
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**FIRST PACIFIC COMPANY LIMITED****第一太平有限公司***(Incorporated with limited liability under the laws of Bermuda)*Website: www.firstpacific.com**(Stock Code: 00142)****MAJOR TRANSACTION
INVESTMENT BY THE FIRST PACIFIC INVESTOR GROUP
FOR APPROXIMATELY 24.5% EQUITY INTEREST
IN PT JASAMARGA TRANSJAWA TOL**

A notice convening the SGM to be held as a virtual meeting using electronic system, organised at the Company's principal office in Hong Kong on Thursday, 22 August 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is also enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). As set out in the section headed "Arrangements for the SGM" of this circular, the SGM will be a virtual meeting using electronic system which allows Shareholders to participate in and vote through the Online Platform. Whether or not you are able to participate in the SGM through the Online Platform, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (i.e. no later than Tuesday, 20 August 2024 at 11:00 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case may be), should you subsequently so wish.

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

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ARRANGEMENTS FOR THE SGM

PARTICIPATING IN THE SGM AND VOTING BY MEANS OF ELECTRONIC SYSTEM

The SGM will be a virtual meeting using electronic system, which allows Shareholders to participate in and vote at the SGM through online access by visiting the website – <http://meetings.computershare.com/FPC2024SGM> (the “**Online Platform**”). Shareholders participating in the SGM using the Online Platform will be counted towards the quorum and will be able to cast their vote and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her/its votes through the Online Platform does not have to vote all of his/her/its Shares in the same way (“For” or “Against”). In the case of a proxy, he/she can vote such number of Shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the SGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the SGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete related procedures. Please refer to the Online User Guide for the SGM at the Company’s website (www.firstpacific.com) for assistance.

Login details for registered Shareholders

Details regarding the SGM arrangements including login details to access the Online Platform are included in the Company’s notification letter or notification email (for those Shareholders who have provided their email address to receive notifications) to be sent to the registered Shareholders (the “**Shareholder Notification**”).

Login details for non-registered Shareholders

Non-registered Shareholders who wish to participate in and vote through the Online Platform at the SGM should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their Shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to participate in and vote at the SGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

ARRANGEMENTS FOR THE SGM

Details regarding the SGM arrangements including login details to access the Online Platform will be sent by the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 5:00 p.m. on 21 August 2024 should reach out to Computershare Hong Kong Investor Services Limited for assistance. Without their designated login details, non-registered Shareholders will not be able to participate in and vote through the Online Platform at the SGM. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Login details for proxies or corporate representatives

Details regarding the SGM arrangements including login details to access the Online Platform will be sent by the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to the email address of the proxies provided to it in the relevant forms of proxy.

Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the SGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

QUESTIONS AT THE SGM

Shareholders will be able to submit questions relevant to the proposed resolution using the Online Platform during the SGM. Shareholders can also submit their questions by email from Wednesday, 14 August 2024 (9:00 a.m.) to Friday, 16 August 2024 (6:00 p.m.) to FP.2024SGM@firstpacific.com (for registered Shareholders, please state the 10-digit shareholder reference number starting with "C" (SRN) as printed on the top right corner of the Shareholder Notification).

Whilst the Company will endeavour to respond to as many questions as possible at the SGM, due to time constraints, unanswered questions may be responded to after the SGM, as appropriate.

APPOINTMENT OF PROXY IN ADVANCE OF THE SGM

Shareholders may also exercise their right to vote at the SGM by appointing the Chairman of the SGM or other person(s) as their proxy instead of participating and voting through the Online Platform at the SGM. Shareholders are encouraged to submit their completed forms of proxy well in advance of the SGM. Return of a completed form of proxy will not preclude Shareholders from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case maybe), should they subsequently so wish.

ARRANGEMENTS FOR THE SGM

Submission of form of proxy for registered Shareholders

A form of proxy for use at the SGM is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). Please complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than Tuesday, 20 August 2024 at 11:00 a.m.) or any adjournment thereof (as the case may be).

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders whose Shares are held through banks, brokers, custodians, nominees or HKSCC Nominees Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the SGM, please contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990
Website: www.computershare.com/hk/contact

DEFINITIONS

In this circular and the appendices to it, unless the context otherwise requires, the following expressions shall have the following meanings respectively set opposite to them:

“Announcement”	the announcement of the Company dated 2 July 2024;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the Bye-laws of the Company, as amended from time to time;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Closing”	completion of the Investor Group Investments in accordance with the terms of the Investment Documents;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Enlarged Group”	the Group as enlarged by the First Pacific Investments;
“Enlarged Target Capital”	the entire issued share capital of the Target Company upon Closing;
“First Pacific Investments”	the acquisition of Target Shares by the First Pacific Investor Group in accordance with the terms and conditions of the Investment Documents;
“First Pacific Investor Group”	MUN and MPTIS;
“GIC”	GIC Private Limited, a company organised and established under the laws of the Republic of Singapore with limited liability;
“GIC Ventures”	GIC (Ventures) Pte. Ltd., a company organised and established under the laws of the Republic of Singapore with limited liability;
“GICSI”	GIC Special Investments Private Limited, a company organised and established under the laws of the Republic of Singapore with limited liability;

