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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

F R O S T & S U L L I V A N

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 Valley[1].

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.

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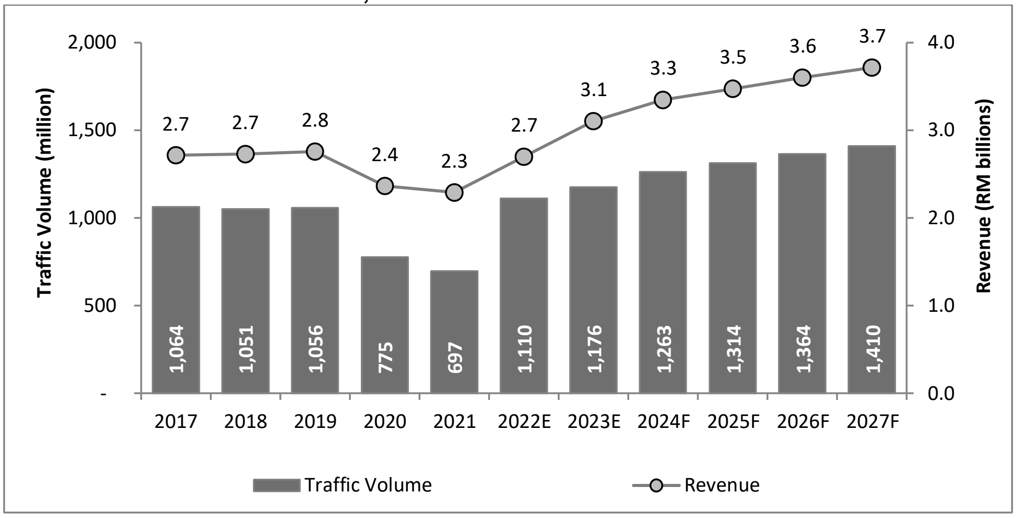
[1] Klang Valley is defined as the area covering the federal territories of KL and Putrajaya, and 9 municipalities located in the state of Selangor: Shah Alam, Petaling Jaya, Klang, Kajang, Subang Jaya, Selayang, Ampang Jaya, Kuala Langat and Sepang.

4 MARKET SIZE AND GROWTH TRENDS

The market size of urban highways in Klang Valley is measured by the industry revenue[2] 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 2021[3], followed by the transition to the endemic phase starting April 2022[4], 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 2022[5]. 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 2030[9]. 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 densed, 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 households[11]. 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.

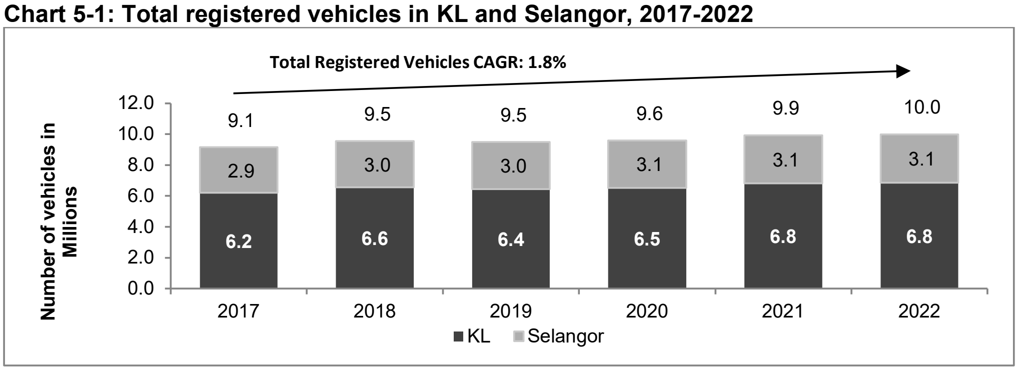
As more townships are being developed further away from the city centre, such as in the City of Elmina in Shah Alam, Lagong Mas in Rawang, and Kota Warisan in Salak Tinggi, a higher proportion of the population reside or will reside further away from the city centre, thus increasing the need for tolled 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 evening[12], 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 2027[13].

The automotive total industry volume ("**TIV**"), which shows the sales of new vehicles[14], 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 performance[15].

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 share[16] 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 intensive[17].

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 system[18], expected to be in place by 2025[19].

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

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 Lingkaran–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**")	Lingkaran 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

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.

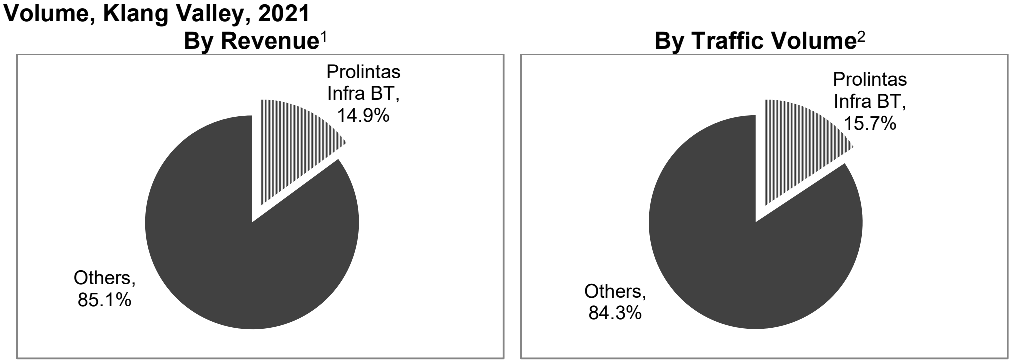
Source: Respective concession companies' audited financial statements; Frost & Sullivan

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 2021[20].

