describe the principal risks associated with the listing of Prolintas Infra Business Trust, to which the Prospective Financial Information is related.

For the reasons set out above, we do not express any assurance as to the possibility of achievement of the Prospective Financial Information.

Restriction on Distribution and Use

This report is made solely for Prolintas Managers Sdn Bhd for inclusion in the prospectus of Prolintas Infra Business Trust in connection with the listing of Prolintas Infra Business Trust on the Main Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Yours faithfully,

A handwritten signature in black ink, consisting of a series of loops and strokes, is positioned above the printed name.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
9 February 2024

ANNEXURE A(II): REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED CASH FLOWS FORECAST FOR THE YEAR ENDING 31 DECEMBER 2024 (Cont'd)

Prolintas Infra Business Trust Group

Appendix I

FORECAST CASH FLOW STATEMENT

	Note	Forecast Year 2024 RM' 000
Cash flows from operating activities:		
Cash receipts from toll collection	3.1	305,609
Receipts from expressway ancillary facilities	3.2	2,347
Government compensation received	3.3	17,463
Payment to suppliers, contractors, employees, related companies and for other operating expenses	3.4	(93,964)
Payment to suppliers for lane widening and construction of interchange	3.5	(34,715)
Finance cost paid	3.6	(128,033)
Trustee-Manager's fees	3.7	(8,000)
Trust expenses	3.8	(500)
Income tax paid	3.9	(13,198)
Net cash generated from operating activities		47,009
Cash flows from investing activities:		
Income received from other investments and deposits with licensed banks	3.10	12,137
Payment for highway development expenditure	3.11	(2,200)
Net cash generated from investing activities		9,937
Cash flows from financing activities:		
Drawdown of financing	3.12	24,578
Listing expenses incurred	3.13	(10,080)
Distribution paid to unitholders	3.14	(35,000)
Refund received for stamp duty exemption	3.15	16,200
Net cash used in financing activities		(4,302)
Net increase in cash and cash equivalents		52,644
Cash and cash equivalents at beginning of the year (Unaudited)		404,152
Cash and cash equivalents at end of the year		456,796

Prolintas Infra Business Trust Group

Appendix II

1. INTRODUCTION

Projek Lintasan Kota Holdings Sdn. Bhd. ("PLKH") is planning for an initial public offering ("IPO") and proposed listing on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") via the establishment of a business trust involving certain subsidiaries of the PLKH Group (collectively to be called Prolintas Infra Business Trust).

Prolintas Infra Business Trust ("Prolintas Infra BT") is a business trust constituted by a trust deed under the laws of Malaysia ("Trust Deed"). Prolintas Infra BT has been established on 11 December 2023 upon the execution of the Trust Deed by the Trustee-Manager, Prolintas Managers Sdn Bhd ("Prolintas Managers"), after registration with the Securities Commission Malaysia ("SC").

All references to "Prolintas Infra BT" include references to the Trustee-Manager, in its capacity as the trustee-manager of Prolintas Infra BT, unless the context otherwise requires. All references to "Prolintas Infra BT Group" are to Prolintas Infra BT and its subsidiaries, taken as a whole.

Pre-IPO restructuring

The Proposed Listing involves an acquisition of the entire equity interest in the following four concession companies ("Concession Companies") by Prolintas Managers (on behalf of Prolintas Infra BT) from PLKH ("Pre-IPO Acquisition") thereby forming the Prolintas Infra BT Group:

No	Companies	Concession highways
1.	Projek Lintasan Kota Sdn Bhd ("AKLEH Co")	Ampang - Kuala Lumpur Elevated Highway ("AKLEH")
2.	Prolintas Expressway Sdn Bhd ("GCE Co")	Guthrie Corridor Expressway ("GCE")
3.	Projek Lintasan Shah Alam Sdn Bhd ("LKSA Co")	Lebuhraya Kemuning - Shah Alam Highway ("LKSA")
4.	Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK Co")	Sistem Lingkaran Lebuhraya Kajang ("SILK")
5.	Manfaat Tetap Sdn Bhd ("Manfaat Tetap")*	Principal activity Special purpose vehicle set up to facilitate Sukuk Mudharabah for the purpose of refinancing the debt of its immediate holding company, SILK Co.

* Entity that is held through a direct parent-subsidiary relationship through SILK Co.

The above acquisition has been completed on 21 December 2023.

Prolintas Infra Business Trust Group

Appendix II

1. INTRODUCTION (CONT'D.)

Pre-IPO Acquisition

The acquisition has been executed by Prolintas Infra BT via a Sale of Business Agreement with PLKH, after the disposal of 10% equity interest of LKSA Co by PNB to PLKH, to acquire the issued share capital of the respective Concession Companies for an aggregate purchase consideration of RM1,100 million which has been fully satisfied via the issuance of 1,100,000,000 new undivided interest in Prolintas Infra BT as provided in the Trust Deed ("Units") at an issue price of RM1.00 per Unit in connection with the Pre-IPO Acquisition. The Pre-IPO Acquisition has been completed on 21 December 2023.

Pre-IPO Reorganisation

Prior to the Pre-IPO Acquisition, AKLEH Co, GCE Co and LKSA Co outsource majority of the operation and maintenance ("O&M") services of their respective highways to Turnpike Synergy Sdn Bhd ("Turnpike"), a wholly-owned subsidiary of PLKH. As a way to reflect better organisational accountability, PLKH has undertaken an employee reorganisation exercise ("Pre-IPO Reorganisation"). The Pre-IPO Reorganisation involved the transfer of relevant operational and technical employees performing the O&M services between Turnpike and the respective Concession Companies. Following the completion of the Pre-IPO Reorganisation, the mutual termination of the existing O&M arrangements between AKLEH Co, GCE Co and LKSA Co and Turnpike has been in effect on 1 January 2024. All O&M Services including liaison with relevant suppliers and/or sub-contractors in relation to the provision of O&M Services as and when required, will be carried out by the respective Concession Companies.

Debt Financing

In connection with the Proposed Listing, Prolintas Managers (on behalf of Prolintas Infra BT) has raised up to RM2,700 million of debt financing via the Tawarruq financing facilities ("TWA").

Tawarruq 1 facility ("TWA 1"): RM2,326 million out of the maximum limit of RM2,400 million has been drawdown to refinance the existing debts of the Concession Companies on 21 December 2023, including the payment of any amount due to the related parties, and fees and expenses related to the facility.

Tawarruq 2 facility ("TWA 2"): Up to RM300 million is to be utilised for the capital expenditure in relation to the construction of a new interchange for GCE and lane widening for SILK.

Collectively, the pre-IPO restructuring exercises above are referred to as ("Pre-IPO Restructuring").

Prolintas Infra Business Trust Group

Appendix II

2. SUMMARY OF BASIS PREPARATION

The Cash Flow Forecast has been prepared on the bases and accounting principles consistent with those to be adopted in the preparation of the consolidated financial statements of the Prolintas Infra BT Group. The financial year end of the Prolintas Infra BT Group is 31 December. The Cash Flow Forecast has been prepared on the assumption that the Proposed Listing of Prolintas Infra BT will be completed on 25 March 2024.

The Prolintas Managers has prepared the Cash Flow Forecast based on the material bases and assumptions listed below. The Prolintas Managers consider these bases and assumptions to be appropriate and reasonable. However, investors should consider these bases and assumptions as well as the Cash Flow Forecast and make their own assessment of the future performance of the Prolintas Infra BT Group.

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS

The Consolidated Cash Flow Forecast for the financial year ending 31 December 2024 has been made based on the following assumptions:

1. CASH RECEIPTS FROM TOLL COLLECTION

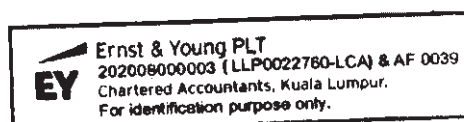
Toll collections from highways are derived from the traffic volume forecast by an independent traffic consultant and the gazetted toll rate which are currently same as the toll rate stipulated in the Supplemental Concession Agreement dated 12 October 2022 ("SCA 2022") for the respective highways throughout the forecasted periods, net of Commissions ("Net Toll Collection").

- a. Toll collection is computed based on the toll rate of respective highways multiplied by the forecasted traffic volume.

The traffic volume forecast by the independent traffic consultant for the Forecast Year 2024 are as follows:

Concession highways	Annual Average Daily Traffic Volume ("AADT")
	Forecast Year 2024
AKLEH	44,661
GCE	125,755
LKSA	88,916
SILK	214,423
Total	473,755

- b. Commission is computed by using an agreed rate of the Toll Collection based on the existing term in the agreement with respective suppliers.



Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

2. RECEIPTS FROM EXPRESSWAY ANCILLARY

Receipts from expressway ancillary facilities comprises non-toll revenue from space rental for telco towers, rental income from stall operators in rest service areas, work permit (e.g., charges to carry underground work by telco operators), and rental income from billboard space. Payment is received from customers in accordance with the term prescribed under the respective rental agreement.

3. GOVERNMENT COMPENSATION RECEIVED

Government compensation represents revenue received from the Government for the imposition of revised toll rates lower than those as provided for in the Concession Agreements over the period the compensation relates.

As at the date of this report, Prolintas Infra BT Group has received RM138.483 million whilst the remaining sum of RM17.463 million is forecasted to be received within Forecast Year 2024 upon finalisation of documentation and verification procedures. For the Forecast Year 2024, the anticipated inflow mainly relates to compensation arising from toll-free period relating to festive seasons that were granted in financial year 2023.

4. PAYMENT TO SUPPLIERS, CONTRACTORS, EMPLOYEES, RELATED COMPANIES AND FOR OTHER OPERATING EXPENSES

The payment breakdown is set out below:

		Forecast Year 2024 <u>RM' 000</u>
	Notes	
Staff costs	a	(22,174)
Road and pavement resurfacing	b	(7,632)
Repair and maintenance costs	c	(29,717)
Toll management fees	d	(1,307)
Replacement costs	e	(3,052)
Management fees	f	(407)
Shared service fees	g	(8,316)
Other expenses	h	(21,359)
Total		<u>(93,964)</u>

Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

4. PAYMENT TO SUPPLIERS, CONTRACTORS, EMPLOYEES, RELATED COMPANIES AND FOR OTHER OPERATING EXPENSES (CONT'D.)

Cash paid for operating expenses includes the following:

- a) Staff costs consist of salaries and wages of permanent and contract staff, employer's contribution to defined contribution plans, social security contributions, medical costs, training, and other staff-related expenses.

The forecasted staff costs in 2024 is based on estimated staff costs to be incurred after the completion of Pre-IPO Reorganisation which took effect on 1 January 2024. The Pre-IPO Reorganisation includes the transfer of technical and operational employees from Turnpike, i.e. the personnel that operate AKLEH Co, GCE Co and LKSA Co.

- b) Road and pavement resurfacing are forecasted based on historical cost and agreed capital expenditure plan that was prepared by the in-house engineers based on their industry experience. The road and pavement resurfacing schedule is based on the road conditions of the respective highways that will be assessed by third party pavement specialist consultants annually. A Pavement Condition Assessment ("PCA") report is produced to determine the areas for resurfacing.
- c) Repair and maintenance costs mainly comprises the cost of the repair and maintenance work for the respective highways and toll plazas. The costs are projected based on the Trustee-Manager's estimation and actual historical cost adjusted for one-off costs, with the assumption of an average growth and with an adjustment for average Malaysia's inflation rate at 3.5% per annum.
- d) Toll management fees are costs that were previously paid by AKLEH Co, GCE Co and LKSA Co to Turnpike for operation and maintenance ("O&M") services. The fees are projected based on 10% of the toll collection revenue of the highways as per the term of the existing O&M agreement with Turnpike.

On 1 January 2024, all existing O&M arrangements with Turnpike has been terminated and the O&M services will be carried out by the respective entities directly. Staff costs relating to the relevant operational and technical employees performing the O&M services have been accounted for within the staff costs as per Note a.

For clarity, the payment for toll management fees in the Forecast Year 2024 is for the fees incurred in December 2023, which is expected to be paid within a 30-day credit term.

Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

4. PAYMENT TO SUPPLIERS, CONTRACTORS, EMPLOYEES, RELATED COMPANIES AND FOR OTHER OPERATING EXPENSES (CONT'D.)

- e) Replacement costs are projected based on future expenditure expected to be incurred over moveable assets based on a 5-year replacement cycle as per the concession agreements.
- f) Management fees are cost paid by AKLEH Co, GCE Co, LKSA Co and SILK Co to PLKH annually for management services prior to 1 January 2024. The costs are forecasted based on actual historical cost.

The management services contracts have been mutually terminated effective on 31 December 2023 following the formation of the Trust Group on 11 December 2023. The management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services has been subcontracted to PCSSSB, a wholly-owned subsidiary of PLKH commencing 1 January 2024.

For clarity, the payment for management fees in the Forecast Year 2024 is for the fees incurred in December 2023, which is expected to be paid within a 30-day credit term.

- g) Shared service fees are the payment made to PCSSSB for management support services, such as finance, legal, innovation and technology, human capital management, corporate communications, administration and company secretarial services. The costs are projected based on actual historical costs from PLKH management fees and management's estimation on the time spent on respective Concession Company.
- h) Other expenses mainly comprise utility fees, professional fees, subscription and license fees and administration related fees. The costs are projected by the Trustee-Manager based on actual historical cost with an adjustment for average Malaysia's inflation rate at 3.5% per annum. From 1 January 2024 onwards, Turnpike has been engaged as consultant to the Concession Companies with forecasted fee of approximately RM1.66 million per annum.
- i) Inflation rate of 3.5% is forecasted, being the average inflation rate for Malaysia.
- j) As per management's assumption, all accruals and payables prior to 1 January 2024 will be repaid in the Forecast Year 2024 and the expenses forecasted during the year, excluding staff costs, will be repaid within a 30-day credit term granted by the creditors.

Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

5. PAYMENT TO SUPPLIERS FOR LANE WIDENING AND CONSTRUCTION OF INTERCHANGE

Lane widening and interchange comprises the lane widening works for Phase 2 and Phase 3 and construction of interchange. The lane widening and interchange is forecasted based on the approved construction plan prepared by the in-house engineers based on industry experience with projects that are in the same nature.

6. FINANCE COST PAID

Finance costs are forecasted based on the signed loan facility agreement entered with Bank Pembangunan Malaysia Berhad ("BPMB"), issuer of the new financing facility.

Instrument	Assumptions
TWA 1	<ul style="list-style-type: none"> i. Effective Profit Rate ("EPR") of 5.48% calculated based on the repayment schedule provided by BPMB. The EPR is to be payable on a semi-annual basis of new Cost of Fund ("COF") + 0.30% per annum and the balance to be paid in bullet payment at maturity date. ii. The first instalment will be on 1 July 2024 based on the repayment schedule from BPMB. iii. Second instalment will be due on 1 January 2025 but forecasted to be paid on 31 December 2024.
TWA 2	<ul style="list-style-type: none"> i. Profit Rate of 4.42% based on New COF + 0.90% per annum – 1.50% per annum from the signed loan facility agreement with BPMB, repayable on a semi-annual basis. ii. Drawdown of financing limited to 70.8% of the capital expenditure based on the signed loan facility agreement from BPMB is expected to commence based on the approved capital expenditures schedule for lane widening for SILK and construction of Strathairlie interchange for GCE which amounts to RM24,578,389. iii. Forecasted finance costs payment was based on expected drawdown and current EPR. The expected drawdown was based on cash outflows relating to the above capital expenditure and is assumed to be on 30 November 2024.

7. TRUSTEE-MANAGER'S FEES

Pursuant to the Trust Deed, the Trustee-Manager is entitled to a base fee of RM8.0 million per annum payable on a quarterly basis. The base fee will be adjusted annually in accordance with the prevailing inflation rate. The Trustee-Manager fee is forecasted to be charged from 1 January 2024 onwards.

Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

8. TRUST EXPENSES

Trust expenses mainly comprise the cost periodical statutory audit, external corporate secretary, annual general meeting, and other miscellaneous expenses. The expenses will be incurred in Forecast Year 2024, following the completion of the establishment of Prolintas Infra BT Group.