DEFINITIONS

“Group”	the Company, its subsidiaries and its Philippine affiliates whose financial results are consolidated in the Group’s financial statements;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (as amended, supplemented or otherwise modified from time to time);
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IDR”	Indonesian Rupiah, the lawful currency of the Republic of Indonesia;
“Independent Third Party(ies)”	any entity or person who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not connected with the Company and/or its connected persons;
“Independent Valuer”	RHL Appraisal Limited;
“IndoAgri”	Indofood Agri Resources Ltd., a company incorporated in Singapore and listed on the Singapore Stock Exchange (stock ticker: 5JS), in which Indofood has an approximately 73.0% economic interest;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia and listed on the Indonesia Stock Exchange (code: INDF), in which the Group has an approximately 50.1% economic interest;
“Investment Documents”	the JM CSPA, the KKJM CSPA and the Share Subscription Agreement;
“Investor Group”	the First Pacific Investor Group and WIPL;
“Investor Group Investments”	the First Pacific Investments and the WIPL Investments, collectively, comprising the JM Purchase, the KKJM Purchase and the Subscription;
“Japek Tariff Structure”	the tariff rates stipulated by applicable laws that are levied on vehicles of each class for the use of each zone of the Jakarta-Cikampek and Jakarta-Cikampek II Elevated toll road segments within the Trans-Java Toll Road Segments respectively from time to time;

DEFINITIONS

“JM”	PT Jasa Marga (Persero) Tbk, a public limited liability company incorporated under the laws of the Republic of Indonesia, the shares of which are listed on the Indonesia Stock Exchange (code: JSMR);
“JM CSPA”	the conditional share purchase agreement dated 28 June 2024 entered into among the Investor Group and JM in relation to the JM Purchase;
“JM Purchase”	the purchase of 6,200,042,303 Target Shares by the Investor Group from JM in accordance with the terms and conditions of the JM CSPA;
“KKJM”	Koperasi Konsumen Karyawan Jalin Margasejahtera, a co-operative owned by employees of JM;
“KKJM CSPA”	the conditional share purchase agreement dated 28 June 2024 entered into between MPTIS and KKJM in relation to the KKJM Purchase;
“KKJM Purchase”	the purchase of 205,459,492 Target Shares by MPTIS from KKJM in accordance with the terms and conditions of the KKJM CSPA;
“km”	kilometre;
“Latest Practicable Date”	2 August 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Meralco”	Manila Electric Company, a company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: MER), in which MPIC has an approximately 47.5% economic interest;
“MPIC”	Metro Pacific Investments Corporation, a company organised and established under the laws of the Republic of the Philippines with limited liability;
“MPTC”	Metro Pacific Tollways Corporation, a company organised and established under the laws of the Republic of the Philippines with limited liability;
“MPTIS”	PT Metro Pacific Tollways Indonesia Services, a company organised and established under the laws of the Republic of Indonesia;

DEFINITIONS

“Mr. Pangilinan”	Manuel V. Pangilinan, an executive Director and the managing director and chief executive officer of the Company;
“Mr. Salim”	Anthoni Salim, a non-executive Director and the Chairman of the Company;
“MUN”	PT Margautama Nusantara, a company organised and established under the laws of the Republic of Indonesia;
“Nusantara”	PT Nusantara Infrastructure Tbk, a company organised and established under the laws of the Republic of Indonesia, the shares of which are listed on the Indonesia Stock Exchange (code: META);
“Pesos”	Philippine Pesos, the official currency of the Philippines;
“Philex”	Philex Mining Corporation, a company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: PX), in which the Company has an approximately 31.2% economic interest (with Two Rivers Pacific Holdings Corporation, a Philippine affiliate of the Company, holding an additional approximately 15.0% economic interest in Philex);
“PLDT”	PLDT Inc., a company incorporated in the Philippines and listed on the New York Stock Exchange (stock symbol: PHI) and the Philippine Stock Exchange (stock symbol: TEL), in which the Group has an approximately 25.6% economic interest;
“PLP”	PacificLight Power Pte. Ltd., a company incorporated in Singapore, which is owned as to 70.0% by FPM Power Holdings Limited (with the remaining 30.0% indirectly held by Meralco), approximately 54.7% economic interest of which is in turn owned by the Group;
“PXP”	PXP Energy Corporation, a company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: PXP), in which the Company has an approximately 35.7% economic interest (with Two Rivers Pacific Holdings Corporation, a Philippine affiliate of the Company, holding an additional approximately 6.7% economic interest in PXP);
“Reporting Period”	the three years ended 31 December 2021, 2022 and 2023 and the three months ended 31 March 2024;

DEFINITIONS

“RHI”	Roxas Holdings, Inc., a company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: ROX), the economic interest of which is owned as to approximately 32.7% by FP Natural Resources Limited (with an additional approximately 30.2% held by First Agri Holdings Corp., a Philippine affiliate of FP Natural Resources Limited), approximately 50.9% economic interest of which is in turn owned by the Group;
“RKAP”	the set of documents constituting the annual work plan and budget of the Target Group;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Subscription Agreement”	the conditional share subscription agreement dated 28 June 2024 entered into between MPTIS and the Target Company in relation to the Subscription;
“Share(s)”	ordinary share(s) of US\$0.01 (approximately equivalent to HK\$0.08) each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shareholders’ Agreement”	the shareholders’ agreement dated 28 June 2024 entered into among the Investor Group and JM;
“SGM”	the special general meeting of the Company to be held as a virtual meeting using electronic platform, organised at the Company’s principal office in Hong Kong on Thursday, 22 August 2024 at 11:00 a.m. to be convened by the notice of the SGM set out on pages SGM-1 to SGM-3 of this circular (or any adjournment thereof);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of 1,208,585,244 Target Shares by MPTIS in accordance with the terms and conditions of the Share Subscription Agreement;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Company”	PT Jasamarga Transjawa Tol, a limited liability company incorporated under the laws of the Republic of Indonesia;
“Target Group”	the Target Company and its subsidiaries;