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

9.1 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:

	Ordinary shares				Preference shares			
	Direct		Indirect		Direct		Indirect	
Shareholder	**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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9.2 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:

	Ordinary shares			
	Direct		Indirect	
Shareholder	**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.

9.2.4 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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9.3 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:

		Unitholding immediately prior to the IPO				After the IPO: Assuming the Over-allotment Option is not exercised				After the IPO: Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Country of Incorporation	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.

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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10.1 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.

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.

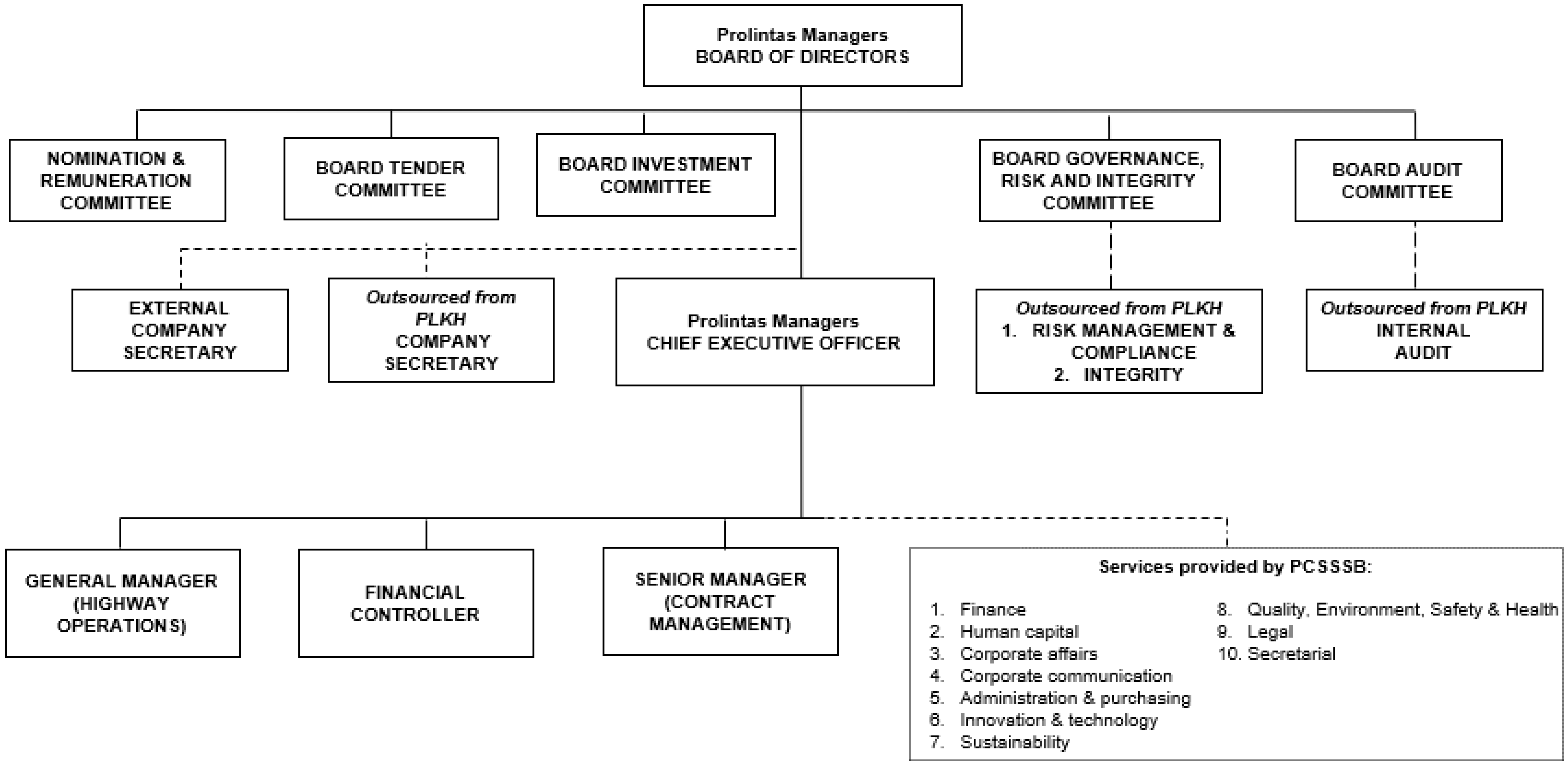
While the Trustee-Manager is required to be dedicated to the conduct of the business of the Trust, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails 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.