9. INCOME TAX PAID

	Forecast Year 2024
	RM' 000
Companies	
AKLEH Co	(4,473)
GCE Co	(8,725)
Total	<u>(13,198)</u>

Tax paid is forecasted based on the Malaysian statutory tax rate of 24% after taking into consideration of the allowable expenses, permitted allowances and unutilised business losses of the respective concession companies. LKSA Co and SILK Co will not be paying tax for the year ending 31 December 2024 due to the availability of capital allowances to be deducted from the respective entity's projected taxable profits.

10. INCOME RECEIVED FROM OTHER INVESTMENTS AND DEPOSITS WITH LICENSED BANKS

Other income is forecasted based on assumed future average deposit placements of approximately RM351.8 million multiplied by actual average interest/profit rate of 3.66% per annum of respective concession companies.

The average interest/profit rate 3.66% per annum used for projection is based on actual average interest/profit rate from the actual fixed deposit for the respective Concession Companies from 1 January 2023 to 31 December 2023.

11. PAYMENT FOR HIGHWAY DEVELOPMENT EXPENDITURE

Payment for highway development expenditure relates to payment made for other concession assets.

Other concession assets comprise of constructions works for SILK lay-bys in Forecast Year 2024. Other concession assets are forecasted based on the approved capital expenditure plan prepared by the in-house engineer based on prior years' experience on similar projects.

Prolintas Infra Business Trust Group

Appendix II

3. FORECAST CASH FLOW STATEMENT ASSUMPTIONS (CONT'D.)

12. DRAWDOWN ON FINANCING

Pursuant to the Debt Financing, the Trustee-Manager is expected to drawdown up to RM24.578 million in Forecast Year 2024 from TWA 2 only to further fund the capital expenditure in connection with the lane widening works for SILK Co and construction of interchange for GCE Co.

13. LISTING EXPENSES INCURRED

Listing expenses comprise of fees paid to advisers and other professionals involved in the IPO process, as well as the costs of preparing the necessary documents and filings required by regulatory authorities and stamp duty. The expenditure is forecasted based on the engagement letter entered with the respective advisers and based on their industry experience of expected cost that will be incurred throughout the IPO process.

Currently, the expenses were paid by PLKH on behalf of Prolintas Infra BT to respective parties on a milestone basis throughout the IPO process as Prolintas Infra BT has yet to be formed. Subsequent to the Completion Date, PLKH will recharge the expenses to Prolintas Infra BT and it is assumed that Prolintas Infra BT will repay the IPO listing expenses back to PLKH within the Forecast Year 2024.

14. DISTRIBUTION PAID TO UNITHOLDERS

Upon the Proposed Listing, it is the intention of the Trustee-Manager to distribute RM70.0 million for the Forecast Year 2024. The distribution to the Unitholders will be made on a semi-annually basis. The first distribution payment, which is expected to be paid in October 2024, is expected to amount to RM35.0 million. The remaining RM35.0 million is expected to be paid in FYE 2025.

15. REFUND RECEIVED FOR STAMP DUTY EXEMPTION

Refund received in Forecast Year 2024 for stamp duty paid in Year 2023 for Pre-IPO Acquisition following exemption granted from the Government. The refund has been received on 19 January 2024.

4. OTHERS

1. ACCOUNTING STANDARDS

The Prolintas Managers has assumed that there will be no material change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Cash Flow Forecast for Forecast Year 2024.

Prolintas Infra Business Trust Group

Appendix II

4. OTHERS (CONT'D.)

2. OTHER ASSUMPTIONS

The Prolintas Managers has made the following additional assumptions in preparing the Consolidated Cash Flow Forecast:

- (i) The asset portfolio of Prolintas Infra BT Group remains unchanged;
- (ii) No further capital will be raised during Forecast Year 2024 apart from the above-mentioned;
- (iii) Prolintas Infra BT Group will not be required to incur additional material capital expenditure, other than those identified in the Consolidated Cash Flow Forecast;
- (iv) There will be no changes to the applicable accounting standards or tax treatment or other financial reporting requirements that may have a material effect on the Consolidated Cash Flow Forecast;
- (v) There will be no material changes in the cost of supplies, inflation rates and interest /profit rates from those currently prevailing in the context of Prolintas Infra BT Group's operations, other than those which are discussed in this document;
- (vi) There will be no material changes in the bases or applicable rates of taxation, surcharges, or other government levies except as otherwise disclosed in this document;
- (vii) There will be no economic crisis, industrial disputes, political changes, wars, military incidents, pandemic diseases or natural disasters or any unforeseeable factors that are beyond the Trust's control, that would have a material impact on Prolintas Infra BT Group's business and operating activities;
- (viii) There will be no material changes in the management and business policies currently practiced by Prolintas Infra BT Group;
- (ix) Prolintas Infra BT Group and the Government will be in compliance at all times with the agreements and arrangements entered into in connection with the concession agreements and Supplementary Concession Agreements;
- (x) There will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect Prolintas Infra BT Group's activities or the market in which the Trust operates;
- (xi) There will be no significant effects on the forecast of toll revenue resulting from alternative expressways or alternative forms of transportation in Peninsular Malaysia;

Prolintas Infra Business Trust Group

Appendix II

4. OTHERS (CONT'D.)

2. OTHER ASSUMPTIONS (CONT'D.)

The Prolintas Managers has made the following additional assumptions in preparing the Consolidated Cash Flow Forecast (cont'd.):

- (xii) There will be no significant changes in the terms and conditions of material contracts and agreements; including but not limited to, the concession/ supplementary concession agreements, the Trust Deed and the financing agreements;
- (xiii) There will be no material contingent liabilities or litigations, which are likely to give rise to any proceedings that may adversely affect the assets, financial position, and operations of Prolintas Infra BT Group; and
- (xiv) There will be no material deviation in actual expenses incurred from the forecast expenses to be incurred for the Forecast Year 2024.

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS

Summary of salient terms of the concession agreement - AKLEH Co

Concession agreement dated 16 May 1996 between the Government and AKLEH Co as supplemented by a supplemental agreement dated 31 December 2008 and SCA 2022

(i)	Parties	Government and AKLEH Co (" Company ")
(ii)	Date of contract	16 May 1996
(iii)	Subject matter	<p>The concession is to finance, design, construct, operate and maintain the elevated highway to be built in 2 phases namely:-</p> <p>(i) Phase 1 from Jalan Sultan Ismail Interchange to Jalan Jelatek Interchange, on two (2) decks and from Jalan Jelatek Interchange to Jalan Ampang Interchange on one (1) deck on the southern river bank; and</p> <p>(ii) Phase 2 from Jalan Jelatek Interchange to Jalan Ulu Kelang Interchange to Jalan Ulu Kelang Interchange on one (1) deck on the northern river bank over Sungai Klang and Sungai Ampang stretching from Ampang Town and Ulu Kelang to Jalan Sultan Ismail,</p> <p>known as the Ampang-Kuala Lumpur Elevated Highway ("Elevated Highway") or "Project") on a privatization basis.</p> <p>The Government grants to AKLEH Co, subject to the terms and conditions of the agreement and the provisions of the Federal Roads (Private Management) Act 1984, the right and authority to:-</p> <p>(a) design and construct the Elevated Highway;</p> <p>(b) supply and install tolling and other equipment at the Elevated Highway toll plaza and manage, operate and maintain the same;</p> <p>(c) demand, collect and retain toll for its own benefit from vehicles using the Elevated Highway during the period of the concession ("Concession Period");</p> <p>(d) manage operate and maintain at its own cost and expense (including utility charges incurred thereby) the Elevated Highway; and</p> <p>(e) design, construct, manage, operate and maintain the administrative office and related facilities of the Elevated Highway.</p>
(iv)	Term, expiry date and renewal	<p>The original Concession Period was for 33 years expiring 16 May 2029.</p> <p>Subject to the SCA 2022, becoming operative, the Concession Period shall be extended for a further period of eight (8) years commencing from 16 May 2029 until 15 May 2037 (hereinafter referred to the ("Extended Concession Period") subject to the following:-</p> <p>(a) the agreed toll rates shall not be reviewed and shall be applicable throughout the Extended Concession Period; and</p> <p>(b) the Government shall not be liable to pay any compensation or any form of losses incurred by AKLEH Co during the Extended Concession Period and until the expiry of the Extended Concession Period.</p> <p>The Concession Period may be extended by mutual written agreement between the parties hereto in accordance with the provisions of the agreement.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

(v)	Termination	<p><u>Expiry or earlier termination of concession period</u> Upon the expiry or the earlier termination of the concession and without prejudice to any obligations of either party hereto to make a payment or to any claims which either party hereto may have against the other prior to the termination date, all rights and entitlements of AKLEH Co in respect of the concession and the lands falling within the concession ("Concession Area") shall revert to, vest in or remain vested in the Government and:-</p> <p>(a) in the case of termination of the concession after completion of the construction works of Phase 1 of the Elevated Highway but prior to the expiry of the Concession Period, AKLEH Co shall remove from the Concession Area all its workmen, employees, servants, agents and contractors and vacate the Elevated Highway completely and shall at no cost to the Government hand over the Phase 1 of the Elevated Highway and the Concession Area (including all its equipment and machinery thereon) to the Government in a well-maintained and operational condition (after making good any defects thereto at AKLEH Co's own expense) and thereafter cease to have any liability for maintenance of the same. If AKLEH Co fails to make good any such defects, the Government may do so and all expenses incurred by the Government in so doing shall be a debt due from AKLEH Co to the Government and, where applicable, deductible from any amount payable by the Government to AKLEH Co under the Agreement; or</p> <p>(b) in the case of termination of the concession after completion of the construction works of Phase 1 and Phase 2 of the Elevated Highway but prior to the expiry of the Concession Period, AKLEH Co shall at no cost to the Government remove from the Concession Area all its workmen, employees, servants, agents and contractors and vacate the Elevated Highway completely and shall at no cost to the Government hand over the Elevated Highway and Concession Area (including all its equipment and machinery thereon) to the Government in a well-maintained and operational condition (after making good any defects thereto at AKLEH Co's own expense) and thereafter cease to have any liability for maintenance of the same. If AKLEH Co fails to make good any such defects, the Government may do so and all expenses incurred by the Government in so doing shall be debt due from AKLEH Co to the Government and, where applicable, deductible from any amount payable by the Government to AKLEH Co under the Agreement; or</p> <p>(c) in the case of expiry of the Concession Period, AKLEH Co shall forthwith cease to operate and maintain the Elevated Highway and AKLEH Co shall remove from the Concession Area all its workmen, employees, servants, agents and contractors and vacate the Elevated Highway completely. AKLEH Co shall, not later than three (3) months prior to the expiry of the Concession Period provide to the Government an inventory of all its equipment and materials and fixtures on the Elevated Highway and shall not remove such equipment and materials or fixtures therefrom without the prior written approval of the Government but, subject thereto, shall remove therefrom such equipment and material and fixtures (including, for the avoidance of doubt, any toll plazas) as the Government may then specify; and</p>
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ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>(d) AKLEH Co shall at no cost to the Government hand over the Elevated Highway and the Concession Area to the Government in a well-maintained and operational condition and shall make good any defects thereto at AKLEH Co's own expenses within one (1) year after the date of handing over. If AKLEH Co fails to make good any such defects the Government may do so and all expenses incurred by the Government in so doing shall be a debt due from AKLEH Co to the Government and, where applicable, deductible from any amount payable by the Government to AKLEH Co under the Agreement;</p> <p>and in each case all construction contracts, maintenance contracts and other contracts entered into by AKLEH Co and then subsisting shall be determined by AKLEH Co and the Government shall not be liable for any termination costs arising thereby and shall be indemnified and held harmless by AKLEH Co in respect thereof.</p>
(vi)	Restrictions	<p><u>Change of shareholding</u> There shall be no change to the shareholding structure of the Company as at the effective date of the concession ("Effective Date") for a period of three (3) years from the Effective Date. Any intention to change the shareholding structure after the said period of three (3) years shall require the prior written approval of the Government through the Economic Planning Unit of the Prime Minister's Department.</p> <p><u>Approval by the Government</u> The Company shall not execute any credit facilities financing documents and instruments ("Financing Documents") unless and until the Government shall have approved the material terms thereof; nor make any material amendment or modification to the terms of any approved Financing Documents without the approval of the Government.</p> <p>The Government shall, if it has any objections to the material terms of any Financing Documents or any proposed amendment or modification, notify the Company of the same within four (4) weeks of submission by the Company to the Government of the Financing Documents or any proposed amendment or modification, failing which, the Government shall be deemed to have approved the Financing Documents or any proposed amendment or modification. The approval of the Government shall not be unnecessarily withheld. For the avoidance of doubt, such approval shall not be required for any Financing Documents executed or to be executed between the Company and its shareholder and/or any related corporation (within the meaning of the Companies Act 2016) of the Company in respect of inter-company loans, advances or borrowings by whatever name called, including any amendment or modification to the terms of such Financing Documents.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Other salient terms	<p><u>Condition precedent of SCA 2022</u> The SCA 2022 is conditional upon the Company having obtained final approval from the Government confirming that the conditions precedent have been fulfilled. For the purposes of fulfilling the condition precedent, the Company shall, within twelve (12) months from the date of the SCA 2022 or the extended period (hereinafter referred to as the "CP Period"), prove to the satisfaction of the Government the following:-</p> <p>(a) the registration of the Business Trust pursuant to subsection 256K(2) of the Capital Markets Services Act 2007 [Act 671] has been obtained;</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>(b) the Trustee-Manager has obtained a Capital Markets Services Licence for carrying out the fund management business pursuant to section 58 of the Capital Markets Services Act 2007 [Act 671];</p> <p>(c) the Company has notified the Government in writing of the execution of the Trust Deed;</p> <p>(d) the approval of the existing credit facilities lenders to the Company (“Lenders”) for the early redemption and full repayment of the existing credit facilities of the Company which have outstanding drawdown amounts has been obtained;</p> <p>(e) the Shares Sale and Purchase Agreement (hereinafter referred to as “SPA”) between the Trustee-Manager and the existing shareholders of the Company has been executed; and</p> <p>(f) the Company has provided to the Government the following Letters of Undertaking:-</p> <p>(i) Letter of Undertaking from PLKH to the Government pursuant to which PLKH undertakes:</p> <p>(A) to maintain 100% shareholding in PMSB at all times; and</p> <p>(B) that PLKH, PNB, and any unit trust managed by PNB and/or its subsidiary shall maintain at least 25% unit holdings in the Business Trust at all times; for so long as the principal concession agreement is in force;</p> <p>(ii) Letter of Undertaking from the Company to the Government that it shall fully settle all its existing debt upon issuance of the new debt by or on behalf of the Business Trust; and</p> <p>(iii) Letter of Undertaking from PMSB to the Government that it shall ensure that all the highway concession subsidiaries of the Business Trust shall fully settle their existing debt upon issuance of the new debt by or on behalf of the Business Trust, and shall ensure that the proceeds from toll collection will be prioritised for the operating and maintenance cost, scheduled capital expenditures and repayment of Sukuk and other related loans of all the highways before considering and dividend payment.</p> <p>The Company shall submit to the satisfaction of the Government not later than ten (10) days prior to the expiry of the CP Period or the extended period granted, the following:-</p> <p>(a) a certified true copy of the registration certificate of the Business Trust;</p> <p>(b) a certified true copy of the Capital Markets Services Licence;</p> <p>(c) a certified true copy of the executed Deed;</p> <p>(d) a certified true copy of the letter from the existing Lenders confirming that the early redemption and full repayment to the existing Lenders has been settled;</p> <p>(e) a certified true copy of the SPA; and</p> <p>(f) certified true copies of the Letters of Undertaking.</p> <p><u>Extension of CP Period</u> The Company may apply for an extension of the CP Period together with its jurisdictions for an extension and the Government may, after considering such application, extend the CP Period, provided that any such extension shall not exceed three (3) months from the expiry of the CP Period.</p> <p><u>Expropriation</u> The Government may terminate the agreement by expropriating the concession or the Company by giving not less than three (3) months’ notice to that effect to the Company if the Government considers that such expropriation is in the national interest.</p>
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ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

Summary of salient terms of the concession agreement - GCE Co

Concession agreement between the Government and GCE Co dated 18 July 2000 as supplemented by a supplemental agreement dated 4 January 2010 and SCA 2022