DEFINITIONS

“Target Share(s)”	ordinary share(s) with a per share nominal value of IDR1,000 (approximately equivalent to US\$0.06 or HK\$0.48) in the share capital of the Target Company;
“Total Consideration”	the sum of the Total JM Purchase Consideration, the Total KKJM Purchase Consideration and the Total Subscription Consideration;
“Total JM Purchase Consideration”	the total consideration payable by the Investor Group to JM for the JM Purchase (subject to adjustments as set out on pages 13 to 15 of this circular);
“Total KKJM Purchase Consideration”	the total consideration payable by MPTIS to KKJM for the KKJM Purchase (subject to adjustments as set out on pages 13 to 15 of this circular);
“Total Subscription Consideration”	the total consideration payable by MPTIS to the Target Company for the Subscription;
“Traffic Study Report”	the independent traffic study report for the Trans-Java Toll Road Segments dated 28 June 2024 and prepared by SYSTRA Philippines Incorporated as engaged by the Group;
“Trans-Java Toll Road”	the Trans-Java Toll Road which runs from Merak at the northwestern end of Java, to Banyuwangi at the eastern end of Java in Indonesia;
“Trans-Java Toll Road Segments”	the segments and toll roads of the Trans-Java Toll Road network under the operation of the Target Group;
“Transaction Documents”	the Investment Documents and the Shareholders’ Agreement;
“US\$”	United States dollar, the lawful currency of the United States of America;
“Valuation”	the valuation of 24.5% equity interest of the Target Company as at the Valuation Date conducted by the Independent Valuer engaged by the Company using the income approach;
“Valuation Date”	31 December 2023;
“Vendors”	JM and KKJM;

DEFINITIONS

“WIPL”	Warrington Investment Pte. Ltd., a company established and incorporated under the laws of the Republic of Singapore;
“WIPL Investments”	the acquisition of Target Shares by WIPL in accordance with the terms and conditions of the JM CSPA; and
“%”	percent.

In this circular, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = IDR16,400 = HK\$7.80. Percentages and figures expressed in millions and billions have been rounded.

LETTER FROM THE BOARD



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

Non-executive Chairman:

Anthoni Salim

Executive Directors:

Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*

Christopher H. Young

Non-executive Directors:

Benny S. Santoso

Axton Salim

Independent Non-executive Directors:

Prof. Edward K.Y. Chen, *GBS, CBE, JP*

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin

Blair Chilton Pickerell

Principal Office:

24th Floor

Two Exchange Square

8 Connaught Place

Central, Hong Kong

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

7 August 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
INVESTMENT BY THE FIRST PACIFIC INVESTOR GROUP
FOR APPROXIMATELY 24.5% EQUITY INTEREST
IN PT JASAMARGA TRANSJAWA TOL**

INTRODUCTION

Reference is made to the Announcement.

LETTER FROM THE BOARD

On 28 June 2024:

- (1) MUN and MPTIS (each an indirect majority-owned subsidiary of MPIC, a Philippine affiliate of the Company) and WIPL, as the purchasers, have entered into the JM CSPA with JM as the vendor, pursuant to which the Investor Group has agreed to purchase, and JM has agreed to sell an aggregate of 6,200,042,303 Target Shares (representing approximately 28.5% of the Enlarged Target Capital), for a total consideration of IDR12,825,000 million (approximately equivalent to US\$782.0 million or HK\$6,099.7 million) (subject to adjustments);
- (2) MPTIS as the purchaser and KKJM as the vendor have entered into the KKJM CSPA, pursuant to which MPTIS has agreed to purchase, and KKJM has agreed to sell an aggregate of 205,459,492 Target Shares (representing approximately 0.9% of the Enlarged Target Capital), for a total consideration of IDR425,000 million (approximately equivalent to US\$25.9 million or HK\$202.1 million) (subject to adjustments); and
- (3) MPTIS as the subscriber and the Target Company have entered into the Share Subscription Agreement, pursuant to which MPTIS has agreed to subscribe for, and the Target Company has agreed to issue and allot an aggregate of 1,208,585,244 Target Shares (representing approximately 5.6% of the Enlarged Target Capital), for a total consideration of IDR2,500,000 million (approximately equivalent to US\$152.4 million or HK\$1,189.0 million).

Upon Closing, the First Pacific Investor Group would have acquired 5,337,475,014 Target Shares (representing direct shareholding in approximately 24.5% of the Enlarged Target Capital, and comprising approximately 4.2% and 20.3% by MUN and MPTIS, respectively) for a total consideration of IDR11,040,750 million (approximately equivalent to US\$673.2 million or HK\$5,251.1 million) (subject to adjustments) pursuant to the Investment Documents, while WIPL would have acquired 2,276,612,025 Target Shares (representing direct shareholding in approximately 10.5% of the Enlarged Target Capital) for a total consideration of IDR4,709,250 million (approximately equivalent to US\$287.1 million or HK\$2,239.8 million) (subject to adjustments) pursuant to the Investment Documents. The First Pacific Investments when aggregated constitute major transaction of the Company under Rule 14.06(3) of the Listing Rules.

Also on 28 June 2024, MUN, MPTIS, WIPL and JM entered into the Shareholders' Agreement relating to the governance and management of the Target Company, with the Shareholders' Agreement becoming legally effective and binding on the parties thereto upon Closing.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the First Pacific Investments; (ii) financial information relating to the Group; (iii) further information to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the SGM relating to the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of); (iv) other information required by the Listing Rules; and (v) notice of the SGM.

