

LINGKARAN TRANS KOTA HOLDINGS BERHAD
(335382-V)
(Incorporated in Malaysia)

Minutes of the 22nd Annual General Meeting (AGM) of the Company held at Permai Room, Kota Permai Golf & Country Club, No. 1 Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 2.00 p.m.

PRESENT : Directors

Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Haji Wan Yaacob (*Chairman*)
Ir Haji Yusoff bin Daud
Dato' Ir Ha Tiing Tai
Dato' Ir Chew Swee Hock
Dato' Haji Azmi bin Mat Nor
Mr Saw Wah Theng
Datin Lee Choi Chew

: Shareholders and Proxies (collectively "Members")

157 members and 212 proxies.

BY INVITATION

En Sazally bin Saidi (*Chief Executive Officer*)
Mr Richard Lim Kim Ong (*Chief Operating Officer*)
Mr Terence Tan (*Ernst & Young*)
Mr Lim Eng Hoe (*Ernst & Young*)
Mr Jerry Ang (*Ernst & Young*)

SECRETARIES

: Ms Lim Soo Lye
Ms Chiew Teng Juan

QUORUM

: There being a quorum, the 22nd AGM was dully convened.

NOTICE

: The notice having been circulated in accordance with the statutory period was taken as read.

PRELIMINARIES

The Chairman welcomed the Members to Lingkaran Trans Kota Holdings Berhad's 22nd AGM. He introduced the Board of Directors, the Senior Management and the Company Secretary to the meeting.

Poll Voting

The Chairman went on to explain that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, voting on all resolutions set out in the notice of general meeting shall be conducted by poll.

He introduced the Poll Administrator, Insurban Corporate Services Sdn Bhd and the Independent Scrutineer, Leou Associates PLT to the Members.

On the Chairman's request, the Poll Administrator briefed the Members on the e-polling procedures with a voting device given to all Members as they entered the meeting room. The Poll Administrator informed the Members that the device has been assigned and paired with each of them based on a code pre-assigned to them during registration.

1.0 AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Chairman tabled the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors as set out in the 2017 Annual Report.

The Chairman informed the Members that the Board has received enquiries from the Minority Shareholder Watchdog Group ("MSWG") and requested Mr Richard Lim Kim Ong, the Chief Operating Officer of the Company to read out the Company's responses to the Members as requested by MSWG per Annexure 1 attached.

The meeting continued with the Chairman inviting questions from the floor in connection with the Company's Audited Financial Statements for financial year ended 31 March 2017.

After much discussion, the Audited Financial Statements for the financial year ended 31 March 2017 together with the Report of the Auditors thereon were received by the Members.

Mr Wan Heng Wah thanked the Chairman for his service and contribution to the Company and wished him happy retirement and in return the Chairman thanked Mr Wan for his well wishes.

Mr Lee Leok Soon of MSWG thanked the Board for addressing MSWG's enquiries. He went on to bring the Board's attention to Resolution 5 on the proposed ex-gratia payment to the Chairman. He informed the Board that MSWG generally does not encourage payment of ex-gratia to directors and as a representative of MSWG, he will stand by MSWG's mandate. However, he said personally he was of the opinion that from the hundreds of companies that he has reviewed, the proposed amount of RM100,000 was reasonable for a company that is performing well as opposed to some other company which was paying about RM500,000 even though the company was not performing. Mr Lee also wished the Chairman happy retirement and in return the Chairman thanked Mr Lee for his well wishes.

A copy of the Company's responses to the enquiries from the floor is attached as Annexure 2.

2.0 RE-ELECTION OF DIRECTOR

Resolution 1 - Re-election of Dato' Haji Azmi bin Mat Nor in accordance with Article 81 of the Company's Constitution

The Chairman informed the Members that Agenda 2 or Resolution 1 pertained to the re-election of Dato' Haji Azmi bin Mat Nor who retired at the Company's 22nd AGM in accordance with Article 81 of the Company's Constitution.

There being no question, the Chairman put Resolution 1 to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
402,222,221	99.73	1,072,900	0.27

As the number voted for was more than against, the Chairman declared Resolution 1 duly passed as follows:

“That Dato' Haji Azmi bin Mat Nor who retired by rotation in accordance with Article 81 of the Company's Articles of Association, be hereby re-elected as Director of the Company.”