(i)	Parties	Government and GCE Co (" Company ")
(ii)	Date of contract	18 July 2000
(iii)	Subject matter	<p>(a) Kumpulan Guthrie Berhad ("Guthrie") has submitted a proposal to the Government to design, construct, maintain, operate and manage the expressway which links Shah Alam at approximately co-ordinates E-16759, N-9322 and Kuang at approximately co-ordinates E-17389, N10506, namely the Guthrie Corridor Expressway.</p> <p>(b) For the purpose of implementing the concession, Guthrie has incorporated GCE Co.</p> <p>(c) The Government has accepted the proposal by Guthrie and has agreed to award the concession on a privatisation basis to GCE Co on the terms and conditions appearing in the agreement.</p> <p>The Government grants to GCE Co, subject to the terms and conditions of the agreement the right and authority to:-</p> <p>(i) undertake the design and construction of the expressway;</p> <p>(ii) supply and install tolling and other equipment (including telecommunication equipment) at the toll plazas and manage, operate and maintain the same on the expressway during the period of the concession ("Concession Period");</p> <p>(iii) exclusively demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the expressway during the Operating Period;</p> <p>(iv) subject to all prevailing relevant laws in respect thereof, exclusively design, construct, manage, operate and maintain the facilities ancillary to the expressway ("Ancillary Facilities") during the Concession Period and to retain the income received or receivable and derived therefrom;</p> <p>(v) operate and maintain at its own cost and expense (including, without limitation, utility charges incurred thereby) the expressway during the Concession Period; and</p> <p>(vi) design, construct, manage, operate and maintain an administrative office and all other activities incidental to the performance of the works referred to in this clause.</p> <p>Subject to and in accordance with the terms and conditions of the agreement and the Federal Roads (Private Management) Act 1984, GCE Co accepts the concession at its own risk and expense.</p>
(iv)	Term, expiry date and renewal	<p>The original Concession Period was for 34 years and 10 months ending on 31st May 2036.</p> <p>Subject to the SCA 2022 becoming operative, the Concession Period shall be extended until 31 May 2062 (hereinafter referred to the "Extended Concession Period") subject to the following:-</p> <p>(a) the scheduled toll rates shall not be reviewed and shall be applicable throughout the Extended Concession Period; and</p> <p>(b) the Government shall not be liable to pay any compensation or any form of losses incurred by GCE Co during the Extended Concession Period and until the expiry of the Extended Concession Period.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>The Concession Period may be extended by mutual written agreement between the parties hereto in accordance with the provisions of the Agreement.</p>
(v)	<p>Termination</p>	<p><u>Expiry or earlier termination of concession period</u> Upon the expiry or the earlier termination of the concession and without prejudice to any obligations of either party hereto to make a payment or to any claims which either party hereto may have against the other prior to the termination date all rights and entitlements of GCE Co in respect of the concession and the land comprised in the concession ("Concession Area") shall revert to, vest in or remain vested in the Government without any cost to the Government.</p> <p><u>Termination during the operation of the expressway</u> if GCE Co is then operating and maintaining the Concession Area inclusive of the expressway, GCE Co shall forthwith cease to operate and maintain the expressway and GCE Co shall remove from the Concession Area all its workmen, employees, servants, agents, and contractors and vacate the Concession Area and shall make good any defects thereto identified during the joint inspection of the expressway carried out at GCE Co's own expenses, and thereafter cease to have any liability for maintenance of the same. If GCE Co fails to make good any such defects the Government may do so and all expenses incurred by the Government in so doing shall be a debt due from GCE Co to the Government and, where applicable, deductible from any amount payable by the Government to GCE Co under the agreement. GCE Co shall, not later than two (2) months after the termination date, provide to the Government an inventory of all its equipment and materials and fixtures on the expressway and shall not remove such equipment and materials or fixtures therefrom without the prior approval of the Government but, subject thereto, shall remove therefrom such equipment and materials and fixtures (including, for the avoidance of doubt, any toll plazas) as the Government may then specify.</p> <p><u>Liability upon expiration or earlier termination of concession</u> The expiration or earlier termination of the Concession shall not affect the liability of either party hereto for any of its acts or omissions during the Concession Period and that party shall thereafter continue to be so liable and shall keep the other party hereto indemnified and held harmless in respect of any claims arising therefrom.</p> <p><u>Termination by Government</u> In the event GCE Co without reasonable cause fails to commence the physical construction within the period of twelve (12) months from the date of the land is made available or such period as specified in the construction programme or any extension thereof, whichever is the later, the Government shall give notice in writing to GCE Co specifying the default and requiring GCE Co to remedy the said default within six (6) months after the date of the notice hereto failing which the Government shall have the right to terminate the concession with immediate effect and without any compensation to GCE Co. If the concession is terminated hereunder, all amounts owing by GCE Co to the Government shall be repaid by GCE Co to the Government not later than six (6) months after the termination date.</p> <p><u>General default</u> If:-</p> <ul style="list-style-type: none"> (a) GCE Co without reasonable cause fails to show satisfactory progress of the construction works; or (b) GCE Co is in breach of any material obligation under the agreement; or (c) an order is made or a resolution is passed for the winding up of GCE Co (except for the purposes of reconstruction or amalgamation not involving the realisation of assets in which the interests of creditors are protected); or

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>(d) GCE Co goes into liquidation or a receiver is appointed of the assets of GCE Co or GCE Co makes an assignment for the benefit of or enters into arrangement or composition with its creditors or stops payment or is unable to pay its debts; or</p> <p>(e) execution is levied against a substantial portion of GCE Co's assets, unless it has instituted proceedings in good faith to set aside such execution;</p> <p>then the Government shall, give notice in writing to GCE Co specifying the default and requiring GCE Co to remedy the said default within six (6) months after the date of the notice or such further period as may be agreed by the parties hereto.</p> <p>If:</p> <p>(a) GCE Co fails to remedy the relevant default within the period of six (6) months or such other period as may be agreed by the parties hereto; or</p> <p>(b) the construction works or any part of them have been delayed or interrupted for a continuous period of more than six (6) months;</p> <p>the Government may, for so long as the relevant default or event is continuing, terminate the concession at any time thereafter by giving notice to that effect to GCE Co.</p> <p><u>Termination by Company</u> If the Government without reasonable cause fails to perform or fulfil any of its obligations which adversely affect the right and authority of GCE Co to demand collect and retain toll for its own benefit, then GCE Co may give notice to the Government of its intention to terminate the concession by giving six (6) months' notice or such other period as may be agreed by the parties hereto to that effect to the Government.</p> <p>Provided always that notwithstanding GCE Co's rights to give such notice, the Government may request for an extension of time to rectify its default or remedy such breach thereof, in which case GCE Co shall grant such reasonable extension for a period to be mutually agreed by the parties hereto.</p> <p>If:-</p> <p>(a) the Government fails to remedy the relevant event of default within such period of six (6) months or within such other period as may be agreed by the parties hereto;</p> <p>(b) the construction works or any part them have been delayed or interrupted by reason of any event of Force Majeure for a continues period of more than six (6) months,</p> <p>GCE Co may, for so long as the relevant default or event is continuing, terminate the concession at any time thereafter by giving notice to that effect to the Government.</p> <p><u>Payments on termination</u> If the concession is terminated by the Government at any time after the completion of the construction works but before the expiry of the concession, then the Government shall pay to GCE Co not later than six (6) months after the termination date or any further period as the parties hereto may mutually agree the amount by which the value of the completed work exceeds all amounts which may be owing by GCE Co to the Government under the agreement as at the termination date</p> <p><u>Payments to company</u> If:-</p> <p>(a) the concession is terminated by GCE Co, then the Government shall pay to GCE Co not later than six (6) months after the termination date:-</p>
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ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<ul style="list-style-type: none"> (i) the amount by which the value of completed works exceeds all amounts which may be owing by GCE Co to the Government under the agreement as at the termination date; and (ii) an amount equal to:- <ul style="list-style-type: none"> (aa) the amount of interest which would have accrued on the subscription moneys paid to GCE Co in respect of its paid-up share capital as if interest had accrued on such amounts from the relevant dates the payment becomes due to the date of actual payment is made by the Government at an annual rate equal to the weighted average bank deposit rate for each relevant concession year; less (bb) any net dividends received by the shareholder of GCE Co; or <p>(b) in the event the Government expropriates the concession, then the Government shall pay to GCE Co not later than six (6) months from the date of expropriation:-</p> <ul style="list-style-type: none"> (i) the amount (if any) by which the value of completed works exceeds all amounts which may be owing by GCE Co to the Government under the agreement as at the date of expropriation; and (ii) an amount equal to: <ul style="list-style-type: none"> (aa) the amount of interest which would have accrued on the subscription moneys paid to GCE Co in respect of its paid up share capital as if interest had accrued on such amounts from the relevant dates of payment becomes due to the date of actual payment is made by the Government on an annual basis at a rate of twelve per centum (12%) per annum; less (bb) any net dividends received by the shareholders of GCE Co.
(vi)	Restrictions	<p><u>Change in shareholding</u> Save for any changes permitted, there shall be no change to the shareholding structure of GCE Co for a period of three (3) years from the effective date of the concession ("Effective Date"). Any intention to change the shareholding structure after the said period of three (3) years shall require the prior written approval of the Government through the Economic Planning Unit of the Prime Minister's Department.</p> <p><u>Approval by the Government</u> GCE Co shall not execute any credit facilities financing documents and instruments ("Financing Documents") unless and until the Government shall have approved the material terms thereof; nor make any material amendment or modification to the terms of any approved Financing Documents without the approval of the Government. The Government shall, if it has any objections to the material terms of any Financing Documents or any proposed amendment or modification, notify GCE Co of the same within four (4) weeks of submission by GCE Co to the Government of the Financing Documents or any proposed amendment or modification, failing which, the Government shall be deemed to have approved the Financing Documents or any proposed amendment or modification. The approval of the Government shall not be unnecessarily withheld. For the avoidance of doubt, such approval shall not be required for any Financing Documents executed or to be executed between GCE Co and its shareholder and/or any related corporation (within the meaning of the Companies Act 2016) of GCE Co in respect of inter-company loans, advances or borrowings by whatever name called, including any amendment or modification to the terms of such Financing Documents."</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p><u>Contracts with third parties</u> GCE Co shall enter into contracts with the local third parties only for the carrying out of the civil works, and may enter into contracts with third parties, both local and international, for the carrying out of the other works provided always that Bumiputra construction contractors shall be invited to tender and/or be awarded at least thirty per centum (30%) of the aggregate contract value of the construction works and such Bumiputra construction contractors shall not be related or associated directly or indirectly with GCE Co or the shareholders of GCE Co provided further that any award of the construction works to such Bumiputra construction contractors shall be made upon prior consultation with the Government and GCE Co shall duly notify the Government in writing of such contracts, awards and/or joint venture. In this clause "Bumiputra construction contractors" shall mean construction contractors registered as Bumiputra construction contractors with the Government.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Other salient terms	<p><u>SCA 2022 – condition precedent</u> The SCA 2022 is conditional upon GCE Co having obtained final approval from the Government confirming that the conditions precedent have been fulfilled.</p> <p>For the purposes of fulfilling the condition precedent, GCE Co shall, within twelve (12) months from the date of the SCA 2022 or the extended period (hereinafter referred to as the "CP Period"), prove to the satisfaction of the Government the following:-</p> <ol style="list-style-type: none"> (a) the registration of the Business Trust pursuant to subsection 256K(2) of the Capital Markets Services Act 2007 [Act 671] has been obtained; (b) the Trustee-Manager has obtained a Capital Markets Services Licence for carrying out the fund management business pursuant to section 58 of the Capital Markets Services Act 2007 [Act 671]; (c) GCE Co has notified the Government in writing of the execution of the Trust Deed; (d) the approval of the existing credit facilities lenders ("Lenders") for the early redemption and full repayment of the existing credit facilities of GCE Co which have outstanding drawdown amounts has been obtained; (e) the Shares Sale and Purchase Agreement (hereinafter referred to as "SPA") between the Trustee-Manager and the existing shareholders of GCE Co has been executed; and (f) GCE Co has provided to the Government the following Letters of Undertaking: <ol style="list-style-type: none"> (i) Letter of Undertaking from PLKH to the Government pursuant to which PLKH undertakes: <ol style="list-style-type: none"> (A) to maintain 100% shareholding in PMSB at all times; and (B) that PLKH, PNB, and any unit trust managed by PNB and/or its subsidiary shall maintain at least 25% unit holdings in the Business Trust at all times; for so long as the principal concession agreement is in force; (ii) Letter of Undertaking from GCE Co to the Government that it shall fully settle all its existing debt upon issuance of the new debt by or on behalf of the Business Trust; and

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>(iii) Letter of Undertaking from PMSB to the Government that it shall ensure that all the highway concession subsidiaries of the Business Trust shall fully settle their existing debt upon issuance of the new debt by or on behalf of the Business Trust, and shall ensure that the proceeds from toll collection will be prioritised for the operating and maintenance cost, scheduled capital expenditures and repayment of Sukuk and other related loans of all the highways before considering and dividend payment.</p> <p>GCE Co shall submit to the satisfaction of the Government not later than ten (10) days prior to the expiry of the CP Period or the extended period granted, the following:-</p> <ul style="list-style-type: none"> (a) a certified true copy of the registration certificate of the Business Trust; (b) a certified true copy of the Capital Markets Services Licence; (c) a certified true copy of the executed Deed; (d) a certified true copy of the letter from the existing Lenders confirming that the early redemption and full repayment to the existing Lenders has been settled; (e) a certified true copy of the SPA; and (f) certified true copies of the Letters of Undertaking. <p><u>Extension of CP Period</u> GCE Co may apply for an extension of the CP Period together with its jurisdictions for an extension and the Government may, after considering such application, extend the CP Period, provided that any such extension shall not exceed three (3) months from the expiry of the CP Period.</p> <p><u>Expropriation</u> Notwithstanding any provision in the agreement, the Government may terminate the agreement by expropriating the concession by, giving not less than three (3) months' notice to that effect to GCE Co if it considers that such expropriation is in the national interest.</p>
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ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

Summary of salient terms of the concession agreement - LKSA Co

Concession agreement between the Government and LKSA Co dated 27 November 2006 as supplemented by a supplemental agreement dated 30 September 2010 and SCA 2022