LETTER FROM THE BOARD

INVESTMENT BY THE FIRST PACIFIC INVESTOR GROUP FOR APPROXIMATELY 24.5% EQUITY INTEREST IN THE TARGET COMPANY

Major Terms of the Investment Documents

Date

28 June 2024

Parties

JM CSPA

- (1) MUN, an indirect majority-owned subsidiary of MPIC, as a purchaser;
- (2) MPTIS, an indirect majority-owned subsidiary of MPIC, as a purchaser;
- (3) WIPL, as a purchaser; and
- (4) JM, as the vendor.

KKJM CSPA

- (1) MPTIS, as the purchaser; and
- (2) KKJM, as the vendor.

Share Subscription Agreement

- (1) MPTIS, as the subscriber; and
- (2) The Target Company.

Target Equity Interest

Pursuant to the JM CSPA, the Investor Group has agreed to purchase, and JM has agreed to sell an aggregate of 6,200,042,303 Target Shares (representing approximately 28.5% of the Enlarged Target Capital), together with all rights, title and interest attaching thereto at the date of Closing, in accordance with the terms and conditions of the JM CSPA, among which each of MUN, MPTIS and WIPL has agreed to purchase 921,304,532, 3,002,125,746 and 2,276,612,025 Target Shares (representing direct shareholding in approximately 4.2%, 13.8% and 10.5% of the Enlarged Target Capital), respectively.

Pursuant to the KKJM CSPA, MPTIS has agreed to purchase, and KKJM has agreed to sell an aggregate of 205,459,492 Target Shares (representing approximately 0.9% of the Enlarged Target Capital), together with all rights, title and interest attaching thereto at the date of Closing, in accordance with the terms and conditions of the KKJM CSPA.

LETTER FROM THE BOARD

Pursuant to the Share Subscription Agreement, MPTIS has agreed to subscribe for, and the Target Company has agreed to issue and allot an aggregate of 1,208,585,244 Target Shares (representing approximately 5.6% of the Enlarged Target Capital), together with all rights, title and interest attaching thereto at the date of Closing, in accordance with the terms and conditions of the Share Subscription Agreement.

Upon Closing, MUN, MPTIS and WIPL would have acquired direct shareholding in approximately 4.2%, 20.3% and 10.5% of the Enlarged Target Capital, respectively, pursuant to the Investment Documents.

Total Consideration

The Total JM Purchase Consideration is IDR12,825,000 million (approximately equivalent to US\$782.0 million or HK\$6,099.7 million) (subject to adjustments), which corresponds to approximately IDR2,069 (approximately equivalent to US\$0.13 or HK\$0.98) per share of the Target Company being acquired, among which IDR1,905,750 million (approximately equivalent to US\$116.2 million or HK\$906.4 million), IDR6,210,000 million (approximately equivalent to US\$378.7 million or HK\$2,953.5 million) and IDR4,709,250 million (approximately equivalent to US\$287.1 million or HK\$2,239.8 million) is payable by MUN, MPTIS and WIPL, respectively.

The Total KKJM Purchase Consideration is IDR425,000 million (approximately equivalent to US\$25.9 million or HK\$202.1 million) (subject to adjustments), which corresponds to approximately IDR2,069 (approximately equivalent to US\$0.13 or HK\$0.98) per share of the Target Company being acquired.

The Total Subscription Consideration is IDR2,500,000 million (approximately equivalent to US\$152.4 million or HK\$1,189.0 million), which corresponds to IDR2,069 (approximately equivalent to US\$0.13 or HK\$0.98) per share of the Target Company being acquired.

Each of the Total JM Purchase Consideration, the Total KKJM Purchase Consideration and the Total Subscription Consideration, including without limitation the upward and downward adjustment mechanisms thereto (as applicable), was determined after arm's length negotiations between the Investor Group and the Vendors or the Target Company (as the case may be) on normal commercial terms, after taking into account (i) the Valuation, (ii) the business and net assets of the Target Company, (iii) the development of the traffic network in Indonesia, (iv) the Traffic Study Report, and (v) the reasons for making the Investor Group Investments (the Group's perspective to which is as described in the paragraph headed "Reasons for and Benefits of the First Pacific Investments" below).

Valuation

The Valuation as set out in the valuation report of the Independent Valuer dated 28 June 2024 (as updated on 7 August 2024, without alteration to the conclusion of the Valuation) provided that the appraised market value of 24.5% equity interest of the Target Company as at the Valuation Date based on the income approach was IDR11,448,000 million (approximately equivalent to US\$698.0 million or HK\$5,444.8 million).

LETTER FROM THE BOARD

The Independent Valuer is an independent professional party engaged by the Company, and it has the necessary qualifications to perform the Valuation and also has sufficient and appropriate experience in carrying out similar valuations.

Of the generally accepted valuation approaches considered, the income approach (which measures the value of the relevant equity interest by the present worth of the economic benefits to be received over the useful life of the business entity) was selected for the purpose of the Valuation. Given the nature of the business which the Target Company operates and considering the track record of the Target Company, the Independent Valuer is of the view that, compared with the market approach and the asset-based approach, the income approach is more appropriate, available and reliable in taking into account of the future economic prospect of the Target Company, with reasonable future projections of the Target Company, its subsidiaries, associates and/or joint ventures able to be estimated on the basis of economy and industry outlook, historical financial and operation results. The Board agreed with the Independent Valuer that the income approach can more comprehensively and reasonably reflect the value of the relevant equity interest of the Target Company.

Under the income approach adopted for the Valuation, the Independent Valuer applied the discounted cash flow method to the future expected cash flows relating to the business of the Target Company discounted for all risks associated with realised future economic benefits. The Weighted Average Cost of Capital as at the Valuation Date, which was considered to be an appropriate discount rate to be applied, was determined to be 10.9% for the Target Group. Additional adjustments were applied to account for the deduction of minority interests of subsidiaries and the addition of equity investments in associates and/or joint ventures.