3.0 RE-APPOINTMENT OF DIRECTORS WHO RETIRE AT THE CONCLUSION OF THE 22ND AGM OF THE COMPANY

The Chairman informed the Members that Resolutions 2 and 3 of Agenda 3 pertained to the re-appointment of-

- a. Dato' Ir Chew Swee Hock (Resolution 2); and
- b. Ir Haji Yusoff bin Daud (Resolution 3)

who shall retire at the conclusion of the 22nd AGM of the Company following their reappointment under Section 129 of the repealed Companies Act, 1965, at the 21st AGM of the Company held on 30 August 2016.

He explained that the Companies Act, 2016 (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director age 70 and above to be subjected to shareholders' approval at the AGM every year.

Accordingly, Resolutions 2 and 3 if passed, will enable the aforementioned Directors to continue in office as Directors of the Company following the conclusion of the 22nd AGM and their continuation in office shall thereafter be subjected to retirement by rotation in accordance with the Company's Constitution.

3.1 Resolution 2 - Re-appointment of Dato' Ir Chew Swee Hock

There being no question, the Chairman put Resolution 2 for the re-appointment of Dato' Ir Chew Swee Hock to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
283,494,291	70.30	119,796,350	29.70

As the number voted for was more than against, the Chairman declared Resolution 2 duly passed as follows:

“That Dato' Ir Chew Swee Hock who is retiring at the conclusion of the 22nd AGM of the Company, be hereby re-appointed as a Director of the Company.”

3.2 Resolution 3 - Re-appointment of Ir Haji Yusoff bin Daud

There being no question, the Chairman put Resolution 3 for the re-appointment of Ir Haji Yusoff bin Daud to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
402,817,336	99.88	477,304	0.12

As the number voted for was more than against, the Chairman declared Resolution 3 duly passed as follows:

“That Ir Haji Yusoff bin Daud who is retiring at the conclusion of the 22nd AGM of the Company, be hereby re-appointed as a Director of the Company.”

4.0 RESOLUTION 4 – PAYMENT OF DIRECTORS’ FEES AND BENEFITS FOR FINANCIAL YEAR ENDED 31 MARCH 2017

The Chairman informed the Members that Agenda 4 or Resolution 4 was to seek the Members’ approval for payment of Directors’ fees and benefits of RM444,604 for the financial year ended 31 March 2017.

He highlighted that the amount put forward for Members’ approval was higher than previous year. He explained that the Companies Act 2016 requires a listed company to seek shareholders’ approval for fees and benefits payable to directors at the general meeting. Prior to the Companies Act 2016, only directors’ fees required shareholders’ approval.

He informed the Members that the proposed payment for financial year 2017 comprised the following:

	TOTAL
Director Fees	290,300
Audit Committee Fees	83,560
Benefits-In-Kind	70,744
TOTAL	444,604

There being no question, the Chairman put Resolution 4 to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
405,017,524	99.99	29,816	0.01

As the number voted for was more than against, the Chairman declared Resolution 4 duly passed as follows:

“That the payment of Directors’ fees and benefits of RM444,604 for the financial year ended 31 March 2017 be hereby approved.”

5.0 RESOLUTION 5 – EX-GRATIA PAYMENT TO TAN SRI DATO’ IR (DR) WAN ABDUL RAHMAN BIN HAJI WAN YAACOB

As Agenda 5 or Resolution 5 pertained to an ex-gratia payment to the Chairman following his retirement at the conclusion of the 22nd AGM, the Chairman expressed his gratitude to the Company for the aforesaid recommendation. He then passed the Chair to Ir Haji Yusoff bin Daud as he has interest in the proposed resolution.

Ir Haji Yusoff bin Daud took over the Chair and enlightened the Members that Tan Sri Dato’ Ir (Dr) Wan Abdul Rahman bin Haji Wan Yaacob has served as the Chairman of the Company and the Group for 21 years since his appointment to the Board on 1 August 1996. As a token of appreciation from the Company, the Company sought the Members’ approval for an ex-gratia payment of RM100,000 to Tan Sri Dato’ Ir (Dr) Wan Abdul Rahman.