(i)	Parties	Government and LKSA Co (" Company ")
(ii)	Date of contract	27 November 2006
(iii)	Subject matter	<p>(a) The shareholder of LKSA Co, PLKH, has submitted a proposal to the Government to design, construct, maintain, operate and manage the Kemuning-Shah Alam Highway ("Highway").</p> <p>(b) The Government has evaluated and accepted the proposal submitted by PLKH, and has agreed to award the Concession on a privatisation basis to LKSA Co on the terms and conditions appearing in the agreement on a privatisation basis to LKSA Co on the terms and conditions appearing in the concession agreement.</p> <p>The Government grants to LKSA Co, subject to the terms and conditions of the agreement and the Federal Roads (Private Management) Act 1984, the right and authority to:-</p> <p>(i) undertake the design and construction of the Highway (including the upgrading and widening of the Existing Roads comprised thereof);</p> <p>(ii) supply and install tolling and other equipment (including telecommunication equipment) at the toll plazas and manage, operate and maintain the same on the Highway during the period of the concession ("Concession Period");</p> <p>(iii) demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Highway during the Operating Period;</p> <p>(iv) subject to all prevailing relevant laws in respect thereof, exclusively design, construct, manage, operate and maintain the facilities ancillary to the Highway ("Ancillary Facilities") during the Concession Period and to retain the income received or receivable and derived therefrom;</p> <p>(v) operate and maintain at its own cost and expense (including, without limitation, utility charges incurred thereby) the Highway during the Concession Period; and</p> <p>(vi) design, construct, manage, operate and maintain an administrative office and all other activities incidental to the performance of the works referred to in the agreement.</p> <p>Subject to and in accordance with the terms and conditions of the agreement and the Federal Roads (Private Management) Act 1984, LKSA Co accepts the concession at its own risk and expense.</p>
(iv)	Term, expiry date and renewal	<p>The original Concession Period was for 40 years ending on 31 July 2047. Subject to the SCA October 2022 becoming operative, the Concession Period shall be extended for a further period of fifteen (15) years commencing from 1 August 2047 until 31 July 2062 (hereinafter referred to the "Extended Concession Period") subject to the following:-</p> <p>(a) the scheduled toll shall not be reviewed and shall be applicable throughout the Extended Concession Period; and</p> <p>(b) the Government shall not be liable to pay any compensation or any form of losses incurred by LKSA Co during the Extended Concession Period and until the expiry of the Extended Concession Period.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>LKSA Co may apply to the Government for an extension of the Concession twenty-four (24) months prior to the expiry of the Concession Period. Notwithstanding anything to the contrary in this provision the Government shall have the absolute discretion whether or not to consider such application. If such application is considered, the parties hereto shall, as soon as reasonably practicable after the receipt by the Government 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 both parties hereto not later than twelve (12) months prior to the date on which the Concession Period would have otherwise expired.</p>
(v)	<p>Termination</p>	<p><u>Default during Concession Period</u> If at any time</p> <p>(a) during the Concession Period, LKSA Co-</p> <ul style="list-style-type: none"> (i) assigns the whole or any part of the agreement save and except in relation to assignment pursuant to the agreement (ii) an order is made or a resolution is passed for the winding up of LKSA Co, except for the purpose of reconstruction or amalgamation not involving the realisation of assets in which the interest of creditors are protected; (iii) LKSA Co goes into liquidation or a receiver is appointed over the assets of LKSA Co or LKSA Co makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debt; (iv) execution is levied against a substantial portion of LKSA Co's assets, unless it has instituted proceedings in good faith to set aside such execution; (v) is in breach of any of its obligations or fails to comply with any provisions under the agreement; or <p>(b) after completion of the construction works but before expiry of the Concession Period, LKSA Co has failed to carry out the construction works in accordance with the approved design and LKSA Co fails to remedy such default within such period as determined by the Government as stipulated in the notice issued by the Government to do so, then the Government shall, have the right to terminate this concession agreement forthwith by giving notice to that effect.</p> <p>In the event of such termination after completion of construction works but before the expiry of the Concession Period-</p> <ul style="list-style-type: none"> (i) the formula for computation of compensation per the agreement shall apply; and (ii) the Government shall <ul style="list-style-type: none"> (aa) call on the maintenance bond; and (bb) pay to LKSA Co not later than six (6) months after the termination date or any further period as the parties hereto may mutually agree the amount by which the value of completed works as calculated exceeds all amounts which may be owing by LKSA Co to the Government under the agreement as at-the termination date, <p>provided that the sum of Ringgit Twenty Five Million (RM25,000,000.00) or the sum equivalent to five per centum (5%) of the value of construction works, whichever is lower, shall be deducted from the total value of completed works.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p><u>Termination by Company</u> If the Government without reasonable cause, fails to perform or fulfil any of its obligations which adversely affect the right and authority of LKSA Co to demand, collect and retain toll for its own benefit, then LKSA Co may give notice to the Government of its intention to terminate the concession by giving six (6) months' notice or such other period as may be agreed by the parties hereto to that effect to the Government, provided always that notwithstanding LKSA Co's right to give such notice, the Government may request for an extension of time to rectify its default or remedy such breach thereof, in which case LKSA Co shall grant such reasonable extension for a period to be mutually agreed by the parties hereto.</p> <p>If the Government fails to remedy the relevant event of default within the period of six (6) months or within such other period as may be agreed by the parties hereto LKSA Co may, for so long as the relevant default or event is continuing, terminate the concession at any time thereafter by giving notice to that effect to the Government.</p> <p>If the agreement is terminated by LKSA Co, then the Government shall pay to LKSA Co not later than six (6) months after the termination date:–</p> <p>(a) the amount by which the value of completed works exceeds all amounts Which may be owing by LKSA Co to the Government under the agreement as at the termination date;</p> <p>(b) and an amount equal to-</p> <p>(i) the amount of interest which would have accrued on the subscription moneys paid to LKSA Co in respect of its paid up share capital as if interest had accrued on such amounts from the relevant dates the payment becomes due to the date of actual payment is made by the Government at an annual rate equal to the weighted average bank deposit rate for each relevant concession year;</p> <p>LESS</p> <p>(ii) any net dividends received by the shareholders of LKSA Co.</p>
(vi)	Restrictions	<p><u>Change in shareholding</u> Save for any changes permitted, there shall be no change to the:-</p> <p>(a) shareholders and the shareholding structure of LKSA Co; and</p> <p>(b) shareholders and the shareholding structure of the respective shareholders of LKSA Co save and except where the shareholders is listed and quoted on the Bursa Malaysia Securities Berhad,</p> <p>for a period of three (3) years from the date of execution of the agreement. Any intention to change the shareholder and the shareholding structure after the said period of three (3) years shall require the prior written approval of the Government through the Economic Planning Unit of the Prime Minister's Department.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p><u>Approval by the Government</u> LKSA Co shall not execute any credit facilities financing documents and instruments ("Financing Documents") unless and until the Government shall have approved the material terms thereof; nor make any material amendment or modification to the terms of any approved Financing Documents without the approval of the Government. The Government shall, if it has any objections to the material terms of any Financing Documents or any proposed amendment or modification, notify LKSA Co of the same within four (4) weeks of submission by LKSA Co to the Government of the Financing Documents or any proposed amendment or modification, failing which, the Government shall be deemed to have approved the Financing Documents or any proposed amendment or modification. The approval of the Government shall not be unnecessarily withheld. For the avoidance of doubt, such approval shall not be required for any Financing Documents executed or to be executed between LKSA Co and its shareholder and/or any related corporation (within the meaning of the Companies Act 2016) of LKSA Co in respect of inter-company loans, advances or borrowings by whatever name called, including any amendment or modification to the terms of such Financing Documents.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Other salient terms	<p><u>SCA 2022 – condition precedent</u> The SCA 2022 is conditional upon LKSA Co having obtained final approval from the Government confirming that the conditions precedent have been fulfilled.</p> <p>For the purposes of fulfilling the condition precedent, LKSA Co shall, within twelve (12) months from the date of this SCA 2022 or the extended period (hereinafter referred to as the "CP Period"), prove to the satisfaction of the Government the following:-</p> <ol style="list-style-type: none"> (a) the registration of the Business Trust pursuant to subsection 256K(2) of the Capital Markets Services Act 2007 [Act 671] has been obtained; (b) the Trustee-Manager has obtained a Capital Markets Services Licence for carrying out the fund management business pursuant to section 58 of the Capital Markets Services Act 2007 [Act 671]; (c) LKSA Co has notified the Government in writing of the execution of the Trust Deed; (d) the approval of the existing credit facilities lenders ("Lenders") for the early redemption and full repayment of the existing credit facilities of LKSA Co which have outstanding drawdown amounts has been obtained; (e) the Shares Sale and Purchase Agreement (hereinafter referred to as "SPA") between the Trustee-Manager and the existing shareholders of LKSA Co has been executed; and (f) LKSA Co has provided to the Government the following Letters of Undertaking: <ol style="list-style-type: none"> (i) Letter of Undertaking from PLKH to the Government pursuant to which PLKH undertakes: <ol style="list-style-type: none"> (A) to maintain 100% shareholding in PMSB at all times; and (B) that PLKH, PNB, and any unit trust managed by PNB and/or its subsidiary shall maintain at least 25% unit holdings in the Business Trust at all times; for so long as the principal concession agreement is in force; (ii) Letter of Undertaking from LKSA Co to the Government that it shall fully settle all its existing debt upon issuance of the new debt by or on behalf of the Business Trust; and

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>(iii) Letter of Undertaking from PMSB to the Government that it shall ensure that all the highway concession subsidiaries of the Business Trust shall fully settle their existing debt upon issuance of the new debt by or on behalf of the Business Trust, and shall ensure that the proceeds from toll collection will be prioritised for the operating and maintenance cost, scheduled capital expenditures and repayment of Sukuk and other related loans of all the highways before considering and dividend payment.</p> <p>LKSA Co shall submit to the satisfaction of the Government not later than ten (10) days prior to the expiry of the CP Period or the extended period granted the following:-</p> <p>(a) a certified true copy of the registration certificate of the Business Trust;</p> <p>(b) a certified true copy of the Capital Markets Services Licence;</p> <p>(c) a certified true copy of the executed Deed;</p> <p>(d) a certified true copy of the letter from the existing Lenders confirming that the early redemption and full repayment to the existing Lenders has been settled;</p> <p>(e) a certified true copy of the SPA; and</p> <p>(f) certified true copies of the Letters of Undertaking.</p> <p><u>Extension of CP Period</u> LKSA Co may apply for an extension of the CP Period together with its jurisdictions for an extension and the Government may, after considering such application, extend the CP Period, provided that any such extension shall not exceed three (3) months from the expiry of the CP Period.</p> <p><u>Event of expropriation</u> Notwithstanding any provision in the agreement, the Government may, at any time during the Concession Period, terminate the agreement by expropriating the concession by giving not less than three (3) months' notice to that effect to LKSA Co if it considers that such expropriation is in the national interest or national security. The determination of what amounts to "national interests" and "national security" shall be made by the Government and such determination shall be conclusive and binding.</p> <p>In the event the Government expropriates the Concession, the Government shall pay to LKSA Co within six (6) months from the date of expropriation:-</p> <p>(a) the amount by which the value of completed works exceeds all amounts which may be owing by LKSA Co to the Government under the agreement as at the date of expropriation; and</p> <p>(b) an amount of interests which would have accrued on the subscription moneys paid to LKSA Co in respect of its paid-up share capital as if interests had accrued on such amounts from the relevant dates the payment becomes due to the date of actual payment is made by the Government on an annual basis at a rate of two per centum (2%) above base lending rate</p> <p>(c) any net dividends received by the shareholders of LKSA Co.</p>
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Summary of salient terms of the concession agreement - SILK Co

Concession agreement between the Government and SILK Co dated 8 October 1997 as supplemented by a supplemental agreement dated 1 August 2001, a second supplemental agreement dated 24 October 2018 and SCA 2022

(i)	Parties	Government and SILK Co (" Company ")
(ii)	Date of contract	8 October 1997
(iii)	Subject matter	<p>(a) SILK Co is desirous of constructing a traffic dispersal ring road which involves the upgrading and widening of existing roads, and the design and construction of a new alignment, which collectively forms the ring road known as the Kajang Dispersal Link Expressway (hereinafter collectively referred to as the "Ring Road"), and thereafter the operation and maintenance of the same, on a privatisation basis.</p> <p>(b) Barisan Minda - Sungei Way JV, (hereinafter referred to as the "Joint-Venture") an unincorporated joint-venture comprising Barisan Minda Sdn Bhd and Sungei Way Holdings Berhad submitted a proposal to the Government to undertake and implement the design, construction, operation and maintenance of the Ring Road on a privatisation basis.</p> <p>(c) Subject to the terms and conditions of the agreement, the Government has accepted the proposal by the Joint-Venture and has agreed to privatise the design, construction, operation and maintenance of the Ring Road to the Joint-Venture on the terms and conditions appearing in the Agreement.</p> <p>(d) For the purpose of implementing the concession, the Joint-Venture has incorporated SILK Co. The Joint-Venture is the legal and beneficial owner of all the shares in SILK Co.</p> <p>The Government grants to SILK Co, subject to the terms and conditions of the agreement and the provisions of the Federal Roads (Private Management) Act, 1984, the right and authority to:-</p> <p>(a) design and construct the Ring Road (including the upgrading and widening of the existing roads comprised thereof);</p> <p>(b) supply and install tolling and other equipment on the Ring Road and to manage, operate and maintain the same during the period of the concession ("Concession Period");</p> <p>(c) exclusively demand, collect and retain Toll for its own benefit from vehicles using the Ring Road or any part thereof during the Concession Period;</p> <p>(d) operate and maintain at its own cost and expense (including without limitation, utility charges incurred thereby) the Ring Road during the Concession Period;</p> <p>(e) design, construct, manage, operate and maintain the facilities ancillary to the Ring Road ("Ancillary Facilities") and the rights thereto including the right to retain the income from Ancillary Facilities during the Concession Period;</p> <p>(f) design, construct, operate and maintain the administrative office of SILK Co forming part of the Ring Road and all other activities incidental to the performance of the works referred to in this clause.</p> <p>Subject to and in accordance with the terms and conditions of the agreement, SILK Co accepts the concession at its own risk, cost and expense.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

(iv)	Term, expiry date and renewal	<p>The original Concession Period was for 36 years expiring on 31 July 2037. Subject to the SCA 2022 becoming operative, the Concession Period shall be extended for a further period of twenty five (25) years commencing from 1 August 2037 until 31 July 2062 (hereinafter referred to the "Extended Concession Period") subject to the following:-</p> <ul style="list-style-type: none"> (a) the scheduled toll rates shall not be reviewed and shall be applicable throughout the Extended Concession Period; and (b) the Government shall not be liable to pay any compensation or any form of losses incurred by SILK Co during the Extended Concession Period and until the expiry of the Extended Concession Period. <p>The Concession Period may be extended by mutual written agreement between the parties hereto.</p>
(v)	Termination	<p><u>Expiry or earlier termination of Concession Period</u> On the termination date and without prejudice to any obligations of either party hereto to make a payment or to any claims which either party hereto may have against the other prior to the termination date all rights and entitlements of SILK Co in respect of the concession and the lands comprised in the concession ("Concession Area") shall revert to, vest in or remain vested in the Government without any other costs to the Government and:</p> <p><u>Termination during the operation of the Ring Road</u> in the case of termination of the concession after completion of the construction works but prior to expiry of the Concession Period, SILK Co shall remove from the Concession Area all its workmen, employees, servants, agents and contractors and vacate the Ring Road completely and shall hand over the Concession Area to the Government in a well-maintained condition (after making good any defects thereto at SILK Co's own expense) and thereafter cease to have any liability for maintenance of the same. If SILK Co fails to make good any such defects, the Government may do so and all expenses incurred by the Government in so doing shall be a debt due from SILK Co to the Government and, where applicable, deductible from any amount payable by the Government to SILK Co under the agreement.</p> <p><u>Expiry of the concession</u></p> <ul style="list-style-type: none"> (a) in the case of expiry of the Concession Period, SILK Co shall forthwith cease to operate and maintain the Ring Road and SILK Co shall remove from the Concession Area all its workmen, employees, servants, agents and contractors and vacate the Ring Road completely. SILK Co shall, not later than three (3) months prior to the expiry of the Concession Period provide an inventory of all its equipment, materials and fixtures on the Ring Road and shall not remove such equipment and materials or fixtures therefrom without the prior approval of the Government but, subject thereto, shall remove therefrom such equipment and materials and fixtures (including for the avoidance of doubt, any toll plazas) as the Government may then specify; and (b) SILK Co shall hand over the Concession Area to the Government in a well-maintained condition and shall make good any defects thereto at SILK Co's own expenses within one (1) year after the date of handing over. If SILK Co fails to make good any such defects the Government may do so and all expenses incurred by the Government in so doing shall be a debt due from SILK Co to the Government and, where applicable, deductible from any amount payable by the Government to SILK Co under the agreement,