The Valuation also applied a further discount for lack of marketability (normally applied to valuation of non-publicly traded company) of 20.5% and a discount for lack of control (normally applied to valuation of non-controlling interest of a company) of 18.9% to the valuation of the Target Company.

The Independent Valuer has made certain assumptions in the Valuation, including but not limited to:

- (1) businesses of the valued entities will continuously operate and maintain the same operation method as it currently operates;
- (2) there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Target Company;
- (3) the Traffic Study Report has thoroughly analysed the economic conditions, future regional development and potential threats from traffic diversion;
- (4) the Trans-Java Toll Road Segments will not experience prolonged closures due to extreme weather events, pandemics or other natural hazards that could significantly disrupt operation or revenue generation;

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- (5) the financial information of the Target Company, its subsidiaries, associates and/or joint ventures was prepared in accordance with the applicable accounting standard;
- (6) there will be no material changes in inflation and interest rates from those prevailing as at the Valuation Date;
- (7) the availability of finance will not materially constrain the forecasted growth of the Target Company, its subsidiaries, associates and/or joint ventures;
- (8) the Target Company, its subsidiaries, associates and/or joint ventures will be able to procure and retain competent key personnel and operating staffs; and
- (9) the information regarding the Target Company provided is accurate and complete.

The Board is satisfied that the scope of work carried out by the Independent Valuer is appropriate for the relevant assessments and the valuation assumptions and methodologies adopted by the Independent Valuer for the relevant assessments are fair and reasonable. As such, the Board considers that the Valuation is fair and reasonable, and hence reliable as a basis for determining the Total Consideration.

Adjustments to Total Consideration

The Total JM Purchase Consideration and the Total KKJM Purchase Consideration may be subject to downward adjustments (the “**Pre-Closing Leakage Downward Adjustments**”) if certain amounts are actually received or realised by, or on behalf of, or for the benefit of JM or KKJM (as the case may be) or any of its respective affiliates or representatives, by way of, among others, payments made in connection with the Investor Group Investments exceeding a certain monetary threshold in aggregate, declaration of dividend (subject to certain exceptions), return of capital, waiver of amounts owed and/or transfer of assets by the Target Group, from 30 September 2023 to (and including) the date of Closing, as determined in accordance with the terms and conditions of the JM CSPA and KKJM CSPA.

Following the Closing:

- (1) the Total JM Purchase Consideration may be subject to upward adjustments, payable by the Investor Group (apportioned among the members of the Investor Group on a pro rata basis based on the number of Target Shares each of such members shall acquire pursuant to the Investment Documents) to JM in accordance with the terms and conditions of the JM CSPA, of:
 - (a) an one-off additional amount of IDR150,000 million (approximately equivalent to US\$9.1 million or HK\$71.3 million), if the implementation of decree(s) to be issued by the Ministry of Public Works and Public Housing of the Republic of Indonesia adjusting the Japek Tariff Structure will result in the tariff rate that is levied on class 1 vehicles for the use of zone 4 of the Jakarta-Cikampek toll road and the Jakarta-Cikampek II Elevated toll road under applicable laws being equal to or exceeding IDR30,000 (approximately equivalent to US\$1.8 or HK\$14.3) but less than IDR32,000 (approximately equivalent to US\$2.0 or HK\$15.2); or

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- (b) an one-off additional amount of IDR250,000 million (approximately equivalent to US\$15.2 million or HK\$118.9 million), if the implementation of decree(s) to be issued by the Ministry of Public Works and Public Housing of the Republic of Indonesia adjusting the Japek Tariff Structure will result in the tariff rate that is levied on class 1 vehicles for the use of zone 4 of the Jakarta-Cikampek toll road and the Jakarta-Cikampek II Elevated toll road under applicable laws being equal to or exceeding IDR32,000 (approximately equivalent to US\$2.0 or HK\$15.2),

provided that the relevant adjustment to the Japek Tariff Structure becomes in force and takes effect on a day falling within the period between and including the day after the date of the JM CSPA and 9 March 2026 (the “**Earn-out Payment**”), and, for the avoidance of doubt, neither the Total KKJM Purchase Consideration nor the Total Subscription Consideration may be subject to upward adjustments;

- (2) the Total JM Purchase Consideration and the Total KKJM Purchase Consideration may be subject to downward adjustments as any member of the Investor Group may set-off from the Deferred JM Purchase Consideration (as defined below) an amount equal to the sum due and payable by JM to it, and MPTIS may set-off from the Deferred KKJM Purchase Consideration (as defined below) an amount equal to the sum due and payable by KKJM to MPTIS, in respect of settled claims under or for any breach of the JM CSPA or KKJM CSPA (as the case may be, and subject to the agreed limitations on liability including maximum aggregate liability limits for different types of claims and all claims) which are determined as to both liability and quantum by agreement, an arbitral tribunal or a court of competent jurisdiction, in accordance with the terms and conditions of the JM CSPA and the KKJM CSPA (the “**Settled Claim Downward Adjustments**”);
- (3) the Total JM Purchase Consideration may be subject to downward adjustments as JM shall pay to the Investor Group (apportioned among the members of the Investor Group on a pro rata basis based on the number of Target Shares each of such members shall acquire pursuant to the JM CSPA) in cash an amount (without any cap for the maximum amount) equal to 35% (being the percentage of the Enlarged Target Capital to be acquired by the Investor Group under the Investor Group Investments) of certain amounts that are actually received or realised by, or on behalf of, or for the benefit of JM or any of its affiliates or representatives, by way of, among others, payments made in connection with the Investor Group Investments exceeding a certain monetary threshold in aggregate, declaration of dividend (subject to certain exceptions), return of capital, waiver of amounts owed and/or transfer of assets by the Target Group, identified and notified from the date of Closing to (and including) the date falling three months after the date of Closing, as determined in accordance with the terms and conditions of the JM CSPA (the “**JM Post-Closing Leakage Amount Payment**”); and