10.3 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

10.4 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.

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.

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.

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;

- 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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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

Name of Company	Principal activities	Involvement in business activities
Present directorships:		
• Kumpulan Perangsang Selangor Berhad	• 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	• Senior Independent Non-Executive Director (appointed on 1 January 2018)
• Risda Holdings Sdn Bhd	• Investment holding and provision of management services to its subsidiaries	• Director (appointed on 15 August 2011)

Name of Company	Principal activities	Involvement in business activities
• Gading Tegas Sdn. Bhd.	• Assembly and erection of prefabricated constructions on the site and export and import of a variety of goods without any particular specialization	• Director (appointed on 23 October 2017)
• MDS Advance Sdn. Bhd.	• Manufacturing of high-precision computer numerical control metal machining	• Director (appointed on 18 April 2023)
• Perangsang Dinamik Sdn. Bhd.	• Investment holding company whereby its subsidiaries are principally involved in: (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.	• Director (appointed on 27 March 2018)
• KPS-HCM Sdn. Bhd.	• Buildings and road construction, maintenance and rehabilitation	• Director (appointed on 30 May 2018)
• CPI (Penang) Sdn. Bhd.	• Manufacture, assembly and sale of electronic products and plastic moulded components and parts	• Director (appointed on 27 March 2018)
• PLKH	• Investment holding whereby its subsidiaries are principally involved in the design, construction, operation and maintenance of highways in the Klang Valley	• Director (appointed on 19 May 2017)
• Projek Lintasan Damansara-Shah Alam Sdn. Bhd.	• Provision of operation, maintenance and toll collection services for DASH	• Director (appointed on 19 May 2017)

Name of Company	Principal activities	Involvement in business activities
• Projek Lintasan Sungai Besi-Ulu Klang Sdn. Bhd.	• Provision of operation, maintenance and toll collection for SUKE	• Director (appointed on 19 May 2017)
• Turnpike Synergy Sdn. Bhd.	• Provision of assets management, consulting services, project management services, highway maintenance, repair works and toll management services	• Director (appointed on 19 May 2017)
• Gowell Glove Sdn. Bhd.	• Real estate activities with own or leased property, and manufacture of rubber gloves and other rubber product	• Director (appointed on 29 July 2021) • Shareholder holding direct interest of 50.0%

Previous directorships in the past five years preceding the LPD:

• Karongsa Private Capital Sdn. Bhd.	• Investment holding, venture capital, and provision of assets or portfolio management services	• Director (resigned on 10 May 2022) • Shareholder with negligible direct interest
• Century Bond Berhad	• Integrated packaging solutions provider	• Director (resigned on 31 October 2019)
• EP Manufacturing Berhad	• Investment holding company whereby its subsidiaries are principally involved in manufacturing and distribution of automotive components and parts, electric vehicle sector and property development	• Independent Non-Executive Director (resigned on 28 May 2021)
• EP Equity Sdn. Bhd.	• Dormant	• Director (resigned on 30 April 2019)
• Nadayu Properties Berhad	• Property development	• Independent Non-Executive Director (resigned on 28 February 2020)
• MB World Group Berhad	• Property development	• Independent Non-Executive Chairman (resigned on 14 September 2020)
• Toyoplas Manufacturing (Malaysia) Sdn. Bhd.	• Manufacturing, assembly and sale of plastic injection moulded components and tooling	• Director (resigned on 28 February 2020)

(ii) Dato' Mohammad Azlan Bin Abdullah

Name of Company	Principal activities	Involvement in business activities
Present directorships:		
• Sapura Energy Berhad	• 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 Offshore Berhad	• 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)

Name of Company	**Principal activities**	**Involvement in business activities**
• 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

Name of Company	**Principal activities**	**Involvement in business activities**
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%

Name of Company	Principal activities	Involvement in business activities
• 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

Name of Company	Principal activities	Involvement in business activities
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)

Name of Company	Principal activities	Involvement in business activities
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

Name of Company	Principal activities	Involvement in business activities
• Innovative Polymer Systems Sdn. Bhd.	• Engaged in the manufacturing and selling of hydrogel coating products (Dissolved on 10 February 2021)	• Director
• CCM Watercare Sdn. Bhd.	• Dormant (Dissolved on 25 November 2020)	• Director
• Delta Polymer Systems Sdn. Bhd.	• Engaged in the manufacturing and selling of industrial cleaner products (Dissolved on 14 July 2020)	• Director