		<p>and in each case all construction contracts, maintenance contracts and contracts relating to Ancillary Facilities entered into by SILK Co and then subsisting as at the termination date shall be determined and the Government shall not be liable for any termination costs arising thereby and shall be indemnified and held harmless by SILK Co in respect of the same.</p> <p><u>Liability upon expiry or earlier termination</u> The expiry or earlier termination of the concession shall not affect the liability of either party hereto for any of its acts or omissions during the Concession Period or such part thereof, and that party shall thereafter continue to be so liable and shall keep the other party hereto indemnified and held harmless in respect of any claims arising therefrom.</p> <p><u>Termination by Government: default</u> If:-</p> <ul style="list-style-type: none"> (a) SILK Co without reasonable cause fails to commence the construction works within the period of three (3) months from the date of the supplemental agreement or such period as specified in the construction programme ("Construction Programme"), whichever is later; or (b) SILK Co fails to show satisfactory progress in the construction works or fails to complete the same within the period specified in the Construction Programme; or (c) SILK Co without reasonable cause fails to commence the upgrading works or fails to complete the same within the period specified in the Construction Programme; or (d) SILK Co is in breach of any of its material obligations under the agreement; or (e) an order is made or a resolution passed for the winding up of SILK Co (except for the purposes of reconstruction or amalgamation not involving the realisation of assets in which the interest of creditors are protected); or (f) SILK Co goes into liquidation or a receiver is appointed over the assets of SILK Co or SILK Co makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debts; (g) execution is levied against a substantial portion of SILK Co's assets, unless it has instituted proceedings in good faith to set aside such execution; <p>then the Government shall give notice in writing to SILK Co specifying the default and requiring SILK Co to, within one (1) month to remedy the default, or within three (3) months to remedy the default, and within six (6) months for other events of default after the date of the notice or such other period as may be agreed by the parties hereto.</p> <p>If:-</p> <ul style="list-style-type: none"> (a) SILK Co fails to remedy the relevant default within such period provided; or (b) the construction works (or any part of them) have been delayed or interrupted by reason of an event of Force Majeure for a continuous period of more than six (6) months; <p>the Government may, for so long as the relevant default or event is continuing, terminate the concession and the contract of award of the Government Funded Stretch 2 at any time thereafter by giving notice to that effect to SILK Co.</p> <p><u>Termination by Company: events</u> If the Government without reasonable cause fails to perform or fulfil any of its obligation which adversely affects the right and authority of tire Company to collect and retain toll, then SILK Co may give notice to the Government of its intention to terminate the concession by giving six (6) months' notice (or such other period as may be agreed by the parties hereto) to that effect to the Government.</p>
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		<p>If:-</p> <p>(a) the Government fails to remedy the relevant event of default within such of period (6) months (or within such other period as may be agreed by the parties hereto); or</p> <p>(b) the construction works (or any part of them) have been delayed or interrupted by reason of an event of Force Majeure for a continuous period of more than six (6) months,</p> <p>SILK Co may, for so long as the relevant default or event is continuing, terminate the concession at any time thereafter by giving notice to that effect to the Government.</p> <p><u>Compensation</u></p> <p>If SILK Co does not terminate the Concession, SILK Co shall, inform the Government in writing whereupon the Concession Period shall be extended for such period (if any) as shall be necessary to compensate SILK Co for the consequences of such matter or event giving rise to the right to terminate the concession provided that if SILK Co is able to demonstrate that, for financial reasons it is necessary for SILK Co to be reimbursed, the Government shall reimburse SILK Co for any losses, claims, costs or expenses reasonably and properly paid, incurred, or reimbursed by SILK Co arising directly out of, or resulting directly from, the relevant default or event, or shall compensate SILK Co in such other manner as may be agreed by the parties hereto.</p> <p><u>General default</u></p> <p>If the concession is terminated by the Government at any time after the completion of the construction works but before the expiry of the concession, then the Government shall pay to SILK Co the amount (if any) by which the value of completed works exceeds all amounts which may be owing to the Government by SILK Co under the agreement as at the termination date.</p> <p><u>Payments to Company</u></p> <p>If:-</p> <p>(a) the concession is terminated by SILK Co, then the Government shall pay to SILK Co within six (6) months after the termination date:</p> <p>(i) the amount (if any) by which the value of completed works exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government and all amounts as at the termination date which may be owing to the Government by SILK Co under the agreement; and</p> <p>(ii) an amount equal to:</p> <p>(aa) the amount of interest which would have accrued on the subscription moneys paid to SILK Co in respect of its paid-up share capital if interest had accrued on such amounts from the relevant dates of payment to the date of payment by the Government on an annual basis at an annual rate equal to the weighted average bank deposit rate for each relevant concession year; less</p> <p>(bb) any net dividends received by the shareholders of SILK Co, all retrenchment costs of employees (if any) and all costs of terminating third party contracts resulting from the expropriation; or</p> <p>(b) the Government expropriates the Concession or SILK Co, then the Government shall pay to SILK Co or the shareholders of SILK Co (as the case may be) within six (6) months after the date of expropriation:</p>
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ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<ul style="list-style-type: none"> (i) the amount (if any) by which the value of completed works exceeds the aggregate of the amounts paid or the liabilities and obligations assumed by the Government and all amounts as at the date of expropriation owing to the Government by SILK Co under the agreement; and (ii) an amount equal to: <ul style="list-style-type: none"> (aa) the amount of interest which would have accrued on the subscription moneys paid to SILK Co in respect of its paid-up share capital if interest has accrued on such amounts from the relevant dates of payment to the date of payment by the Government on an annual basis at the rate of twelve per cent (12%) per annum; less (bb) any net dividends received by the shareholders of SILK Co, all retrenchment costs of employees (if any) and all costs of terminating third party contracts resulting from the termination. <p>For the avoidance of doubt, the subscription moneys referred to in this clause shall include amounts subscribed for preference shares and the amount of premiums paid to SILK Co for the subscription of ordinary and preference shares</p>
(vi)	Restrictions	<p><u>Compliance with Government policy</u> In accordance with the Government policy SILK Co shall ensure that as far as possible only local contractors and suppliers are appointed to undertake the construction works and only local materials are used unless SILK Co proves to the satisfaction of the Government that such part of the construction works cannot be satisfactorily undertaken or such materials cannot be satisfactorily supplied by the local contractors or suppliers as the case may be. SILK Co shall at all times employ personnel, labour, and equipment of Malaysian origin for the works, provided that the Government shall grant exemption where SILK Co is able to demonstrate that such personnel, labour or equipment are not available locally.</p> <p><u>Change of shareholding</u> Save for such changes permitted, there shall be no change to the shareholding structure of SILK Co for a period of three (3) years from the signing of the agreement. Any intention to change the shareholding structure after the said period of three (3) years shall require the prior written approval of the Government through the Economic Planning Unit of the Prime Minister's Department.</p> <p><u>Approval by the Government</u> SILK Co shall not execute any credit facilities financing documents and instruments ("Financing Documents") unless and until the Government shall have approved the material terms thereof; nor make any material amendment or modification to the terms of any approved Financing Documents without the approval of the Government. The Government shall, if it has any objections to the material terms of any Financing Documents or any proposed amendment or modification, notify SILK Co of the same within four (4) weeks of submission by SILK Co to the Government of the Financing Documents or any proposed amendment or modification, failing which, the Government shall be deemed to have approved the Financing Documents or any proposed amendment or modification. The approval of the Government shall not be unnecessarily withheld. For the avoidance of doubt, such approval shall not be required for any Financing Documents executed or to be executed between SILK Co and its shareholder and/or any related corporation (within the meaning of the Companies Act 2016) of SILK Co in respect of inter-company loans, advances or borrowings by whatever name called, including any amendment or modification to the terms of such Financing Documents.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Other salient terms	<p>SCA 2022 – condition precedent The SCA 2022 is conditional upon SILK Co having obtained final approval from the Government confirming that the conditions precedent have been fulfilled.</p> <p>For the purposes of fulfilling the condition precedent, SILK Co shall, within twelve (12) months from the date of this SCA 2022 agreement or the extended period granted (hereinafter referred to as the "CP Period"), prove to the satisfaction of the Government the following:-</p> <p>(a) the registration of the Business Trust pursuant to subsection 256K(2) of the Capital Markets Services Act 2007 [Act 671] has been obtained;</p> <p>(b) the Trustee-Manager has obtained a Capital Markets Services Licence for carrying out the fund management business pursuant to section 58 of the Capital Markets Services Act 2007 [Act 671];</p> <p>(c) SILK Co has notified the Government in writing of the execution of the Trust Deed;</p> <p>(d) the approval of the existing credit facilities lenders ("Lenders") for the early redemption and full repayment of the existing credit facilities of SILK Co which have outstanding drawdown amounts has been obtained;</p> <p>(e) the Shares Sale and Purchase Agreement (hereinafter referred to as "SPA") between the Trustee-Manager and the existing shareholders of SILK Co has been executed; and</p> <p>(f) SILK Co has provided to the Government the following Letters of Undertaking:</p> <p>(i) Letter of Undertaking from PLKH to the Government pursuant to which PLKH undertakes:</p> <p>(A) to maintain 100% shareholding in PMSB at all times; and</p> <p>(B) that PLKH, PNB, and any unit trust managed by PNB and/or its subsidiary shall maintain at least 25% unit holdings in the Business Trust at all times;</p> <p>for so long as the principal concession agreement is in force;</p> <p>(ii) Letter of Undertaking from SILK Co to the Government that it shall fully settle all its existing debt upon issuance of the new debt by or on behalf of the Business Trust; and</p> <p>(iii) Letter of Undertaking from PMSB to the Government that it shall ensure that all the highway concession subsidiaries of the Business Trust shall fully settle their existing debt upon issuance of the new debt by or on behalf of the Business Trust, and shall ensure that the proceeds from toll collection will be prioritised for the operating and maintenance cost, scheduled capital expenditures and repayment of Sukuk and other related loans of all the highways before considering and dividend payment.</p> <p>SILK Co shall submit to the satisfaction of the Government not later than ten (10) days prior to the expiry of the CP Period or the extended period granted, the following:-</p> <p>(a) a certified true copy of the registration certificate of the Business Trust;</p> <p>(b) a certified true copy of the Capital Markets Services Licence;</p> <p>(c) a certified true copy of the executed Deed;</p> <p>(d) a certified true copy of the letter from the existing Lenders confirming that the early redemption and full repayment to the existing Lenders has been settled;</p> <p>(e) a certified true copy of the SPA; and</p> <p>(f) certified true copies of the Letters of Undertaking.</p>

ANNEXURE B: SUMMARY OF SALIENT TERMS OF THE CONCESSION AGREEMENTS (Cont'd)

		<p>SILK Co may apply for an extension of the CP Period together with its jurisdictions for an extension and the Government may, after considering such application, extend the CP Period, provided that any such extension shall not exceed three (3) months from the expiry of the CP Period.</p> <p>Notwithstanding any provision in the agreement, the Government may terminate the agreement by expropriating the concession or SILK Co by giving not less than three (3) months' notice to that effect to SILK Co if it considers that such expropriation is in the national interest.</p>
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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON

Summary of salient terms of Touch 'N Go Sdn Bhd agreements

1. Service provider agreement between Touch 'N Go Sdn Bhd and AKLEH Co dated 30 May 2011 as supplemented by a supplemental agreement dated 21 May 2014 and a second supplemental agreement dated 17 March 2017

This agreement is for AKLEH Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and AKLEH Co (as customer)
(ii)	Date of contract	30 May 2011
(iii)	Definitions	<p>CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agent to CS Users either as a manual or auto reload CS, and shall include FleetPass.</p> <p>CS Users: Persons utilising CS.</p> <p>Commencement Date: The date of execution of the service provider agreement.</p> <p>EPS: Electronic payment system utilising contactless smartcard technology.</p> <p>Outsourcing Services: Engaging external parties to carry out e-money operations.</p>
(iv)	Termination	<p>Clause 17.1 of the Principal Agreement –Termination This agreement shall be terminated upon the occurrence of any of the following:-</p> <p>(a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach;</p> <p>(b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets);</p> <p>(c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors;</p> <p>(d) where applicable, the concession agreement is terminated for any reason whatsoever or expires;</p> <p>(e) either party exercises its rights pursuant to the force majeure clause; and/or</p> <p>(f) either party provides no less than 30 business days' notice in writing to the other party stating the intention to terminate the agreement, for any reason whatsoever.</p>
(v)	Restrictions	None.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

(vi)	Assignment, novation and transfer	<p>Clause 25.1 of the Principal Agreement – Assignment Neither party may assign, transfer, charge, amend or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.</p> <p>Clause 21 of the Supplemental Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third parties without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	<p>Clause 20 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia and the parties agree to submit all disputes, issues and disagreements exclusively to the jurisdiction of the Courts of Malaysia.</p>
(ix)	Remarks	The agreement will be expiring on 29 June 2024. The parties are currently negotiating the terms for the renewal of the agreement.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

2. Cash in transit services agreement between Touch 'N Go Sdn Bhd and AKLEH Co dated 4 September 2018

This agreement is for the services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from AKLEH Co's place of business and toll plaza offices to banks.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and AKLEH Co (as customer)
(ii)	Date of contract	4 September 2018
(iii)	Definitions	CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agents.
(iv)	Termination	Clause 10 of the Principal Agreement –Termination This agreement shall be terminated upon the occurrence of any of the following:- (a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets); (c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors; (d) where applicable, the concession agreement is terminated for any reason whatsoever or expires; (e) either party exercises its rights pursuant to the force majeure clause; and/or (f) either party provides no less than 30 days' notice in writing to the other party at any time.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 16.3 of the Principal Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third party without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 14 of the Principal Agreement – Governing law The agreement shall be governed, construed and interpreted in accordance with the laws of Malaysia and the parties unconditionally submit to the exclusive jurisdiction of the Courts of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

3. Radio Frequency Identification (RFID) tag agreement between Touch 'N Go Sdn Bhd and AKLEH Co dated 17 January 2023

This agreement is for AKLEH Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and AKLEH Co (as customer)
(ii)	Date of contract	17 January 2023
(iii)	Definitions	<p>RFID tag: activated Radio Frequency Identification sticker issued and validated upon issuance by TNGSB and/or their authorised third-party service providers, all of which are to be in compliance with the specifications endorsed by the Malaysian Highway Authority, and to be installed in the vehicle of register RFID users which enable RFID users to perform RFID transactions at the expressway.</p> <p>RFID user: means customers who have registered themselves and installed valid RFID tags onto their respective vehicles.</p>
(iv)	Termination	<p>Clause 13 of the Principal Agreement –Termination Without prejudice to any other rights and remedies of the parties under the agreement or any law, the agreement may be terminated by either party giving the other 30 days' prior written notice where:-</p> <ul style="list-style-type: none"> (a) the defaulting party commits any material breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) an order is made or an effective resolution is passed for the reconstruction and/or amalgamation of the other party or any other similar action or proceeding under any other law and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (c) the other party passes a resolution or an order is made for its winding up and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (d) a receiver, receiver and manager, provisional liquidator, liquidator or like official is appointed over the whole or a substantial part of the undertaking and property of the other party and such appointment is not withdrawn, revoked or annulled within a period of 90 days from the date of such appointment; (e) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of the other party and such action is not withdrawn, invalidated or reversed within a period of 90 days date from the date of commencement of such action; (f) the other party ceases or announces its intention to cease the whole or any substantial part of its business; (g) the parties are not able to agree to the revised terms and conditions of this agreement under the review clause; and/or (h) the Government or Malaysian Highway Authority directs the customer to migrate to a new payment platform for toll collection in substitution of the RFID tag provided by TNGSB and/or to appoint a different service provider instead of TNGSB.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

		The customer may at any time terminate the agreement, without any compensation and liability whatsoever to TNGSB, on or any time after the expiry of 5 years from the commencement date by providing 12 months' prior written notice in the event that there are new and/or improved payment system methods and/or technology to substitute the RFID tag offered by TNGSB.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 24 of the Principal Agreement – Assignment Neither party may assign, transfer, charge or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 16 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

4. Service provider agreement between Touch 'N Go Sdn Bhd and GCE Co dated 14 February 2014 as supplemented by a supplemental agreement dated 24 January 2014 and a second supplemental agreement dated 19 June 2017 and a third supplemental agreement dated 10 January 2023

This agreement is for GCE Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd (" TNGSB ") and GCE Co (as customer)
(ii)	Date of contract	14 February 2014
(iii)	Definitions	<p>CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agent to CS Users either as a manual or auto reload CS, and shall include FleetPass.</p> <p>CS Users: Persons utilising CS.</p> <p>Commencement Date: The date of execution of the service provider agreement.</p> <p>EPS: Electronic payment system utilising contactless smartcard technology.</p> <p>Outsourcing Services: Engaging external parties to carry out e-money operations.</p>
(iv)	Termination	<p>Clause 17.1 of the Principal Agreement –Termination This agreement shall be terminated upon the occurrence of any of the following:-</p> <p>(a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach;</p> <p>(b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets);</p> <p>(c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors;</p> <p>(d) where applicable, the concession agreement is terminated for any reason whatsoever or expires;</p> <p>(e) either party exercises its rights pursuant to the force majeure clause; and/or</p> <p>(f) either party provides no less than 12 months' notice in writing to the other party stating the intention to terminate the agreement, for any reason whatsoever.</p>
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 25.1 of the Principal Agreement – Assignment Neither party may assign, transfer, charge, amend or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 20 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia and the parties agree to submit all disputes, issues and disagreements exclusively to the jurisdiction of the Courts of Malaysia.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

(ix)	Remarks	
		The agreement has expired on 13 February 2024. The parties are currently negotiating the terms for the renewal of the agreement.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