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- (4) the Total KKJM Purchase Consideration may be subject to downward adjustments as KKJM shall pay to MPTIS in cash an amount (without any cap for the maximum amount) equal to 35% (being the percentage of the Enlarged Target Capital to be acquired by the Investor Group under the Investor Group Investments) of certain amounts that are actually received or realised by, or on behalf of, or for the benefit of KKJM or any of its affiliates or representatives, by way of, among others, payments made in connection with the Investor Group Investments exceeding a certain monetary threshold in aggregate, declaration of dividend (subject to certain exceptions), return of capital, waiver of amounts owed and/or transfer of assets by the Target Group, identified and notified from the date of Closing to (and including) the date falling three months after the date of Closing, as determined in accordance with the terms and conditions of the KKJM CSPA (the “**KKJM Post-Closing Leakage Amount Payment**”).

Payment to Total Consideration

The Total JM Purchase Consideration (excluding the Earn-out Payment and the JM Post-Closing Leakage Amount Payment which are to be settled separately, if applicable) shall be paid by the Investor Group (apportioned among the members of the Investor Group on a pro rata basis based on the number of Target Shares each of such members shall acquire pursuant to the JM CSPA) to JM in cash (without any withholdings, deductions or set-off whatsoever), in the following manner:

- (1) a sum of IDR6,727,000 million (approximately equivalent to US\$410.2 million or HK\$3,199.4 million), subject to the Pre-Closing Leakage Downward Adjustments (if applicable), shall be payable by the Investor Group at Closing; and
- (2) a sum of IDR6,098,000 million (approximately equivalent to US\$371.8 million or HK\$2,900.3 million) (the “**Deferred JM Purchase Consideration**”), subject to the Settled Claim Downward Adjustments, shall be payable by the Investor Group by 16 December 2024 provided that Closing has taken place on or before 13 December 2024.

The Total KKJM Purchase Consideration (excluding the KKJM Post-Closing Leakage Amount Payment which is to be settled separately, if applicable) shall be paid by MPTIS to KKJM in cash (without any withholdings, deductions or set-off whatsoever), in the following manner:

- (1) a sum of IDR223,000 million (approximately equivalent to US\$13.6 million or HK\$106.1 million), subject to the Pre-Closing Leakage Downward Adjustments (if applicable), shall be payable by MPTIS at Closing; and
- (2) a sum of IDR202,000 million (approximately equivalent to US\$12.3 million or HK\$96.1 million) (the “**Deferred KKJM Purchase Consideration**”), subject to the Settled Claim Downward Adjustments, shall be payable by MPTIS by 16 December 2024 provided that Closing has taken place on or before 13 December 2024.

The Total Subscription Consideration shall be paid by MPTIS to the Target Company at Closing in cash (without any withholdings, deductions or set-off whatsoever).

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The amount of the consideration payable by each of MUN and MPTIS with respect to the First Pacific Investments, being IDR1,905,750 million (approximately equivalent to US\$116.2 million or HK\$906.4 million) and IDR9,135,000 million (approximately equivalent to US\$557.0 million or HK\$4,344.7 million) (subject to adjustments), respectively, will be settled using a combination of internal cash resources of the Group and/or bank loans to be determined by the Group, as well as funding which may be provided by WIPL to MUN which may be by way of a potential subscription in additional shares of MUN by WIPL (the “**Potential WIPL Subscription**”). No definitive agreements have yet been entered into with regards the Potential WIPL Subscription and the Company will comply with the relevant requirements of the Listing Rules with respect to the Potential WIPL Subscription if and when appropriate.

The maximum aggregate amount of the consideration payable by MUN and MPTIS collectively with respect to the First Pacific Investments, which shall include the maximum amount of Earn-out Payment of IDR175,000 million (approximately equivalent to US\$10.7 million or HK\$83.2 million) payable by MUN and MPTIS collectively, is IDR11,215,750 million (approximately equivalent to US\$683.9 million or HK\$5,334.3 million).

Conditions Precedent

Completion of each of the JM Purchase, the KKJM Purchase and the Subscription are inter-conditional.

Closing is subject to the satisfaction or waiver, where applicable, of the following conditions (the “**Conditions**”):

- (1) the Ministry of State-Owned Enterprises of the Republic of Indonesia having issued its approval regarding the sale of Target Shares to the Investor Group pursuant to the JM CSPA and the KKJM CSPA and the change in the capital structure of the Target Company pursuant to the Share Subscription Agreement;
- (2) the independent appraisal report and fairness opinion which conclude that the Investor Group Investments are at arm’s length as required under Regulation 17/2020 of the Financial Services Authority of Indonesia having been obtained by JM;
- (3) a report of assessment from the Financial and Development Supervisory Agency of Indonesia in respect of the JM Purchase (in the form acceptable to JM) having been obtained by JM;
- (4) the compliance by JM with the right of first refusal under the existing articles of association of the Target Company related to the Target Shares being subject to the KKJM Purchase, including the obtaining of confirmation from KKJM not to exercise its right of first refusal related to the Target Shares to be acquired under the JM Purchase;