There being no question, Ir Haji Yusoff bin Daud put Resolution 5 to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
357,518,628	88.27	47,529,212	11.73

As the number voted for was more than against, Ir Haji Yusoff bin Daud declared Resolution 5 duly passed as follows:

“That the ex-gratia payment of RM100,000 to Tan Sri Dato’ Ir (Dr) Wan Abdul Rahman bin Haji Wan Yaacob who is retiring at the conclusion of the 22nd AGM, be hereby approved.”

Ir Haji Yusoff bin Daud handed the Chair back to the Chairman, Tan Sri Dato’ Ir (Dr) Wan Abdul Rahman bin Haji Wan Yaacob.

The Chairman thanked the Members for approving the ex-gratia payment to himself.

6.0 RESOLUTION 6 - RE-APPOINTMENT OF AUDITORS

The Chairman informed the Members that Agenda 6 or Resolution 6 pertained to the re-appointment of Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.

There being no question, the Chairman put Resolution 6 to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
405,019,040	99.99	28,900	0.01

As the number voted in favour was more than against, the Chairman declared Resolution 6 duly passed as follows:

“That Messrs Ernst & Young be hereby re-appointed as Auditors of the Company and that the Directors be authorised to fix their remuneration for the ensuing year.”

7.0 RESOLUTION 7 - CONTINUING IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The Chairman enlightened the Members that pursuant to the Malaysian Code on Corporate Governance 2012’s recommendation, approval of shareholders ought to be sought in the event that the Company intends to retain as an Independent Director, a person who has served in that capacity for more than 9 years.

The Chairman informed the Members that Resolution 7 pertained to the approval for Dato’ Ir Chew Swee Hock to continue to act as an Independent Non-Executive Director of the Company. He explained that Dato’ Ir Chew Swee Hock has served as an Independent Director of the Company for more than 9 years and the Company sought the Members’ approval to allow him to continue to act as an Independent Non-Executive Director of the Company.

There being no question, the Chairman put Resolution 7 to vote and the poll result is as follows:

FOR		AGAINST	
No. of Shares	%	No. of Shares	%
283,488,783	70.29	119,798,857	29.71

As the number voted for was more than against, the Chairman declared Resolution 7 duly passed as follows:

“That approval be and is hereby given for Dato’ Ir Chew Swee Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company.”

8.0 CLOSE OF MEETING

As no notice has been received to transact any other business, the Chairman declared the 22nd AGM of Lingkaran Trans Kota Holdings Berhad closed at 3.10 p.m. On behalf of the Board of Directors, the Chairman thanked the Members for their attendance.

CONFIRMED

CHAIRMAN

Reply to Minority Shareholder Watchdog Group (“MSWG”)’s enquiries dated 25 August 2017

- Q1. In the Management Discussion & Analysis (MD & A), it was reported that the average weekday tollable traffic volume dropped 3% from 493,000 for the FY2016 to 478,000 for the FY2017 which was mainly attributed to the continuing impact of the increase in toll rates for all classes of vehicles except for buses on 15 October 2015.
- (a) How would the Board promote its Frequent Traveller Programme (FTP) introduced for the ETC users to reward them with toll rebates and discounts? Would the FTP discounts be more attractive to the road users compared to the discounted rates given during the major festive seasons?
 - (b) Given the completion of the Kelana Jaya and Ampang Light Rail Transit (LRT) Extension Lines in June 2016 and the latest MRT opening of the Sungai Buloh-Kajang line and the Phase 1 between Sungai Buloh and Semantan in December 2016, how would the Board see the impact on traffic volume over the medium to long term?
 - (c) What are the other initiatives besides the introduction of the FTP and the contingency plans that the Board would put in place if the traffic volume has not improved to the level desirable amid rising cost of toll operations and incidental expenses?
- A1. (a) Promotions of the FTP are targeted specifically for LDP users and hence made through the placements of buntings and banners at strategic sites along LDP as well as on the Group’s corporate website.
- FTP rebates and discounts given during major festivals have 2 distinct and separate objectives. The original intention of the FTP was to encourage higher usage of Electronic Toll Collection and to reward frequent users whereas the discounts given during major festivals are one of the many Corporate Social Responsibility (CSR) initiatives of the Group. From a financial perspective, LDP gives toll free usage for Merdeka Day celebration and 60 sen discount for other selected festive holidays which collectively is much higher than the 20% FTP discounts on an annual basis.
- (b) Unlike the significant drop in traffic caused by the toll rate increase in October 2015, the Board anticipates only a slight drop in traffic arising from both the LRT Extension and MRT lines opening. As the completed Sungai Buloh-Kajang MRT line has only just been made operational with 50% discount fee promotion until the end of this month, it is still premature to gauge the actual impact.
 - (c) In order to encourage more users to use the Highways, the main focus is the ongoing Congestion Management Programme that the Group has in place. Past improvements made have already been earlier reported with current and future initiatives as follows:

Reply to Minority Shareholder Watchdog Group (“MSWG”)’s enquiries dated 25 August 2017

- (i) Improving traffic throughput at the toll plazas by working with the Government and fellow industry players to ultimately implement the “Multi-Lane Free Flow” System.
- (ii) Improving traffic flow at selected signalised junctions which are highly saturated.
- (iii) Widening lanes wherever feasible and effective.
- (iv) Continuing with traffic channellisation and contra flow.
- (v) Working with local councils to improve access roads currently congesting traffic along the Highways.
- (vi) Working with local councils and Malaysian Highway Authority to control traffic flow and accesses proposed by new developments tapping into the Highways.

Q2. The MD&A stated that both LDP and SPRINT Highway are matured highways. In the case of LDP, there is no longer any scheduled toll increase until the end of the Concession. As such, growth in revenue for LDP will be from tollable traffic growth.

- (a) Could the Board elaborate on the advantages and disadvantages of the change in accounting policy for depreciation and amortisation of HDE from a revenue method to traffic volume method based on the scenario of traffic volume increases or decreases?
- (b) What are the major developments and critical projects that could adversely affect traffic flow and traffic volume along the vicinity of LDP's and SPRINT's Highway alignments under the Board's review of the Group's operating activities?
- (c) Given that the reduction in traffic volume on SPRINT Highway from 247,000 vehicles to 226,000 vehicles at 8.5%, what steps would the Board take to address it for the Group's positive share of results in SPRINT?
- (d) Could the Board clarify what new investments to look for and the future major projects that the Board should closely manage and monitor, and at what costs under its review of the Group's operating activities?

A2. (a) As disclosed in the Annual Report for FYE 2017, the change in accounting policy was necessitated by the introduction of the Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation which is effective for accounting periods beginning on or after 1 January 2016. With the change, the revenue method cannot be used any further and can only be used in very limited circumstances. For LDP, since there are no further toll increases, the amount of amortisation for Highway Development Expenditure under both methods will be almost the same.

- (b) The major developments and critical projects that could affect traffic flow and traffic volume which are being closely monitored by Management are as follows:

Reply to Minority Shareholder Watchdog Group (“MSWG”)’s enquiries dated 25 August 2017

- (i) Empire Damansara.
- (ii) DASH.
- (iii) Icon City.
- (iv) Bandar Puteri Interchange Enhancement.
- (v) MRT2 Project.
- (vi) Hua Yang Development at Puchong.
- (vii) Lembah Penchala Development at Serdang Interchange.
- (viii) DUKE 2.
- (ix) Redevelopment of Pusat Damansara.
- (x) Setia Pantai Expressway.

During the construction works of the projects, there will definitely be minor inconveniences to road users which may impact traffic flow and volume slightly. However, once the projects are completed, they are expected to have a positive impact by increasing traffic volume along the Highways except for DUKE 2 and MRT2.

- (c) The main reason for the reduction in traffic volume on SPRINT Highway is due to the increase in toll rates in October 2015 and it will take some time for traffic to recover. In the meantime, the Group will continue with its Congestion Management Programme, upgrading quality standards and improving signages in order to attract traffic.
- (d) The Group is always open to the prospect of having additional highways under its management. Unfortunately the highways that were on offer did not meet the Company’s investment criteria.

Q3. The IMTN1 and IMTN2 are negotiable non-interest bearing secured Bonds in bearer form, evidencing a promise by the issuer to pay stated sum on specified dates. What would be the likely stated sums and on what specified dates under the Sukuk Musyarakah Trust Deed dated 19 March 2008?