(vi) Datin Nona Binti Salleh

Name of Company	Principal activities	Involvement in business activities
Present directorships:		
• Pristine Strategy Sdn Bhd	• Property investment	• Director (appointed on 25 June 2001)
• CQ Consultancy Sdn. Bhd.	• Providing business information services and trading in metastock	• Director (appointed on 20 June 2001)
• Ehsan Astaka Sdn. Bhd.	• Investment holding for trusts, funds and similar financial entities not elsewhere classified	• Director (appointed on 30 January 2002)
• Phillip Capital Management Sdn. Bhd.	• Fund management	• Director (appointed on 20 June 2001)
• PC Quote (Malaysia) Sdn. Bhd.	• Providing business information services, management development and training services	• Director (appointed on 25 June 2001)
• Phillip Capital Holdings Sdn. Bhd.	• 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	• Director (appointed on 25 June 2001)

Name of Company	Principal activities	Involvement in business activities
• 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%

(vii) Malik Parvez Ahmad Bin Nazir Ahmad

Name of Company	Principal activities	Involvement in business activities
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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10.4.4 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	-	-	-	-	-	-	-

	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' 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:

	Year 2023 (unaudited)		FYE 2024 (forecast)	
Concession Companies	**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.

10.4.6 Audit Committee

The composition of the Audit Committee of the Trustee-Manager is set out below:

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

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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10.4.7 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.

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:

Name	Designation	Directorship
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.

10.4.9 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:

(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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10.5 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.

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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10.5.3 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

Name of Company	Principal activities	Involvement in business activities
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

Name of Company	Principal activities	Involvement in business activities
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:

	Remuneration Band	
	2023 (Paid) (RM'000)	2024 (Proposed) (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.

(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

(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.

10.7 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:

		Unitholding immediately prior to the IPO				After the IPO: Assuming the Over-allotment Option is not exercised				After the IPO: Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Country of Incorporation	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	-	-

		Unitholding immediately prior to the IPO				After the IPO: Assuming the Over-allotment Option is not exercised				After the IPO: Assuming the Over-allotment Option is fully exercised			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Country of Incorporation	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.

10.8 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.

10.11 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.

11.3 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.

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—

- 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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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;

(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);

(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.

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.

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 ICMPS 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;

(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.

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.

(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;

(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);

(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.

12.13 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;

(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.

12.18 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.

12.21 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:

(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.

13.1.2 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

	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	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.	GCE Co has entered into an O&M agreement with Turnpike, whereby Turnpike had been appointed to perform the following services:					
		The following are the interested directors that sit on the board of both Turnpike and GCE Co: (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.	(i) Routine maintenance services[(1)]	5,849 3.81% of the Trust Group's profit from operations	8,471 4.90% of the Trust Group's profit from operations	5,303 3.63% of the Trust Group's profit from operations	5,677 25.98% of the Trust Group's profit from operations	3,054
			(ii) Ad-hoc repair works[(2)]	3,213 2.10% of the Trust Group's profit from operations	2,883 1.67% of the Trust Group's profit from operations	2,550 1.74% of the Trust Group's profit from operations	2,999 13.73% of the Trust Group's profit from operations	1,076
			(iii) Toll operation services[(3)] 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.	12,034 7.85% of the Trust Group's profit from operations	10,003 5.79% of the Trust Group's profit from operations	11,002 7.53% of the Trust Group's profit from operations	6,475 29.63% of the Trust Group's profit from operations	2,491

	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	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.	LKSA Co has entered into an O&M agreement with Turnpike, whereby Turnpike had been appointed to perform the following services:					
		The following are the interested directors that sit on the board of both Turnpike and LKSA Co: (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.	(i) Routine maintenance services(1)	1,975 1.29% of the Trust Group's profit from operations	10,441 6.04% of the Trust Group's profit from operations	4,233 2.90% of the Trust Group's profit from operations	3,675 16.82% of the Trust Group's profit from operations	172
			(ii) Ad-hoc repair works(2)	1,594 1.04% of the Trust Group's profit from operations	1,724 1.00% of the Trust Group's profit from operations	1,800 1.23% of the Trust Group's profit from operations	1,268 5.80% of the Trust Group's profit from operations	608
			(iii) Toll operation services(3)	4,639 3.03% of the Trust Group's profit from operations	4,578 2.65% of the Trust Group's profit from operations	5,875 4.02% of the Trust Group's profit from operations	3,036 13.89% of the Trust Group's profit from operations	1,157
			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.					
(f)	AKLEH 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.	AKLEH Co has entered into an O&M agreement with Turnpike whereby Turnpike had been appointed to perform the following services:					
		The following are the interested directors that sit on the board of both Turnpike and AKLEH Co. (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;	(i) Routine maintenance services(1)	1,252 0.82% of the Trust Group's profit from operations	2,894 1.67% of the Trust Group's profit from operations	2,252 1.54% of the Trust Group's profit from operationst	2,606 11.93% of the Trust Group's profit from operationst	1,134

	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 Wahi; and (f) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	(ii) Ad-hoc repair works(2)	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
			(iii) Toll operation services(3)	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
			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.					
(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

	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	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 GCE Co: (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.	Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to GCE Co. 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.	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	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 AKLEH Co: (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.	Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to AKLEH Co. 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.	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