5. Cash in transit services agreement between Touch 'N Go Sdn Bhd and GCE Co dated 4 September 2018

This agreement is for the services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from GCE Co's place of business and toll plaza offices to banks.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and GCE Co. (as customer)
(ii)	Date of contract	4 September 2018
(iii)	Definitions	CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agents.
(iv)	Termination	Clause 10 of the Principal Agreement –Termination This agreement shall be terminated upon the occurrence of any of the following:- (a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets); (c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors; (d) where applicable, the concession agreement is terminated for any reason whatsoever or expires; (e) either party exercises its rights pursuant to the force majeure clause; and/or (f) either party provides no less than 30 days' notice in writing to the other party at any time.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 16.3 of the Principal Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third party without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 14 of the Principal Agreement – Governing law The agreement shall be governed, construed and interpreted in accordance with the laws of Malaysia and the parties unconditionally submit to the exclusive jurisdiction of the Courts of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

6. Radio Frequency Identification (RFID) tag agreement between Touch 'N Go Sdn Bhd and GCE Co dated 17 January 2023

This agreement is for GCE Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and GCE Co (as customer)
(ii)	Date of contract	17 January 2023
(iii)	Definitions	<p>RFID tag: activated Radio Frequency Identification sticker issued and validated upon issuance by TNGSB and/or their authorized third-party service providers, all of which are to be in compliance with the specifications endorsed by the Malaysian Highway Authority, and to be installed in the vehicle of register RFID users which enable RFID users to perform RFID transactions at the expressway.</p> <p>RFID user: means customers who have registered themselves and installed valid RFID tags onto their respective vehicles.</p>
(iv)	Termination	<p>Clause 13 of the Principal Agreement –Termination Without prejudice to any other rights and remedies of the parties under the agreement or any law, the agreement may be terminated by either party giving the other 30 days' prior written notice where:-</p> <ul style="list-style-type: none"> (a) the defaulting party commits any material breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) an order is made or an effective resolution is passed for the reconstruction and/or amalgamation of the other party or any other similar action or proceeding under any other law and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (c) the other party passes a resolution or an order is made for its winding up and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (d) a receiver, receiver and manager, provisional liquidator, liquidator or like official is appointed over the whole or a substantial part of the undertaking and property of the other party and such appointment is not withdrawn, revoked or annulled within a period of 90 days from the date of such appointment; (e) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of the other party and such action is not withdrawn, invalidated or reversed within a period of 90 days date from the date of commencement of such action; (f) the other party ceases or announces its intention to cease the whole or any substantial part of its business; (g) the parties are not able to agree to the revised terms and conditions of this agreement under the review clause; and/or (h) the Government or Malaysian Highway Authority directs the customer to migrate to a new payment platform for toll collection in substitution of the RFID tag provided by TNGSB and/or to appoint a different service provider instead of TNGSB.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

		The customer may at any time terminate the agreement, without any compensation and liability whatsoever to TNGSB, on or any time after the expiry of 5 years from the commencement date by providing 12 months' prior written notice in the event that there are new and/or improved payment system methods and/or technology to substitute the RFID tag offered by TNGSB.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 24 of the Principal Agreement – Assignment Neither party may assign, transfer, charge or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 16 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

7. Service provider agreement between Touch 'N Go Sdn Bhd and LKSA Co dated 19 June 2013 as supplemented by a supplemental agreement dated 12 October 2015

This agreement is for LKSA Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd (" TNGSB ") and LKSA Co (as customer)
(ii)	Date of contract	19 June 2013
(iii)	Definitions	<p>CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agent to CS Users either as a manual or auto reload CS, and shall include FleetPass.</p> <p>CS Users: Persons utilising CS.</p> <p>Commencement Date: The date of execution of the service provider agreement.</p> <p>EPS: Electronic payment system utilising contactless smartcard technology.</p>
(iv)	Termination	<p>Clause 17.1 of the Principal Agreement –Termination This agreement shall be terminated upon the occurrence of any of the following:-</p> <p>(a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach;</p> <p>(b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets);</p> <p>(c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors;</p> <p>(d) where applicable, the concession agreement is terminated for any reason whatsoever or expires;</p> <p>(e) either party exercises its rights pursuant to the force majeure clause; and/or</p> <p>(f) either party provides no less than 30 business days' notice in writing to the other party stating the intention to terminate the agreement, for any reason whatsoever.</p>
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	<p>Clause 25.1 of the Principal Agreement – Assignment Neither party may assign, transfer, charge, amend or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.</p> <p>Clause 22 of the Supplemental Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third parties without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

(viii)	Governing law	Clause 20 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia and the parties agree to submit all disputes, issues and disagreements exclusively to the jurisdiction of the Courts of Malaysia.
(ix)	Remarks	The agreement has expired on 18 June 2023. The parties are currently negotiating the terms for the renewal of the agreement.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

8. Cash in transit services agreement between Touch 'N Go Sdn Bhd and LKSA Co dated 4 September 2018

This agreement is for the services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from LKSA Co's place of business and toll plaza offices to banks.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and LKSA Co (as customer)
(ii)	Date of contract	4 September 2018
(iii)	Definitions	CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agents.
(iv)	Termination	Clause 10 of the Principal Agreement – Termination This agreement shall be terminated upon the occurrence of any of the following:- (a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets); (c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or becomes insolvent or compounds or makes arrangements with its creditors; (d) where applicable, the concession agreement is terminated for any reason whatsoever or expires; (e) either party exercises its rights pursuant to the force majeure clause; and/or (f) either party provides no less than 30 days' notice in writing to the other party at any time.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 16.3 of the Principal Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third party without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 14 of the Principal Agreement – Governing law The agreement shall be governed, construed and interpreted in accordance with the laws of Malaysia and the parties unconditionally submit to the exclusive jurisdiction of the Courts of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

9. Radio Frequency Identification (RFID) tag agreement between Touch 'N Go Sdn Bhd and LKSA Co dated 17 January 2023

This agreement is for LKSA Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and LKSA Co (as customer)
(ii)	Date of contract	17 January 2023
(iii)	Definitions	<p>RFID tag: activated Radio Frequency Identification sticker issued and validated upon issuance by TNGSB and/or their authorised third-party service providers, all of which are to be in compliance with the specifications endorsed by the Malaysian Highway Authority, and to be installed in the vehicle of register RFID users which enable RFID users to perform RFID transactions at the expressway.</p> <p>RFID user: means customers who have registered themselves and installed valid RFID tags onto their respective vehicles.</p>
(iv)	Termination	<p>Clause 13 of the Principal Agreement –Termination Without prejudice to any other rights and remedies of the parties under the agreement or any law, the agreement may be terminated by either party giving the other 30 days' prior written notice where:-</p> <p>(a) the defaulting party commits any material breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach;</p> <p>(b) an order is made or an effective resolution is passed for the reconstruction and/or amalgamation of the other party or any other similar action or proceeding under any other law and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution;</p> <p>(c) the other party passes a resolution or an order is made for its winding up and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution;</p> <p>(d) a receiver, receiver and manager, provisional liquidator, liquidator or like official is appointed over the whole or a substantial part of the undertaking and property of the other party and such appointment is not withdrawn, revoked or annulled within a period of 90 days from the date of such appointment;</p> <p>(e) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of the other party and such action is not withdrawn, invalidated or reversed within a period of 90 days date from the date of commencement of such action;</p> <p>(f) the other party ceases or announces its intention to cease the whole or any substantial part of its business;</p> <p>(g) the parties are not able to agree to the revised terms and conditions of this agreement under the review clause; and/or</p> <p>(h) the Government or Malaysian Highway Authority directs the customer to migrate to a new payment platform for toll collection in substitution of the RFID tag provided by TNGSB and/or to appoint a different service provider instead of TNGSB.</p>

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

		The customer may at any time terminate the agreement, without any compensation and liability whatsoever to TNGSB, on or any time after the expiry of 5 years from the commencement date by providing 12 months' prior written notice in the event that there are new and/or improved payment system methods and/or technology to substitute the RFID tag offered by TNGSB.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 24 of the Principal Agreement – Assignment Neither party may assign, transfer, charge or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 16 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

10. Service provider agreement between Touch 'N Go Sdn Bhd and SILK Co dated 7 July 2004 as supplemented by a supplemental agreement dated 20 March 2014

This agreement is for SILK Co's use of the Touch 'N Go payment system and Touch 'N Go smartcards developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and SILK Co (as customer)
(ii)	Date of contract	7 July 2004
(iii)	Definitions	<p>CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agent to CS Users either as a manual or auto reload CS or auto reload CS.</p> <p>CS Users: Persons utilising CS.</p> <p>Commencement Date: The date of the service provider agreement.</p> <p>EPS: Electronic payment system utilising contactless smartcard technology.</p>
(iv)	Termination	<p>Clause 17.1 of the Principal Agreement – Termination This agreement shall be terminated upon the occurrence of any of the following:-</p> <p>(a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 60 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach;</p> <p>(b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets);</p> <p>(c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors;</p> <p>(d) where applicable, the concession agreement is terminated for any reason whatsoever or expires; and/or</p> <p>(e) either party exercises its rights pursuant to the force majeure clause.</p>
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	<p>Clause 25.1 of the Principal Agreement – Assignment Neither party may assign, transfer, charge, amend or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.</p> <p>Clause 21 of the Supplemental Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third parties without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.</p>
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	<p>Clause 20 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia and the parties agree to submit all disputes, issues and disagreements exclusively to the jurisdiction of the Courts of Malaysia.</p>

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

11. Cash in transit services agreement between Touch 'N Go Sdn Bhd and SILK Co dated 4 September 2018

This agreement is for the services provided by Touch 'N Go Sdn Bhd in relation to the physical transfer of cash from SILK Co's place of business and toll plaza offices to banks.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and SILK Co (as customer)
(ii)	Date of contract	4 September 2018
(iii)	Definitions	CS: Contactless smartcard known as "Touch 'N Go" which is issued by TNGSB or its authorised agents.
(iv)	Termination	Clause 10 of the Principal Agreement – Termination This agreement shall be terminated upon the occurrence of any of the following:- (a) the defaulting party commits any breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) any of the parties passes a resolution or an order is made for its winding up (except for the purposes of reconstruction, amalgamation not involving the realisation of assets); (c) any of the parties goes into liquidation whether compulsorily or voluntarily or suffers its goods to be taken in execution or it becomes insolvent or compounds or makes arrangements with its creditors; (d) where applicable, the concession agreement is terminated for any reason whatsoever or expires; (e) either party exercises its rights pursuant to the force majeure clause; and/or (f) either party provides no less than 30 days' notice in writing to the other party at any time.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 16.3 of the Principal Agreement – Assignment Neither party shall assign or otherwise transfer this agreement or any of its rights or obligations to any third party without the prior written consent of the other, which consent shall not be unreasonably withheld. Amendments and alterations to the agreement shall not be binding unless agreed upon in writing.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 14 of the Principal Agreement – Governing law The agreement shall be governed, construed and interpreted in accordance with the laws of Malaysia and the parties unconditionally submit to the exclusive jurisdiction of the Courts of Malaysia.

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ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

12. Radio Frequency Identification (RFID) tag agreement between Touch 'N Go Sdn Bhd and SILK Co dated 17 January 2023

This agreement is for SILK Co's use of the Touch 'N Go Radio Frequency Identification (RFID) tags developed by Touch 'N Go Sdn Bhd for the collection of toll charges.

(i)	Parties	Touch 'N Go Sdn Bhd ("TNGSB") and SILK Co (as customer)
(ii)	Date of contract	17 January 2023
(iii)	Definitions	<p>RFID tag: activated Radio Frequency Identification sticker issued and validated upon issuance by TNGSB and/or their authorized third-party service providers, all of which are to be in compliance with the specifications endorsed by the Malaysian Highway Authority, and to be installed in the vehicle of register RFID users which enable RFID users to perform RFID transactions at the expressway.</p> <p>RFID user: means customers who have registered themselves and installed valid RFID tags onto their respective vehicles.</p>
(iv)	Termination	<p>Clause 13 of the Principal Agreement –Termination Without prejudice to any other rights and remedies of the parties under the agreement or any law, the agreement may be terminated by either party giving the other 30 days' prior written notice where:-</p> <ul style="list-style-type: none"> (a) the defaulting party commits any material breach of any of the provisions of the agreement and (in the case of a breach capable of being remedied) fails within 30 business days after receipt of a written notice from the other party giving particulars of the breach and requiring it to be remedied, to remedy the breach; (b) an order is made or an effective resolution is passed for the reconstruction and/or amalgamation of the other party or any other similar action or proceeding under any other law and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (c) the other party passes a resolution or an order is made for its winding up and the order or resolution is not withdrawn, revoked or annulled within a period of 90 days from the date of the order or resolution; (d) a receiver, receiver and manager, provisional liquidator, liquidator or like official is appointed over the whole or a substantial part of the undertaking and property of the other party and such appointment is not withdrawn, revoked or annulled within a period of 90 days from the date of such appointment; (e) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of the other party and such action is not withdrawn, invalidated or reversed within a period of 90 days date from the date of commencement of such action; (f) the other party ceases or announces its intention to cease the whole or any substantial part of its business; (g) the parties are not able to agree to the revised terms and conditions of this agreement under the review clause; and/or (h) the Government or Malaysian Highway Authority directs the customer to migrate to a new payment platform for toll collection in substitution of the RFID tag provided by TNGSB and/or to appoint a different service provider instead of TNGSB.

ANNEXURE C: SUMMARY OF SALIENT TERMS OF THE COMMERCIAL CONTRACTS WHICH THE TRUST GROUP IS MATERIALLY DEPENDENT ON (Cont'd)

		The customer may at any time terminate the agreement, without any compensation and liability whatsoever to TNGSB, on or any time after the expiry of 5 years from the commencement date by providing 12 months' prior written notice in the event that there are new and/or improved payment system methods and/or technology to substitute the RFID tag offered by TNGSB.
(v)	Restrictions	None.
(vi)	Assignment, novation and transfer	Clause 24 of the Principal Agreement – Assignment Neither party may assign, transfer, charge or otherwise deal with this agreement without the prior written consent of the other party which consent shall not be unreasonably withheld.
(vii)	Exclusivity, non-compete and non-solicitation	None.
(viii)	Governing law	Clause 16 of the Principal Agreement – Governing law The agreement shall be governed and interpreted and construed in accordance with the laws of Malaysia.

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SHARIAH PRONOUNCEMENT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*All praise is due to Allah, the Cherisher of the world, and peace and blessing
be upon the Prophet of Allah, on his family and all his companions*

PROLINTAS INFRA BUSINESS TRUST

INITIAL PUBLIC OFFERING (“IPO”) OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT (“UNITS”) IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING AN OFFER FOR SALE OF UP TO 468,700,000 EXISTING UNITS (“IPO UNITS”) INVOLVING THE OFFERING OF:

- (I) UP TO 422,949,000 IPO UNITS TO INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA (FORMERLY KNOWN AS MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA) (“INSTITUTIONAL OFFERING”) AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING (“INSTITUTIONAL PRICE”); AND
- (II) UP TO 45,751,000 IPO UNITS TO THE DIRECTORS OF THE TRUSTEE-MANAGER AND THE COMPANIES HELD UNDER PROLINTAS INFRA BT (“TRUST GROUP”), ELIGIBLE EMPLOYEES OF THE TRUST GROUP, PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE TRUST GROUP AND THE MALAYSIAN PUBLIC (“RETAIL OFFERING”) AT THE RETAIL PRICE OF RM0.95 PER UNIT (“RETAIL PRICE”), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE

We, Amanie Advisors Sdn Bhd, as the independent Shariah Adviser for Prolintas Infra Business Trust (“Prolintas Infra BT” or “the Trust”), have reviewed the proposed structure and mechanism to be entered into in respect of the Trust to ensure Shariah compliance.

Except where defined herein, the defined terms used in this Shariah Pronouncement have the same meanings as contained in the Prospectus and the Trust Deed in connection to the Trust.

1. About Prolintas Infra BT

Prolintas Infra BT is an Islamic business trust constituted on 11 December 2023 under the laws of Malaysia under the Trust Deed and is managed by Prolintas Managers, the Trustee-Manager. Further details on the Trustee-Manager are set out in Section 10.1 of this Prospectus.