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- (5) the compliance by KKJM with the right of first refusal under the existing articles of association of the Target Company related to the Target Shares being subject to the KKJM Purchase, including the obtaining of confirmation from JM not to exercise its right of first refusal related to the Target Shares to be acquired under the KKJM Purchase;
- (6) no fact, matter, event, circumstance, condition or change having occurred between the date of the Investment Documents and Closing which has a material adverse effect on the business, operations, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of JM, KKJM or the Target Company (as the case may be) and its respective subsidiaries, taken as a whole, or on the transactions contemplated by the Investment Documents or by the agreements or instruments to be entered into in connection therewith;
- (7) no fact, matter, event, circumstance, condition or change having occurred between the date of the Investment Documents and Closing which has a material adverse effect on the business, operations, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of a member of the Investor Group, or on the transactions contemplated by the Investment Documents or by the agreements or instruments to be entered into in connection therewith;
- (8) the approval of the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of) as major transaction of the Company under Chapter 14 of the Listing Rules, by the passing of ordinary resolution(s) of Shareholders at the SGM;
- (9) the warranties given by the Vendors and the Target Company under the Investment Documents being true and accurate in all material respects as at the date of the Investment Documents and continuing to be true and accurate in all material respects up to and including the date of Closing;
- (10) the warranties given by the Investor Group under the Investment Documents being true and accurate in all material respects as at the date of the Investment Documents and continuing to be true and accurate in all material respects up to and including the date of Closing;
- (11) the resolution of the general meeting of shareholders of the Target Company approving, among others, the Investor Group Investments, the adoption of the amended articles of association of the Target Company as agreed between the parties in substitution and replacement for the existing articles of association of the Target Company and the waiver of the pre-emptive rights and rights of first refusal (as relevant) of the Vendors in relation to the Target Shares to be acquired under the Investor Group Investments having been signed by the Vendors; and
- (12) other customary conditions such as approval by the members, board of commissioners and/or supervisory and executive boards of the Vendors (as applicable) having been obtained.

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If any of the Conditions has not been satisfied or waived in accordance with the terms of the Investment Documents by 3:00 p.m. Jakarta time on 30 September 2024 (or such later time and date not later than 3:00 p.m. Jakarta time on 13 December 2024 as the parties may agree in writing) (the “**Longstop Date**”), any party to the Investment Documents may (in respect of any non-satisfaction of Condition(s) not responsible by it) by notice to the other parties, at its sole discretion (provided that the Vendors or the Target Company (as the case may be) shall not be permitted to proceed to Closing if Condition (8) above remains unsatisfied by the Longstop Date, and the Investor Group shall not be permitted to proceed to Closing if any of Conditions (3), (4) and (11) above remains unsatisfied by the Longstop Date): (i) defer Closing to such later date with the written agreement of the other parties, (ii) waiver all of any of such condition(s) (without prejudice to its rights under the Investment Documents) and proceed to Closing so far as practicable, (iii) proceed to Closing requiring post-Closing satisfaction of such Condition(s), or (iv) terminate the Investment Documents in accordance with the terms and conditions of the Investment Documents, in which case no party shall have any claim against the other parties except for any rights, remedies, obligations or liabilities of the parties that have accrued under the Investment Documents up to the date of termination.

As at the Latest Practicable Date, none of the Conditions have been waived or fulfilled.

Closing

Completion of each of the JM Purchase, the KKJM Purchase and the Subscription is to occur simultaneously. Closing shall take place 10 business days after the later of the date on which all Conditions for each of the JM Purchase, the KKJM Purchase and the Subscription are satisfied (or waived, as relevant, in accordance with the terms of the Investment Documents).

Break fee arrangement

If any of the Conditions which the Investor Group is responsible for satisfying (being Conditions (7), (8) and (10) as stated above) has not been satisfied or waived in accordance with the terms of the Investment Documents by the Longstop Date (save for certain circumstances outside of the Investor Group’s control), or the Investor Group fails to comply in a material respect with any of their Closing obligations under the Investment Documents (being the obligations to deliver to JM and the Target Company a copy of the Shareholders’ Agreement duly executed by the Investor Group, deliver to the Vendors and the Target Company a copy of the authority of each person executing the Investment Documents on behalf of each member of the Investor Group, deliver to the Vendors and the Target Company a certificate confirming the satisfaction (or where relevant, waiver) of each of the Conditions which the Investor Group is responsible for satisfying (save for Condition (8) as stated above which only MPTIS shall confirm the satisfaction of), deliver to the Vendors letter(s) of credit issued by bank(s) reasonably acceptable to the Vendors acting as security for the payment of the Deferred JM Purchase Consideration and the Deferred KKJM Purchase Consideration (in respect of MPTIS and WIPL only), and pay the Total Consideration payable at Closing in full):

- (1) the Investor Group has agreed to pay to JM a break fee of IDR192,370 million (approximately equivalent to US\$11.7 million or HK\$91.5 million) if JM opts to terminate the JM CSPA;

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- (2) MPTIS has agreed to pay to KKJM a break fee of IDR6,380 million (approximately equivalent to US\$0.4 million or HK\$3.0 million) if KKJM opts to terminate the KKJM CSPA; and/or
- (3) MPTIS has agreed to pay to the Target Company a break fee of IDR37,500 million (approximately equivalent to US\$2.3 million or HK\$17.8 million) if the Target Company opts to terminate the Share Subscription Agreement,

upon which JM, KKJM and/or the Target Company (as the case may be) shall waive the right to bring any other claim against the Investor Group in respect of the Investment Documents, save for claims based upon, or resulting from, in whole or in part, fraud, fraudulent concealment, wilful negligence or malfeasance by the Investor Group.