	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	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 LKSA Co: (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.	Management fees paid to PLKH for the management support services (including corporate communications, operations, asset control, human resource and finance) provided to LKSA Co. 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 PCSSSB, a wholly-owned subsidiary of PLKH for the provision of corporate shared services.	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	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 AKLEH Co. (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.	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. Due to internal restructuring within the PLKH Group in 2021, such engagement with Turnpike has been discontinued and was undertaken by PHSSB.	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	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 AKLEH Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	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. Such arrangement is expected to subsist after the Listing.	-	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	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 GCE Co: (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.	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. Due to internal restructuring within the PLKH Group in 2021, such engagement with Turnpike has been discontinued and was undertaken by PHSSB.	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	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 GCE Co: (a) Dato' Idris bin Kechot; and (b) Mohd Irwan bin Ahmad Mustafa @ Mustafa.	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. Such arrangement is expected to subsist after the Listing.	-	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	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 LKSA Co: (a) Dato' Idris bin Kechot; (b) Dato' Sri Ir. Dr. Roslan bin Md Taha; (c) Dato' Ikmal Hijaz bin Hashim;	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.	412 0.27% of the Trust Group's profit from operations	63 0.04% of the Trust Group's profit from operations	-	-	-

	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 Wahi; 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

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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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(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.

(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.

(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.

(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.

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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13.2 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.

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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14.1 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

Company	Principal activities	Directors and/or Substantial Unitholder	Nature of interest
Projek Lintasan Damansara-Shah Alam Sdn Bhd	Provision of operation, maintenance and toll collection services for DASH	• PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim	• 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	• PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim	• 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	• PLKH • Dato' Mohammad Azlan Bin Abdullah • Dato' Ikmal Hijaz Bin Hashim	• 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

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.

14.2 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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14.2.2 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.

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;

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.

15.1 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)

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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15.1.2 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	**FYE 2021**	**FYE2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**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 Mudharabah(7)	557,748	586,283	641,245	622,308
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**

Selected supplementary financial information

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	**RM'000**	**RM'000**	**RM'000**
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	(237,011)	(251,793)	(315,382)	(348,469)
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.

15.1.3 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**

15.2 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.

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**
Traffic volume	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**
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.

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.

(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

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:

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.

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:

$$\left[\frac{\text{Actual traffic volume for the year}}{\begin{array}{l}\text{(Forecast traffic volume over}\\ \text{remaining concession period +}\\ \text{Actual traffic volume for the year)}\end{array}} \times \begin{array}{l}\text{(Opening net book value}\\ \text{+ Additions}\\ \text{during the year)}\end{array}\right]$$

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.

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.

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.

(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) FYE 2021 to FYE 2020		Increase/(Decrease) 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.

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:

	FYE 2020	FYE 2021	FYE 2022
	RM'000	**RM'000**	**RM'000**
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

	FPE 2022	FPE 2023
	RM'000	**RM'000**
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:

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{Opening carrying amount of deferred income} \right]$$

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:

	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) FYE 2021 to FYE 2020		Increase/(Decrease) 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.

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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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;

- 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.

15.2.6 Results of operations - Amortisation of HDE

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
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

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
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

(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**

	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;

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

- 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:

(i) Finance cost on financing / borrowings, which includes Sukuk Mudharabah, Government support loan, syndicated Islamic financing facilities as well as lease liabilities;

(ii) 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

(iii) 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**

	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

- 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.

	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)**
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.

15.2.11 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		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% Change**
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.

(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		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% change**
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.

(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		
	RM'000	**% of revenue**	**RM'000**	**% of revenue**	**% Change**
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.

(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.

(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

- 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)**

<u>FYE 2021 compared to FYE 2020</u>

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.

<u>FYE 2022 compared to FYE 2021</u>

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;

- 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

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
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;

- 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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15.2.12 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 drawndown 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 contruction 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.

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
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	(139,331)	(139,728)	(128,083)	(100,545)	(114,706)
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	180,745	113,819	100,182	100,182	312,882
Cash and cash equivalents at end of the financial year/period	**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**

(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

- 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;

  - 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**").

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:

	Current RM'000	Non-Current RM'000	Total RM'000	Contractual interest / profit rate
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)

	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)
	91,604	1,447,058	1,538,662	
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.

Facilities	Year	Profit rate
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).

Within 10 years	11 to 15 years	16 to 20 years	21 to 24 years	Total
RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
-	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.

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.

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.

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.

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)
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:

		Past due				
	Current	1-30 days	31-60 days	61-90 days	More than 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Receivables from Touch n' Go Sdn Bhd as at 30 September 2023	1,719	-	-	-	-	1,719
% of total receivables	100.0	-	-	-	-	100.0
<u>As at the LPD:</u>						
Receivables from Touch n' Go Sdn Bhd collected	1,719	-	-	-	-	1,719
Receivables outstanding	-	-	-	-	-	-

(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:-

	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2023**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
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.

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.