The Trust had on 21 December 2023 completed the Pre-IPO Acquisition and formed the Trust Group (as defined in the Prospectus). Further details of the Pre-IPO Acquisition are set out in Section 6.1.1(i) of the Prospectus.

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MALAYSIA | UNITED ARAB EMIRATES | KAZAKHSTAN

PROLINTAS INFRA BUSINESS TRUST

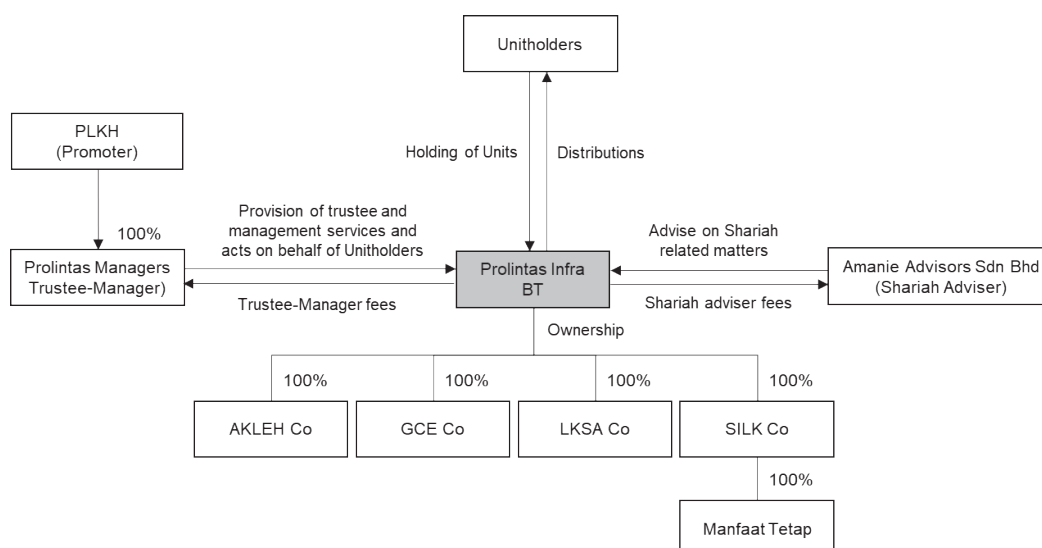
IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

The Trust Group, through its subsidiaries, are principally involved in the construction, toll collection, operation and maintenance of the Highways (i.e., AKLEH, GCE, LKSA and SILK) and the provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience. Further details on the business overview of the Trust Group are set out in Section 7 of the Prospectus.

The Trust will be the first business trust to be listed on the Main Market of Bursa Securities, and provides investors the opportunity to invest in highway-related infrastructure assets via the IPO. The Listing is in accordance with the consensus achieved with the Government under the respective SCAs 2022 (as defined in the Prospectus).

The Trust's issued unit capital is RM 1,100,000,000 comprising 1,100,000,000 Units and there has been no change in issued Units of Prolintas Infra BT since its establishment date.

The following diagram illustrates the relationship between Prolintas Infra BT, the Trustee-Manager, the Shariah Adviser and the Unitholders upon the Listing:



Pursuant to the Trust Deed, the Trustee-Manager shall hold the Assets (i.e. the Concession Companies) (as defined below) upon trust for the Unitholders and the Assets held shall be segregated from the general assets of the Trustee-Manager and any other trust managed by the Trustee-Manager.

“**Assets**” means the entire assets of Prolintas Infra BT, including all assets acquired and held pursuant to its investment objectives (as set out in Section 12.10.4 of the Prospectus), and all of its permissible investments (as set out in Section 12.10.1 of the Prospectus) in the nature of assets in accordance with the generally accepted accounting practices in Malaysia, for the time being held or deemed to be held upon the trusts of the Trust Deed.

2. Permissible Investments and Investment Limits

Subject to the provisions of the Trust Deed, the Applicable Laws and Requirements and compliance on Shariah requirements, the Trust may only invest in the following investments, directly or indirectly, subject to the provisions of the Business Trusts Guidelines:

- (a) a Shariah-compliant portfolio of investments, namely, shares, units, securities, instruments, partnership interests, any other form of economic or participatory interests, and/or any other equity and/or ownership interests, in any corporation, business, firm,

PROLINTAS INFRA BUSINESS TRUST

IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

partnership, trust and/or other form of entity (incorporated or otherwise) which develops, operates and/or maintains tolled highways, and/or assets comprised in the business of the development, operation and/or maintenance of tolled highways, and other related businesses, assets, undertakings and/or activity which is associated with, ancillary to or incidental to the development, operation and/or maintenance of tolled highways;

- (b) cash, Islamic deposits and Islamic money market instruments; and/or
- (c) any other Shariah-compliant units, securities, instruments, partnership interests and/or any other form of economic or participatory interests, and/or investment products as may be permitted by the SC.

For the avoidance of doubt, the Trustee-Manager may use Islamic financial derivatives for the sole purpose of hedging the Trust's existing risk exposure.

In exercising its powers to make investments on behalf of the Trust, the Trustee-Manager shall ensure that the Trust complies with the Business Trusts Guidelines. Investments in Assets may be by way of direct ownership or through a shareholding by the Trust in a separate corporation. Investments in other assets are limited to such requirements as may be imposed by the Business Trusts Guidelines and CMSA.

3. Shariah Investment Guidelines

Without limiting the generality of the following provisions and to the extent that the following provisions do not contradict the Applicable Laws and Requirements and subject always to the provision of the Business Trusts Guidelines, Guidelines on Islamic Capital Market Products and Services and the Main Market Listing Requirements, Prolintas Infra BT shall not, other than as provided in under permissible investments and its investment policy, at any time be involved in the following activities:

- (i) the extension of financing facilities or any other credit facility to any person other than to any corporation at least 20% of its issued share capital of which is owned by Prolintas Infra BT as part of the Assets (in which case then such financing or facility must be Shariah-compliant);
- (ii) financial services based on riba (interest);
- (iii) gambling and gaming;
- (iv) manufacture or sale of non-halal products or related products;
- (v) conventional insurance;
- (vi) entertainment activities that are non-permissible according to Shariah;
- (vii) manufacture or sale of tobacco-based products or related products;
- (viii) stockbroking or share trading in Shariah non-compliant securities;
- (ix) other activities deemed non-permissible according to Shariah; and
- (x) any other activity which does not comply with the Business Trusts Guidelines, Guidelines on Islamic Capital Market Products and Services and where no waiver from the SC is obtained to exempt compliance with the relevant guidelines.

PROLINTAS INFRA BUSINESS TRUST

IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

4. Business Overview of Prolintas Infra BT

The Trust Group is principally involved in the: -

- (i) construction, toll collection, operation and maintenance of the Highways; and
- (ii) provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience.

The summary of the Highways held by the Trust Group (through the Concession Companies) are as follows: -

	AKLEH	GCE	LKSA	SILK
Date of Concession Agreement	16 May 1996	18 July 2000	27 November 2006	8 October 1997
Expiry of concession	15 May 2037	31 May 2062	31 July 2062	31 July 2062
Remaining tenure as at the LPD	13 years 3 months	38 years 4 months	38 years 6 months	38 years 6 months
Mainline length	7.4 km	25.0 km	14.7 km	37.0 km
Location	Kuala Lumpur	Selangor	Selangor	Selangor
Name of toll plaza(s)	▪ Datuk Keramat Toll Plaza	▪ Bukit Jelutong Toll Plaza ▪ Elmina Toll Plaza ▪ Lagong Toll Plaza	▪ Seri Muda Toll Plaza ▪ Alam Impian Toll Plaza	▪ Sungai Long Toll Plaza ▪ Bukit Kajang Toll Plaza ▪ Sungai Ramal Toll Plaza ▪ Sungai Balak Toll Plaza

The business activity of Prolintas Infra BT is Shariah compliant. This is in line with the Shariah Advisory Council ("SAC") of the SC resolution on *iqta`* as follows:

- (a) Concessionary rights can be classified as a type of asset that can be transacted based on the principle of *iqta`*;
- (b) Supply and maintenance contract with the government and government agencies can be the basic asset in the issuance of Islamic securities based on the principle of *iqta`*;
- (c) *Iqta`* can be used in government contracts on assets that are not real estates; and
- (d) The principle of *iqta`* can be used for state government contracts, statutory bodies and government-linked companies. The government linked companies are entities which are approved by the government to take-over public agencies and manage them as private companies, such as the following:
 - (i) Parent companies and their subsidiaries under the control of the federal and state government of which the shareholdings exceed 50%; and
 - (ii) Companies where the government owns special shares or special preferential rights shares. Normally special shares or "golden shares", in the Malaysian context, exist in companies in which the government has strategic interests.

(Reference: Resolutions of the SAC of the SC, Second Edition, page 52-58)

PROLINTAS INFRA BUSINESS TRUST

IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

5. Financial Information of the Trust Group

As Prolintas Infra BT was constituted pursuant to a Trust Deed dated 11 December 2023 and the Pre-IPO Acquisition was completed on 21 December 2023, there are no consolidated financial statements of the Trust Group for the Period Under Review (i.e. FYE 2020, FYE 2021, FYE 2022 and FPE 2023). The combined financial statements of the AKLEH Co, GCE Co, SILK Co, LKSA Co and Manfaat Tetap, collectively known as the Prolintas Prime Group, for the Period Under Review have been prepared in a manner as if the Concession Companies acquired by Trustee-Manager (on behalf of the Trust) pursuant to the Pre-IPO Acquisition have been under the common control of the Promoter throughout FYE 2020, FYE 2021, FYE 2022 and FPE 2023 ("Period Under Review") and are regarded as continuing entities.

The historical combined financial information for the Period Under Review presented below have been extracted from the combined financial statements contained in the Accountants' Report included in Section 17 of this Prospectus, which have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

All the entities included in the Trust Group have been under the common control of PLKH for the Period Under Review. The combined financial statements of the Trust Group have been prepared as if the Trust Group has operated as a single economic entity throughout the Period Under Review and have been prepared from the books and records maintained by each entity.

Historical combined statements of profit or loss and other comprehensive income

The table below presents the audited combined statements of profit or loss and other comprehensive income of the Trust Group for the Period Under Review, which have been extracted from the Accountants' Report in Section 17 of the Prospectus.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	394,372	365,800	384,161	285,315	228,570
Construction cost	(4,320)	(23,897)	(3,464)	(1,941)	(2,231)
Other income	10,152	6,861	9,213	6,599	8,037
Staff cost	(6,704)	(7,343)	(6,682)	(5,069)	(4,421)
Amortisation of Highway Development Expenditure ("HDE")	(121,151)	(103,842)	(149,946)	(113,128)	(32,863)
Impairment loss on HDE	(56,004)	-	-	-	(124,244)
Other operating expenses	(62,995)	(64,786)	(87,114)	(62,032)	(50,998)
Profit from operations	153,350	172,793	146,168	109,744	21,850
Finance costs	(146,651)	(146,765)	(150,501)	(110,896)	(107,450)
Profit Before Tax/(Loss Before Tax)	6,699	26,028	(4,333)	(1,152)	(85,599)
Income tax credit/(expense)	745	113,937	(9,228)	(8,445)	(171,352)
Profit After Tax/(Loss After Tax), representing total comprehensive income/(loss) for the financial year/period	7,444	139,965	(13,561)	(9,597)	(256,952)
Attributable to:					
Equity owners of the company	9,934	142,649	(11,283)	(7,941)	(241,254)
Non-controlling interest	(2,490)	(2,684)	(2,278)	(1,656)	(15,698)
	7,444	139,965	(13,561)	(9,597)	(256,952)

The Highways generated RM295.2 million and RM214.7 million in revenue from toll collection, representing 76.8% and 93.9% of the Trust Group's total revenue in FYE 2022 and FPE 2023 respectively. A total of RM83.7 million and RM10.5 million, representing 21.8% and 4.6% is derived from toll compensation received from the Government in accordance with the respective Concession Agreements and the balance of RM5.3 million and RM3.4 million, representing 1.4%

PROLINTAS INFRA BUSINESS TRUST

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and 1.5% which is derived from non-toll revenue and construction revenue for FYE 2022 and FPE 2023 respectively. Non-toll revenue represents rental income of billboard space, space rental for telecommunication towers and rental from stall operators in Rest and Service Areas (RSAs), whereas construction revenues are recognised as required under IC Interpretation 12 Service Concession Agreements ("IC 12") and in accordance with Malaysian Financial Reporting Standards ("MFRS") 15 in respect of highway development works undertaken during the year, without realising any mark-up on these activities, as the Trust Group had outsourced the construction services to third parties.

The Shariah Adviser classified Prolintas Infra BT as Shariah-compliant based on the combined financial statements of the Prolintas Prime Group, for the FYEs 2020, 2021 and 2022. The summary of Shariah screening test on Prolintas Infra BT as attached in Appendix 1, serves to demonstrate its Shariah screening position based on the combined financial statement for the FYEs 2020, 2021, 2022 and FPE 2023, pro forma consolidated statement of financial position as at 30 September 2023 and pro forma consolidated statement of comprehensive income for the period ended 30 September 2023.

6. Conformity with Guidelines on Islamic Capital Market Products and Services

The following are the Shariah guidelines for Prolintas Infra BT, which the Trustee-Manager is to strictly adhere to on a continuous basis. At all times, the Trustee-Manager shall manage Prolintas Infra BT, the Islamic business trust according to the Shariah principles based on the parameters of the applicable SAC of the SC, and the Shariah Adviser. Any potential departures from these guidelines due to certain unique conditions or unusual situations will require prior approval by Shariah Adviser before implementation.

The following matters are adopted by the Shariah Adviser in determining the Shariah status of the Islamic business trust.

The Islamic business trust shall be guided in two (2) phases:

- 1) Pre-Listing; and
- 2) Post-Listing

Phase 1: Pre-Listing: Shariah Screening

The following criteria to be employed in determining the Shariah compliant status of the Islamic business trust;

(1) Quantitative analysis

The core business of the business trust is not in the following Shariah non-compliant activities:

Business activity benchmarks

- Conventional banking and lending;
- Conventional insurance;
- Gambling and gaming;
- Manufacture or sale of non-halal products or related products;
- Shariah non-compliant entertainment;
- Manufacture or sale of tobacco-based products or tobacco-related activities;
- Stockbroking or share trading in Shariah non-compliant securities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC of the SC.

PROLINTAS INFRA BUSINESS TRUST

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If the business trust comprises both Shariah-compliant and Shariah non-compliant activities, the contribution of Shariah non-compliant activities to the total revenue and profit before tax of the Islamic business trust must be less than the business activity benchmarks as follows:

(a) Business activity benchmarks

The 5 per cent benchmark would be applicable to the following business activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Tobacco and tobacco-related activities;
- Interest income from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);
- Dividends from Shariah non-compliant investments; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC of the SC.

(b) The 20 per cent benchmark would be applicable to the following activities:

This benchmark is used to assess the level of mixed contributions from the activities that are generally permissible according to Shariah and have an element of *maslahah* (public interest), but there are other elements that may affect the Shariah status of these activities. Activities that fall under this category include but not limited to—

- Share trading;
- Stockbroking business;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC of the SC.

(c) Financial ratio benchmarks

In addition to the above requirement, a 33% benchmark is applicable in determining the Shariah-compliant status of an Islamic business trust. The 33% benchmark is used to assess the following financial ratios, which is intended to measure *riba'* and *riba'*-based elements in terms of investment, deposit and financing:

• **Cash over total assets:**

Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.

• **Debt over total assets:**

Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Each of the above ratio must be less than 33 per cent.

(2) Qualitative analysis

The SAC of the SC and/or the Shariah Adviser may also take into account the public perception or image in assessing Shariah compliant status of the Islamic business trust.