A3. The repayment profile of the outstanding bonds are as follows:

Repayment Date	Amount (RM' Million)
16 April 2018	140
15 April 2019	220
15 April 2020	200
15 April 2021	200
15 April 2022	200
14 April 2023	190

Reply to Minority Shareholder Watchdog Group (“MSWG”)’s enquiries dated 25 August 2017

- Q4. We noted that the Board has tabled a Resolution for shareholders' approval of an ex-gratia payment of RM100,000 to Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Haji Wan Yaacob who is retiring at the conclusion of this 22nd AGM. Please brief shareholders on the Company's policy and criteria for the ex-gratia payment to the independent Director.
- A4. The Company does not have a fixed policy on this matter. All ex-gratia payments to any Board member shall be recommended for approval by the Board and ultimately to be approved by the shareholders of the Company. The Board's proposal was in recognition of the Chairman's 21 years of service (since the inception of the Company) which was deemed to be a very reasonable sum.

Reply to Enquiries Raised at the 22nd AGM of Lingkaran Trans Kota Holdings Berhad held on 29 August 2017

Q1. What are the traffic numbers for LDP and SPRINT currently?

LDP's SMF traffic has declined from 493,000 vehicles to 478,000 vehicles (a reduction of 3%) due to the 31% increase in toll rate and the impact of MRT and LRT extension. Will this decreasing traffic trend continue? If the lower traffic is a cyclical decline, the shareholders would be worried. However, if the traffic numbers could be maintained, shareholders would be less worried. On a positive note, the Company's profit for the year under review has increased but will LDP's traffic decline over time.

Similarly, SPRINT Highway is also experiencing reduction in SMF traffic from 247,000 vehicles to 226,000 vehicles, a reduction of 8.5%. The reasons for the reduction could also be due to toll rate increase but the impact is higher as the rate of increase was much higher than LDP at between 50% to 100%. Nevertheless, is the reduction in SPRINT Highway's traffic cyclical in nature?

A1. The Management will continue to monitor the impact of any new developments on LDP such as the newly opened LRT Ampang Line Extension and MRT. However, the Management noticed there was not much impact from the LRT since its opening. As such, the Management believes that the lower traffic is purely due toll rate increase. Based on LITRAK's experience from previous toll rate increase, traffic will slowly pick up over time. Traffic volume at Puchong Selatan Toll Plaza has gradually gone up closer to its previous level before the toll hike. However, traffic volume at the other 3 toll plazas is recovering at a slower rate.

As for SPRINT Highway, it was directly affected by MRT's construction works during which time there were a lot of traffic management works. Based on the Management's observation, a lot of motorists tended to avoid using SPRINT Highway during this period. However, since January 2017, traffic on SPRINT Highway has slowly increased.

Moving forward, Setiawangsa Pantai Expressway (SPE) will be connecting directly from Setiawangsa to Kerinchi Link at RTM. The Management will monitor the development closely to ensure the connection integrates with Kerinchi Link directly to allow smoother flow traffic.

Besides the congestion management programmes mentioned earlier, the Management is also working with local councils to improve roads beyond LDP and SPRINT Highway. For example, the tailback from Bukit Jalil is affecting Petaling Jaya Selatan Toll Plaza. The Management has proposed to Public Works Department (JKR) to undertake the widening of Bukit Jalil Highway and JKR was receptive to the proposal. Once the widening is done, the congestion on LDP in this area will ease and traffic will come back.

The Management is also looking at constructing another ramp at Puchong Intan Interchange on the northbound direction and it would be presented to the Board for approval once the design and costing are finalised.

Reply to Enquiries Raised at the 22nd AGM of Lingkaran Trans Kota Holdings Berhad held on 29 August 2017

The Management believes that with all the enhancements that LITRAK has implemented over the years and also its continuous efforts in improving the highway, be it capacity enhancements or traffic management enhancements, traffic will come back to LDP once the congestion issue is mitigated.

Q2. When can we expect SPRINT to turnaround again since it incurred losses in the current financial year after 2 years of profit? The loss registered by SPRINT for the current year under review is a cause for concern after registering 2 years of profit. Would the Company expect to see SPRINT turnaround against any extra ordinary charges?