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	**RM'000**	**RM'000**	**RM'000**
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:

		Past due				
	Current	**1-30 days**	**31-60 days**	**61-90 days**	**More than 90 days**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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.

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	**RM'000**	**RM'000**	**RM'000**
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.

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**

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.

(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 endeavour 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 FYEs 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.

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.

15.2.23Trend 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.

15.2.24Significant 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.

15.2.25Impact 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.

15.3 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 2024	**After the Listing**
	RM'000	**RM'000**
Indebtedness		
Current		
Secured and unguaranteed		
Lease liability	164	164
Non-current		
Secured and guaranteed		
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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15.4 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):

	FYE 2020	**FYE 2021**	**FYE 2022**	**From 1 January 2023 up to the LPD**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
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

- 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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15.5 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.

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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.

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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.

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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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
9 February 2024

Ahmad Zahirudin bin Abdul Rahim
No. 02607/12/2024 J
Chartered Accountant

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

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

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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

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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
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.

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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)

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)

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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)
Drawndown 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	(114,705,773)	-	(114,705,773)	299,093,380	184,387,607	-	184,387,607
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	312,882,255		312,882,255		312,882,255		312,882,255
Cash and cash equivalents at end of period	288,637,587		275,981,796		503,315,155		497,094,135

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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 Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK Co")	Sistem Lingkaran Lebuhraya Kajang ("SILK")
		Principal activity
5.	Manfaat Tetap Sdn Bhd ("Manfaat Tetap")*	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.

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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 drawndown 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 drawndown 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 drawndown. 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
	2,387,254,366	801,041,162		3,188,295,528
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
	417,261,350	(3,845,936)		413,415,414
Total assets	2,804,515,716	797,195,226		3,601,710,942
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)
	35,113,388	567,854,047		602,967,435
Non-controlling interests	(48,700,589)	48,700,589		-
Total equity/Unitholders' Funds	(13,587,201)	616,554,636		602,967,435

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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
	2,544,254,026	187,648,704		2,731,902,730
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
	273,848,891	(7,008,114)		266,840,777
Total liabilities	2,818,102,917	180,640,590		2,998,743,507
Total equity and liabilities	2,804,515,716	797,195,226		3,601,710,942

*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
	3,845,934

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.

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

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 drawndown 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
	6,221,020

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		(63,653,689)

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	(34,246,554)

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 drawndown 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
	98,891,438

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	(108,959,526)

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)
	(12,655,791)
Balance of Pro Forma I	275,981,796

(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 drawndown 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 drawndown 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)
		227,333,359
Balance of Pro Forma II		503,315,155

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
	32,022,676

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	(6,221,020)
Balance of Pro Forma III	497,094,135

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

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 preceeding 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.

16.1 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.

16.2 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.

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
<u>Adjusted for:</u>	
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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16.5 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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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	Forecast Year 2024
	(RM'000)	**(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:

	Year 2023	Forecast Year 2024
Highways	**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**

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
AKLEH					
Datuk Keramat Toll Plaza	98.57%	0.37%	0.02%	0.90%	0.14%
GCE					
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%
LKSA					
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%
SILK					
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:

	Gazetted toll rates from 2023[(1)] to 2032, RM				
Highways	**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:

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{Opening carrying amount of deferred income income}\right]$$

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:

Concession Companies	Unaudited Year 2023 (RM'000)	Forecast Year 2024 (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.

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:

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{(Opening net book value + Additions during the year)} \right]$$

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.

(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	Forecast Year 2024
		(RM'000)	(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	Forecast Year 2024
	(RM'000)	(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.

(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.

(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.

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)**
Before Islamic Financing:		
Government support loan	645	-
Syndicated Islamic financing	15,637	-
Tawarruq financing	29,100	-
Sukuk Mudharabah	88,363	-
Others	1,015	-
After Islamic Financing:		
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.

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)	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. b. Drawdown of financing was on 21 December 2023.
Tawarruq financing facility – Term 2 (Facility limit: RM300 million; Assumed drawdown amount of RM24.6 million on 30 November 2024)	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. 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.

(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.

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:

	Unaudited Year 2023	**Forecast Year 2024**
Highways	**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.

(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.

(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**
Before Islamic Financing	**(RM'000)**	**(RM'000)**
Government support loan	(776)	-
Syndicated Islamic financing	(14,516)	-
Tawarruq financing	(14,266)	-
Sukuk Mudharabah	(96,398)	-
After Islamic Financing		
Tawarruq financing facility	-	(128,033)
Total	**(125,956)**	**(128,033)**

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	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. b. The first instalment will be on 1 July 2024 based on the payment schedule from BPMB. c. The second instalment will be due on 1 January 2025 but forecasted to be paid on 31 December 2024.
Tawarruq financing facility – Term 2	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. 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. 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.

(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.

(9) Income tax paid

	Unaudited Year 2023	Forecast Year 2024
Concession Companies	**(RM'000)**	**(RM'000)**
AKLEH Co	(6,231)	(4,473)
GCE Co	(6,000)	(8,725)
Total	**(12,231)**	**(13,198)**

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

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	**(RM'000)**
Land premiums	(5,536)	-
Other concession assets	(5,492)	(2,200)
Total	**(11,028)**	**(2,200)**

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.