PROLINTAS INFRA BUSINESS TRUST

IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Phase 2: Post Listing

- a) Prolintas Infra BT shall keep its cash in Islamic money market instruments. For investment in money market, Islamic money market instruments that are endorsed by other Shariah adviser or committee must be approved by the Shariah Adviser upon review of the relevant documents e.g., principal terms and conditions and Shariah pronouncement or approvals.
- b) For cash placement in deposit, the Islamic business trust is prohibited from placing in interest-bearing deposits and recognizing any interest income.
- c) All hedging activities and use of structured instruments shall only be used after written approval of the Shariah Adviser to ensure that they are Shariah compliant.
- d) Prolintas Infra BT may obtain cash financing to make investments or finance its operational activities by way of obtaining financing provided that the financing instrument adopted is a Shariah compliant instrument only and as approved by the Shariah Adviser.
- e) Where Prolintas Infra BT intends to insure its assets or properties, it must procure a takaful scheme. Only if the takaful scheme is unable to provide the required and/or sufficient coverage, the Islamic business trust may procure a conventional insurance scheme to ensure sufficient coverage of the same.
- f) Further, the Trustee-Manager must:
 - i) Obtain the Shariah Adviser's prior approval for any proposal relating to transaction resulting in a significant change in the business direction or policy of the business trust; and
 - ii) Notify the Shariah Adviser in writing of any such acquisition or disposal of assets within 7 days after which the acquisition or disposal was affected.
- g) Prolintas Infra BT shall undertake an annual compliance review of the trust for the purpose of issuance of an annual Shariah compliance report by the Shariah Adviser. In the event Prolintas Infra BT has not been operated and managed according to Shariah principles and requirements, the Shariah Adviser must state in its annual report the steps taken to address the situation and to prevent the recurrence of the situation.

[the remainder is intentionally left blank]

ANNEXURE D: SHARIAH PRONOUNCEMENT LETTER (Cont'd)

PROLINTAS INFRA BUSINESS TRUST

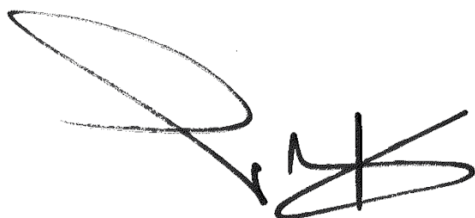
IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

7. Approval

This Shariah Pronouncement provided herein is only on the transaction structure after our perusal of Prolintas Infra BT's Prospectus and the Trust Deed. Accordingly, having reviewed the structure and mechanism as documented above, and the Shariah considerations contained therein, we hereby confirm that the above Prolintas Infra BT is in compliance with the Shariah principles as well as the relevant guidelines formulated by the SC to regulate the establishment of an Islamic business trust, subject to annual supervision by the Shariah Adviser confirming that Prolintas Infra BT adhere to the Business Trusts Guidelines, Guidelines on Islamic Capital Market Products and Services and this Shariah Pronouncement at all times.

Yours faithfully,

On behalf of **Amanie Advisors Sdn Bhd**



.....
Tan Sri Dr. Mohd Daud Bakar

Shariah Scholar/Executive Chairman

Date: 4 March 2024

ANNEXURE D: SHARIAH PRONOUNCEMENT LETTER (Cont'd)

PROLINTAS INFRA BUSINESS TRUST

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Appendix 1: Summary of Prolintas Infra BT's Shariah Screening Tests

Business Activities Benchmark	Remark	31-Dec-20	31-Dec-21	31-Dec-22	30-Sep-23	Pro forma 30-Sep-23
		RM	RM	RM	RM	RM
The Trust Group, through its subsidiaries, are principally involved in the construction, toll collection, operation and maintenance of the Highways (i.e. AKLEH, GCE, LKSA and SILK) and the provision of ancillary facilities to complement the operation of the Highways and enhance road users' experience and convenience.						
Revenue		394,371,726	365,952,657	384,161,369	228,570,226	222,999,003
Toll collection		228,947,178	209,091,992	295,168,470	214,726,504	209,155,281
Government toll compensation		159,244,987	131,222,246	83,673,800	10,478,693	4,907,470
Construction revenue		4,320,099	24,050,036	3,463,728	2,231,035	2,231,035
Less: Construction cost		(4,320,099)	(2,405,0036)	(3,463,728)	(2,231,035)	(2,231,035)
Sundry income	No Shariah non-compliant ("SNC") portion contributed to this income	458,874	227,728	173,248	67,146	67,146
Rental income		1,400,588	1,360,655	1,682,123	1,066,848	1,066,848
Other income		10,152,424	6,861,130	9,212,917	8,037,309	8,037,309
Income received from other investments and deposits with licensed bank	Refers to Islamic money market funds / instruments	10,082,066	6,752,269	9,079,360	7,788,417	7,788,417
Others	Refers to gain on disposal of assets e.g. motor vehicle and computer equipment	70,358	108,861	133,557	248,892	248,892
Total Group Revenue		404,524,150	372,813,787	393,374,286	236,607,535	231,036,312
Group Profit Before Tax		6,699,035	26,027,764	-4,332,301	-85,599,398	-112,940,140
(i) The five-per cent benchmark						
The five-per cent benchmark is applicable to the following businesses/activities:						
conventional banking and lending;				Nil		
conventional insurance;				Nil		
gambling;				Nil		
liquor and liquor-related activities;				Nil		
pork and pork-related activities;				Nil		
non-halal food and beverages;				Nil		
Shariah non-compliant entertainment;				Nil		
tobacco and tobacco-related activities;				Nil		
interest income from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);				Nil		
dividends from Shariah non-compliant investments; and				Nil		
other activities deemed non-compliant according to Shariah principles as determined by the SAC.				Nil		
For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the group revenue or group profit before taxation of the company must be less than five per cent.						
(ii) The 20-per cent benchmark						
The 20-per cent benchmark is applicable to the following businesses/activities:						
share trading;				Nil		
stockbroking business;				Nil		
rental received from Shariah non-compliant activities; and	The rental income managed by Prolintas Highway Services Sdn Bhd ("PHSSB") may consist a single tenant with a mixed business activities. Due to the non-availability of the breakdown of the income from the tenant, the SNC portion can't be determined. However, as the total income received is less than 1%, we believe the SNC income is far less than the benchmark.	0.35%	0.36%	0.43%	0.45%	0.46%
other activities deemed non-compliant according to Shariah principles as determined by the SAC.				Nil		
For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the group revenue or group profit before taxation of the company must be less than 20 per cent.						

ANNEXURE D: SHARIAH PRONOUNCEMENT LETTER (Cont'd)

PROLINTAS INFRA BUSINESS TRUST

IPO OF UP TO 468,700,000 UNITS IN PROLINTAS INFRA BT IN CONJUNCTION WITH THE LISTING AND QUOTATION OF ALL ISSUED UNITS OF PROLINTAS INFRA BT ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Financial Ratio Benchmark	Remark	31-Dec-20	31-Dec-21	31-Dec-22	30-Sep-23	Pro forma 30-Sep-23
		RM	RM	RM	RM	RM
(i) Cash over Total Assets		N/A				
Cash only includes cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments is excluded from the calculation.	All cash placed in Islamic accounts instruments	Nil				
	Total Asset	3,380,490,909	3,390,925,145	3,275,643,256	2,804,515,716	3,595,489,922
(ii) Debt over Total Assets		0.71%	0.77%	0.79%	0.46%	0.00%
Debt only includes interest-bearing debt whereas Islamic financing or sukuk is excluded from the calculation.	i) Amount for FYE 2020, 2021 and 2022 refers to government support loan. ii) Under the pro forma 2022, the loan will be refinanced through Islamic financing.	23,941,897	25,941,897	25,940,000	12,970,000	0
Each ratio, which is intended to measure <i>riba</i> and <i>riba</i> -based elements within a company's statements of financial position, must be less than 33 per cent.	Total Asset	3,380,490,909	3,390,925,145	3,275,643,256	2,804,515,716	3,595,489,922
In addition to the above two-tier quantitative criteria, the SAC also takes into account the qualitative aspect which involves public perception or image of the company's activities from the perspective of Islamic teaching.						

ANNEXURE E: TAXATION ADVISER'S LETTER IN RESPECT OF THE TAXATION OF PROLINTAS INFRA BT AND THE UNITHOLDERS



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Taxation adviser's letter in respect of the taxation of the business trust and the unit holders (prepared for inclusion in this Prospectus)

Ernst & Young Tax Consultants Sdn Bhd
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

8 February 2024

The Board of Directors
Prolintas Managers Sdn. Bhd.
21st Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

Taxation of the Business Trust and unit holders

This letter has been prepared for inclusion in the Prospectus in connection with the offer of units in the business trust known as Prolintas Infra Business Trust (hereinafter referred to as "Prolintas Infra BT").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on Prolintas Infra BT and its unit holders.

Taxation of Prolintas Infra BT

The taxation of Prolintas Infra BT is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA). For income tax purposes, the definition of a "company" includes a business trust¹. The Malaysian Inland Revenue Board (MIRB) has also clarified in its Public Ruling No.10/2013, "Taxation of Business Trust" issued on 3 July 2013 that a business trust would be given the same income tax treatment as a company.

Subject to certain exemptions, the income of the Prolintas Infra BT comprising profits and other investment income derived from or accruing in Malaysia, is subject to Malaysian income tax at the rate of 24% after deducting tax allowable expenses. Foreign-sourced income of Prolintas Infra BT would be subject to Malaysian income tax if received in Malaysia - this is discussed further below.

¹ Pursuant to Section 2 of the MITA, "company" means a body corporate and includes any body of persons established with a separate legal identity by or under the laws of a territory outside Malaysia and a business trust.



The Board of Directors
Prolintas Managers Sdn. Bhd.
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Tax-deductible expenses would comprise expenses falling under Section 33(1) of the MITA and which are not prohibited as a deduction under any other section of the MITA. Section 33(1) provides for a tax deduction for expenses that are wholly and exclusively incurred in the production of gross income.

Notwithstanding the above, in the event Prolintas Infra BT falls under the scope of Section 60FA of the MITA, different or additional tax considerations apply. Section 60FA prescribes the tax treatment for investment holding companies² that are tax-resident in Malaysia and listed on Bursa Malaysia. The income of such investment holding companies derived from the holding of investments (e.g. rental, dividends and interest) shall be treated as income from a business source and each investment source of income will be assessed as a separate business source. In ascertaining the adjusted income and statutory income of Prolintas Infra BT for a year of assessment:

- ▶ Direct expenses incurred in producing investment income from a source are deductible against income from that source.
- ▶ Common expenses incurred in producing different sources of investment income will be allocated accordingly to the relevant sources of income for income tax deduction purposes.
- ▶ Where a source of investment income does not produce any income for a year of assessment, any tax deduction in respect of that source for that year of assessment will be disregarded for tax purposes. If tax-deductible expenses for any source exceed the gross income from the relevant source, the excess shall be disregarded and cannot be carried-forward to be deducted in future years of assessment.

As the investment sources are treated as business sources of income, where relevant, capital allowances can be claimed against the adjusted income from each source to arrive at statutory income. Any excess of capital allowances over statutory income would be disregarded and cannot be carried forward to be utilised in future years of assessment.

Exempt income

All Malaysian-sourced dividends should be exempt from income tax. Any deductions in respect of such dividends will be disregarded and cannot be claimed against any other sources of income or carried forward to be utilised in future years of assessment.

² Pursuant to Section 60F(2), an "investment holding company" means "a company whose activities consist mainly in the holding of investments and not less than 80% of its gross income other than gross income from a source consisting of a business of holding of an investment (whether exempt or not) is derived therefrom".



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Foreign-sourced income (FSI)

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.

The Guidelines issued by the Malaysian Inland Revenue Board on 29 September 2022 (amended on 29 December 2022) define the term "received in Malaysia" to mean transferred or brought into Malaysia, either by way of cash³ or electronic funds transfer⁴.

From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Gains from the realisation of investments

Section 4(aa) of the Finance (No. 2) Act 2023 ("Finance Act"), read together with other provisions of the Finance Act, provides that gains or profits from the disposal of a capital asset⁵ by a company, limited liability partnership, unit trust or co-operative society are to be treated as a class of income. Paragraph 38 of Schedule 6 of the MITA, introduced via the Finance Act, then provides an income tax exemption on gains or profits from the disposal of a capital asset situated in Malaysia, other than:

- (i) Disposal of shares of a company incorporated in Malaysia not listed on the stock exchange⁶; and
- (ii) Disposal of shares within the scope of Section 15C of the MITA, which was introduced via the Finance Act. Section 15C deems gains or profits from the disposal of shares in a controlled company incorporated outside Malaysia ("foreign company") to be derived from Malaysia and hence subject to Malaysian income tax, where the foreign company directly or indirectly owns real property in Malaysia exceeding certain thresholds, as determined based on the parameters of Section 15C.

As such, disposals of capital assets that fall within the scope of charge of the MITA and which are not exempted from tax are as follows:

³ "Cash" means notes, coins and cheques.

⁴ "Electronic funds transfer" means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

⁵ "Capital asset" means movable or immovable property including any rights or interest thereof.

⁶ "stock exchange" has the meaning assigned to it in the Capital Markets and Services Act 2007.

ANNEXURE E: TAXATION ADVISER'S LETTER IN RESPECT OF THE TAXATION OF PROLINTAS INFRA BT AND THE UNITHOLDERS (Cont'd)



The Board of Directors
 Prolintas Managers Sdn. Bhd.
 8 February 2024

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- a) Capital assets situated in Malaysia - Shares of a company incorporated in Malaysia not listed on the stock exchange and shares in foreign incorporated companies deriving value from real property in Malaysia
- b) Capital assets situated outside Malaysia - All capital assets located outside Malaysia, not limited to shares

Gains from disposal of capital assets situated outside Malaysia will only be subject to tax when the gains are received in Malaysia.

The Finance Act provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410], an income tax exemption is provided in respect of any gains or profits received from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange. This exemption applies for such disposals from 1 January to 29 February 2024.

The relevant tax rates applicable on the gains on disposal of capital assets are as below:

	Tax rates
A. Disposal of capital asset situated in Malaysia which was acquired before 1 January 2024	
▶ On chargeable income of the disposal	10%
Or	
▶ On gross disposal price	2%
B. Disposal of capital asset situated in Malaysia which was acquired after 1 January 2024	
▶ On chargeable income of the disposal	10%
C. Disposal of capital assets situated outside Malaysia	
▶ On chargeable income of the disposal	24% (prevailing tax rate of a business trust)

On 16 January 2024, it was announced that unit trusts will be exempted from income tax on the gains on disposal of capital assets and on foreign-sourced income, for specified periods.

The exemptions above have yet to be legislated. Business trusts, which are treated as companies for income tax purposes, were not specifically mentioned in this announcement.



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The relevant exemption order(s), when released, will need to be analysed to assess the impact, if any, to business trusts.

Sales and Service Tax (SST)

SST was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous Goods and Services Tax regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a business trust is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Prolintas Infra BT incurs management fee expenses, the management services provided by asset and fund managers who are licensed or registered with the Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to service tax⁷ provided they fall within the scope of service tax (i.e. are provided by a "taxable person", who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as "taxable services").

Taxation of unit holders

Pursuant to the Section 2(11) of the MITA, any reference to shares or ordinary share capital, shareholders and dividend in the MITA shall be read as including a reference to units or derivatives of units, unit holders and distributions, respectively.

For Malaysian income tax purposes, distributions received from Prolintas Infra BT will be exempted from Malaysian income tax in the hands of the unit holders.

⁷ Pursuant to the Service Tax Regulations 2018, the service tax rate is at 6%. It was proposed in Budget 2024 that the service tax rate be increased from 6% to 8% for most taxable services effective from 1 March 2024.

ANNEXURE E: TAXATION ADVISER'S LETTER IN RESPECT OF THE TAXATION OF PROLINTAS INFRA BT AND THE UNITHOLDERS (Cont'd)



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In addition, unit holders may also realise a gain from the sale of units. Gains arising from the realisation of investments (which do not arise from a trading activity or adventure in the nature of trade) by companies, limited liability partnerships, trust bodies and co-operative societies may be subject to income tax in the hands of such unit holders (please refer to the tax treatment of gains or profits from the disposal of a capital asset under the taxation of business trust section of this letter). However, such unit holders of Prolintas Infra BT will be exempted from tax on gains from the realization of investments in the Prolintas Infra BT units, as Prolintas Infra BT will be listed on the stock exchange. Different considerations apply to insurance companies, financial institutions and traders / dealers in securities.

Please note that non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

**ANNEXURE E: TAXATION ADVISER'S LETTER IN RESPECT OF THE TAXATION OF
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We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in Prolintas Infra BT. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in Prolintas Infra BT.

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd

A handwritten signature in black ink, appearing to read 'Farah Rosley', with a horizontal line underneath.

Farah Rosley
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.