A2. SPRINT had an extraordinary additional charge for amortisation last year following the revision of its traffic forecast. The toll increase in October 2015 has also resulted in the decrease in traffic volume but the drop in traffic has gradually stabilised and is expected to slowly move up.

MRT Sungai Buloh-Kajang Line has started operation with half fare promotion until end of August 2017. The Company do not expect MRT to have significant impact on SPRINT Highway's traffic once full fare is charged.

Moving forward, SPRINT is expected to incur losses for about one to two years but not as much as in the previous year and can expect a turnaround in 2019 when another toll rate increase is due under the Concession Agreement.

Q3. What other cost improvement could be done to continue to increase LITRAK's profit? How does the Company strike a balance between cost and efficiency in operational support in terms of cost of improvement and rationalisation? What are the measures taken to ensure cost rationalisation and efficiency to give better profit margin?

A3. For cost improvement, the biggest cost item in the Statement of Comprehensive Income is depreciation and amortisation with RM100 million charged out during the year under review. Little can be done about this cost as it is governed by the Malaysian Financial Reporting Standards.

The second biggest item is finance costs of RM80.6 million which is not controllable in the short term in view of the fixed financial obligations under the SUKUK. LITRAK will continue to repay the borrowings until the end of 2023. However, in the medium to long term, LITRAK is open to considering the possibility of refinancing if the rate is in LITRAK's favour.

As such, about RM180 million of the total expenses is fixed. Of the balance of the expenses of RM74 million, RM28 million is for employee benefits expense, about RM30 million for maintenance expenses and RM16 million for other expenses. LITRAK will try to rationalise to save cost but at the same time it must also strive to maintain its service level standards to maintain its number one ranking in the Malaysian Highway Authority's quality audit in terms of maintenance. The

Reply to Enquiries Raised at the 22nd AGM of Lingkaran Trans Kota Holdings Berhad held on 29 August 2017

Management will continue with its efforts to reduce wastage and keep its operating cost low and at the same time strive to provide high level of service to attract users to use LDP.

- Q4. Reduction of congestion is one of the main objective of LITRAK. The traffic junction at SS2 Interchange has been reduced from 3-phase to 2-phase and hopefully later for Taman Megah Interchange from 4-phase to 3-phase and also similar improvement for Jalan Majlis Interchange and Bandar Utama.

The upgrading of the traffic junction at SS2 Interchange was a good idea as it has reduced congestion. However, the improvement is hampered by the congestion at the one-lane U-turn. It would be better if LITRAK could look into widening the lane in front of Petron to allow more space for the U-turn.

- A4. Enhancement to LDP is restricted by its mainline's capacity. Thus far, LITRAK has been focusing on carrying out capacity enhancements and other enhancements. In view that all capacity enhancements had practically used up LDP's road reserve, the Management had started looking into traffic management enhancements such as the successfully implemented contra-flow system at the mainline (KM21 to KM17, Northbound) as well as at critical signalised intersections. LITRAK has recently completed a signalised traffic junction enhancement at SS2 Interchange by reducing it from 3-phase to 2-phase and also planning to carry out similar enhancements at 3 other highly saturated signalised junctions at interchanges -

- Jalan Majlis Interchange
- Bandar Utama Interchange
- Taman Megah Interchange

The Management is pursuing the enhancement for the signalised traffic junction at Taman Megah Interchange with the local council. Based on the positive outcome of the enhancement at SS2 Interchange, the Management managed to convince the local council to allow LITRAK to proceed with the proposed enhancement and the local council is supportive of the proposal. The Management has been engaging with the residents on the proposed enhancement. As a new development is coming up within Taman Megah, the residents have requested for LITRAK to re-look at the proposed enhancement to integrate with the new development.

On the congestion at the U-turn at SS2 Interchange, LITRAK has discussed with MBPJ about the possibility of widening the lane in front of the Petron petrol station. However, the residents at the vicinity opposed to the widening and usage of the service road in front of their houses. Nevertheless, once the Management obtain more data about the traffic condition, they will discuss the matter again with the local council.