(13) Drawdown on financing

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
Tawarruq financing facility – Term 1	2,326,319	-
Tawarruq financing facility – Term 2	-	24,578
Total	**2,326,319**	**24,578**

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:

	Unaudited Year 2023	Forecast Year 2024
	(RM'000)	(RM'000)
Lease liabilities	(41)	-
Before Islamic Financing		
Government support loan	(25,940)	-
Syndicated Islamic financing	(30,000)	-
Tawarruq financing	(15,158)	-
Sukuk Mudharabah	(56,537)	-
After Islamic Financing		
Government support loan	-	-
Syndicated Islamic financing	(242,050)	-
Tawarruq financing	(508,866)	-
Sukuk Mudharabah	(1,452,096)	-
Total	**(2,330,688)**	**-**

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.

(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;

- 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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16.8 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 (RM'000)	Forecast Year 2024 (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 (RM'000)	Forecast Year 2024 (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

PROLINTAS PRIME GROUP

Contents **Page**

Building a better working world

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The Board of Directors of
Prolintas Managers Sdn Bhd ("Trustee-Manager")
12th Floor, Menara PNB
201-A, Jalan Tun Razak
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").

Building a better working world

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.

Building a better working world

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 misststement 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.

Building a better working world

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

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

	Note	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.

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
		2,387,254,366	2,734,387,211	2,880,929,006	2,864,671,757
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
		417,261,350	541,256,045	509,996,139	515,819,152
Total assets		2,804,515,716	3,275,643,256	3,390,925,145	3,380,490,909
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)
		35,113,388	276,366,449	311,049,247	195,400,599
Non-controlling interests		(48,700,589)	(33,002,452)	(30,724,749)	(28,040,821)
Total equity		(13,587,201)	243,363,997	280,324,498	167,359,778
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
		2,544,254,026	2,543,067,679	2,732,206,066	2,895,023,448
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	-	-
		273,848,891	489,211,580	378,394,581	318,107,683
Total liabilities		2,818,102,917	3,032,279,259	3,110,600,647	3,213,131,131
Total equity and liabilities		2,804,515,716	3,275,643,256	3,390,925,145	3,380,490,909

The accompanying accounting policies and explanatory information form an integral part of the combined financial statements.

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.

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	78,697,017	216,451,761	236,270,918	80,503,666	46,662,056
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	34,000,000	(34,000,000)	(34,000,000)	-	-
Net cash generated from investing activities	11,764,088	66,103,456	104,512,131	45,587,605	25,743,451

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	(114,705,773)	(100,545,036)	(128,082,682)	(139,728,189)	(139,331,188)
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	312,882,255	100,181,888	100,181,888	113,818,806	180,744,487
Cash and cash equivalents at end of period/year	288,637,587	282,192,069	312,882,255	100,181,888	113,818,806

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

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	1 January 2022
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 losses 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.)

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{(Opening net book value + Additions during the year)} \right]$$

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:

$$\left[\frac{\text{Actual traffic volume for the year}}{\text{(Forecast traffic volume over remaining concession period + Actual traffic volume for the year)}} \times \text{Opening carrying amount of deferred income} \right]$$

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 indebtness (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 indebtness 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-subsidiary 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.

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
	228,570,226	285,314,645	384,161,369	365,799,666	394,371,726

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
	227,503,378	284,235,889	382,479,246	364,439,011	392,971,138

The revenue are derived solely from business operation carried out in Malaysia.

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

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
	107,450,008	110,896,255	150,500,815	146,765,246	146,650,737

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

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	1,633,951	(1,153,731)	(1,153,731)	(42,468)	41,541
	12,824,519	5,707,895	10,281,494	1,394,562	1,704,795
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	(1,554,180)	971,235	971,235	(1,235,702)	297,817
	158,527,281	2,736,869	(1,053,294)	(115,331,518)	(2,449,684)
Total income tax expense recognised in profit or loss	171,351,800	8,444,764	9,228,200	(113,936,956)	(744,889)

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.

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	(85,599,398)	(1,153,190)	(4,332,301)	26,027,764	6,699,035
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 previuously 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	(1,554,180)	971,235	971,235	(1,235,702)	297,817
Total income tax expenses recognised in profit and loss	171,351,800	8,444,764	9,228,200	(113,936,956)	(744,889)

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.

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

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.

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.

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	27,455,105	(131,072,176)	(130,018,882)	(14,687,364)
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
	27,455,105	(131,072,176)	(130,018,882)	(14,687,364)

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

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	-
	414,892,411	52,892,678	52,892,678	577,676,862

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.

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

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.

<u>Ageing analysis of trade receivables:</u>

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
Fair value through profit or loss				
Investments in unit trust	6,653	36,984,756	20,987,835	111,237,788

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	348,469,273	315,382,255	251,793,288	237,011,435
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	(57,331,686)	-	(149,111,400)	(120,692,629)
Cash and cash equivalents	288,637,587	312,882,255	100,181,888	113,818,806

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-subsidiary 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	314,067,059	394,115,000	708,182,059

The following is the entity which is held through a direct parent-subsidiary relationship within the Prolintas Prime Group:

Parent entity	Subsidiary
Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd.	Manfaat Tetap Sdn. Bhd.

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)
	116,386,894	121,958,117	140,002,473	150,324,908
Current	7,269,646	17,649,205	14,611,404	10,315,162
Non-current	109,117,248	104,308,912	125,391,069	140,009,746

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
	91,604,487	132,217,189	122,081,802	100,311,241
Less: Unamortised issuance expenses	(688,825)	(732,104)	(791,924)	(847,918)
Total short term borrowings	90,915,662	131,485,085	121,289,878	99,463,323

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				
Secured:				
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
	1,447,058,011	1,521,151,082	1,635,969,151	1,770,467,901
Less: Unamortised issuance expenses	(2,781,632)	(3,287,431)	(4,019,535)	(4,811,460)
Total long term borrowings	1,444,276,379	1,517,863,651	1,631,949,616	1,765,656,441
Total borrowings				
Secured:				
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
	1,538,662,498	1,653,368,271	1,758,050,953	1,870,779,142
Less: Unamortised issuance expenses	(3,470,457)	(4,019,535)	(4,811,459)	(5,659,378)
Total borrowings	1,535,192,041	1,649,348,736	1,753,239,494	1,865,119,764
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	3,470,457	4,019,535	4,811,459	5,659,378

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 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
	1,538,662,498	1,653,368,271	1,758,050,953	1,870,779,142

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).

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.

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.

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.

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

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities:

	30.9.2023 RM	31.12.2022 RM	Movement — Cash flows — Principal movement RM	Movement — Cash flows — Finance costs paid RM	Movement — 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
	1,538,662,498	1,653,368,271	(114,705,773)	(125,694,113)	96,832,842

	31.12.2022 RM	1.1.2022 RM	Movement — Cash flows — Principal movement RM	Movement — Cash flows — Finance costs paid RM	Movement — 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
	1,653,368,271	1,758,050,953	(104,682,682)	(91,204,869)	135,956,382

PROLINTAS PRIME GROUP

19. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities: (cont'd.)

	31.12.2021 RM	31.12.2020 RM	Movement / Cash flows: Principal movement RM	Movement / Cash flows: Finance costs paid RM	Movement: Finance costs 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
	1,758,050,953	1,870,779,142	(112,728,189)	(120,206,293)	134,004,499

	31.12.2020 RM	1.1.2020 RM	Movement / Cash flows: Principal movement RM	Movement / Cash flows: Finance costs paid RM	Movement: Finance costs 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)	-	-
	1,870,779,142	2,010,110,330	(139,331,188)	(137,469,128)	136,037,987

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

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
	24,773,000	4,962,702	304,574,515	65,004,959	399,315,176
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
	25,275,547	5,952,593	288,123,594	64,198,738	383,550,472
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
	17,531,189	7,360,406	274,190,031	65,476,140	364,557,766
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
	18,112,341	7,773,391	241,440,172	59,851,755	327,177,659

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
		132,424,625	138,719,014	126,957,475	114,728,676
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		2,304,444,649	2,458,101,523	2,505,538,951	2,591,862,277

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	6,186,350	6,524,609	6,975,621	7,426,628
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
	6,186,350	6,524,609	6,975,621	7,426,628

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.

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 then 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 then 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	-

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.

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	294,238,041	1,031,828,484	1,841,407,075	3,167,473,600
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	429,577,225	895,288,072	2,299,638,485	3,624,503,782
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	372,022,691	979,905,242	2,524,644,477	3,876,572,410
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	321,383,056	974,769,880	3,028,818,364	4,324,971,300

As disclosed in Note 31(ii), the borrowings and accrued finance cost on Sukuk Mudharabah were settled on 21 December 2023.

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.

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:

	Fair value hierarchy level	2023 Carrying Amount RM	2023 Fair Value RM	2022 Carrying Amount RM	2022 Fair Value RM	2021 Carrying Amount RM	2021 Fair Value RM	2020 Carrying Amount RM	2020 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)

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.

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	(348,469,273)	(315,382,255)	(251,793,288)	(237,011,435)
Net debt	1,820,072,720	1,999,969,792	2,121,960,781	2,234,446,841
Total equity, representing total capital	(13,587,201)	243,363,997	280,324,498	167,359,778
Capital and net debt	1,806,485,519	2,243,333,789	2,402,285,279	2,401,806,619
Gearing ratio	101%	89%	88%	93%

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.

<u>Arbitration</u>

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.

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.

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 drawndown 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:

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 bank accounts;

c) third party first ranking legal assignment and charge 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 TWA 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;

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.