Reply to Enquiries Raised at the 22nd AGM of Lingkar Trans Kota Holdings Berhad held on 29 August 2017

With respect to capacity enhancement, LITRAK has recently completed its 4th lane widening from Penchala Toll Plaza towards Sg. Buloh Federal Highway Route 54 on 29 July 2017. The Management believes that with the additional lane, traffic flow will be smoother and traffic will pick up over time.

Q5. The Company has been well run and performing well. It has also been able to maintain its dividend payment. However, as mentioned by the Chief Operating Officer earlier, SPRINT will continue to incur losses until it turns around in 2019. Will it pull down the Company's performance? Does SPRINT get compensation from the Government when it maintain its toll rate?

A5. SPRINT's concession agreement is quite similar to other highways. The Government will compensate SPRINT accordingly if toll increase is not allowed.

As for SPRINT's loss, it is unlikely to drag the Company down. Last year's loss was high but moving forward, the figure should be lower and with the scheduled toll increase in 2019, SPRINT's revenue should improve.

Q6. I noticed that SPRINT did not pay any dividend in the past 2 years, will there be any in the future? It is stated in the statement of financial position of the Company that investment in an associate is RM178 million which is quite substantial. There is still a big figure to account for in terms of depreciation and amortisation (of HDE). Over the next 16 years until the end of the concession period, SPRINT must still ensure that there is enough profit to cover the depreciation and amortisation.

A6. The Companies Act 2016 has regulated that a company can only pay dividend out of profit. As far as available cash flow is concerned, similar to LITRAK, SPRINT also has its commitment to borrowing. As such, until the loan is fully settled, it is unlikely for SPRINT to start paying dividend in the near future. In the interim, SPRINT will still be able to operate with its current cash flow. Moreover, SPRINT will have another toll increase in 2019 and the revenue will be higher then.

Q7. I would like to highlight that on Sunday, 13 August 2017 between 7.00 a.m. to 9.00 a.m., when I passed through the Puchong Selatan Toll Plaza, I noticed the ETC lane had malfunctioned as the barrier was lifted up and all cars could pass through without hindrance. I would like to know whether LITRAK is aware of such toll leakages and how has it affected LITRAK's cash flow? LITRAK has reported lower traffic volume as compared to previous years but did not mention how much of the decrease was due to toll leakages.

A7. We believe this could be an isolated case but the Management will look into the matter. However, please be assured that there are sufficient system checks including video cameras to monitor the toll lanes and the systems are being regularly audited by the system itself and by the Internal Auditors. As such, LITRAK knows how much of traffic passes through each of the toll lanes. Moreover, there are toll tellers at lanes to assist users who encountered difficulty at lane.

Reply to Enquiries Raised at the 22nd AGM of Lingkaran Trans Kota Holdings Berhad held on 29 August 2017

The number of such incidences are very insignificant and as such it was not reported in the financial statements. Please be assured that although the toll collection system is not perfect, its accuracy is 99.96%. In addition to the audit by the internal auditors, the Malaysian Highway Authority also audit the system annually. As such, LITRAK is confident that the toll collection system is in order.

Q8. Please refer to pages 106 to 108 of the 2017 Annual Report. For a company whose business is to collect toll, why is there a provision for doubtful debt of RM1.3 million in the sundry receivables? Why do the cash and bank balances for 2017 show a higher amount as compared to the previous year but the average interest rate from licensed banks, investment banks and other financial institution indicated lower rate than last year?

A8. The provision for doubtful debt is related to license fees received for operation of petrol stations along LDP. LITRAK received one-off license fees in 1999 from petrol stations for the right to operate petrol stations over the life of the concession period. When GST was enforced on 1 April 2015, the advance money received for the period from 1 April 2015 to the end of the concession period is considered as taxable supply and hence was subjected to GST charge. LITRAK tried to recover the GST amount from the petrol companies but unfortunately, the provision in the agreements entered into in 1999 was not clear on GST. On the advice of lawyers, LITRAK has decided that it would not be worthwhile to pursue the matter with the petrol companies as legal action would take a long time coupled with the potentially high legal cost.

As for higher cash and bank balances recorded for 2017, generally interest rate is an indication of the market condition, overall there was a reduction in interest rate. LITRAK has a panel of bankers and a designated staff will call all the bankers to get the best rate before deciding on the placement.