Shareholders' Agreement

The principal rights and obligations of the Investor Group and JM in respect of the Target Company pursuant to the Shareholders' Agreement (which shall be terminated if, among others, the Target Shares owned by the Investor Group fall below 10% of the issued and paid-up capital of the Target Company) are detailed as follows:

Composition of board

The board of directors of the Target Company shall be composed of a maximum of five members, while the board of commissioners shall be composed of a maximum of three members, unless as otherwise agreed in writing by the shareholders of the Target Company. Subject to each of the Investor Group collectively and JM holding at least 20% of the total Target Shares in issue (excluding treasury shares), the Investor Group has the right to appoint two members to the board of directors and one member to the board of commissioners, and JM has the right to appoint three members to the board of directors and two members to the board of commissioners.

Reserved matters

A number of key corporate acts of the Target Group are reserved matters requiring the approval from the Director of Business and Strategy to be appointed by the Investor Group, or reserved matters of the shareholders or the board of commissioners requiring (subject to the deadlock resolution mechanism for certain reserved matters) the approval of MUN (on behalf of the Investor Group) and JM or all members within the board of commissioners (as the case may be) for so long as the Investor Group collectively holds at least 10% or 20% of the issued shares in the Target Company (as the case may be, depending on the reserved matter in question), which include without limitation: (i) approval of the annual report of the Target Company, (ii) changing of authorised share capital and/or conversion of debt securities to equity of the Target Company (subject to certain exceptions), (iii) approval or removal of auditor (subject to certain exceptions), (iv) amendment of the articles of association of the Target Company, (v) entering into any material agreement, arrangement, commitment or cooperation by the Target Group with any third party (subject to certain exceptions), (vi) merger, amalgamation, acquisition, spin-off or other similar corporate actions, or liquidation, winding up or dissolution of a member of the

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Target Group, (vii) an initial public offering or listing of shares of a member of the Target Group, (viii) acquisition or encumbrance outside of the RKAP or disposal of material assets of the Target Company, (ix) material change to the business activities of any member of the Target Group, and (x) receipt or grant of any material loan outside the RKAP (save for working capital financing) or provision of material corporate guarantees by the Target Company.

Capital increase and transferability of shares

The Shareholders' Agreement includes certain customary restrictions on capital increase and share transferability, including reciprocal pre-emptive rights, rights of first refusal (subject to permitted transfers to affiliates or between the Investor Group (the "**Permitted Transfers**") free of such rights) and restrictions on transfer to specific prohibited transferees for both the Investor Group and JM, as well as tag along rights for the Investor Group in the event when the ownership of JM and its permitted transferees in the Target Company after such transfer will become less than 50% of the total number of issued and paid-up Target Shares.

In addition, except for Permitted Transfers, each of JM and the Investor Group may not sell, assign, transfer or otherwise dispose of any of its Target Shares from the date of the Shareholders' Agreement until the third anniversary of the Shareholders' Agreement, unless with the prior written approval of all of the other shareholders of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of the Republic of Indonesia in June 2017, and is principally engaged in the management, security and operation of the Trans-Java Toll Road Segments in Java, Indonesia with a total length of approximately 676 km. JM currently holds the concession rights of the Trans-Java Toll Road Segments, which has been in operation since 1983. The current concession periods of the Trans-Java Toll Road Segments range from 35 to 50 years and will expire between 2044 and 2066.

As at the Latest Practicable Date, the Target Company is owned by JM and KKJM as to 99.0% and 1.0%, respectively.

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Based on the financial statements of the Target Group prepared in accordance with HKFRS, its audited total assets and audited net assets (i.e. equity attributable to owners of the parent entity) as at 31 March 2024 were approximately IDR62,056,801 million (approximately equivalent to US\$3,784.0 million or HK\$29,514.8 million) and IDR23,132,422 million (approximately equivalent to US\$1,410.5 million or HK\$11,002.0 million), respectively. The profits of the Target Group for the two years ended 31 December 2022 and 2023 and the three months ended 31 March 2024 are as follows:

	For the year ended 31 December 2022 (audited) <i>(Approximately IDR' million)</i>	For the year ended 31 December 2023 (audited) <i>(Approximately IDR' million)</i>	For the three months ended 31 March 2024 (audited) <i>(Approximately IDR' million)</i>
Profit before tax	1,747,221 (approximately equivalent to US\$106.5 million or HK\$831.0 million)	6,407,873 (approximately equivalent to US\$390.7 million or HK\$3,047.6 million)	519,760 (approximately equivalent to US\$31.7 million or HK\$247.2 million)
Profit after tax	1,386,965 (approximately equivalent to US\$84.6 million or HK\$659.7 million)	6,014,723 (approximately equivalent to US\$366.8 million or HK\$2,860.7 million)	387,802 (approximately equivalent to US\$23.6 million or HK\$184.4 million)

Upon Closing, and on the assumption that there will be no change in shareholding of the Target Company between the Latest Practicable Date and the date of Closing, the Target Company would be owned directly by JM, MUN, MPTIS and WIPL as to approximately 65.0%, 4.2%, 20.3% and 10.5%, respectively, as set out in the table below:

Shareholders of the Target Company	As of the Latest Practicable Date		Immediately upon Closing	
	Number of Target Shares held	% of the total issued Target Shares	Number of Target Shares held	% of the total issued Target Shares
JM	20,340,489,661	99.0	14,140,447,358	65.0
KKJM	205,459,492	1.0	–	–
MUN	–	–	921,304,532	4.2
MPTIS	–	–	4,416,170,482	20.3
WIPL	–	–	2,276,612,025	10.5
	<u>20,545,949,153</u>	<u>100.0</u>	<u>21,754,534,397</u>	<u>100.0</u>

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As such, upon Closing, MPTC's effective interest in the Target Company (without taking into account the effect of the Potential WIPL Subscription, and assuming no event other than those as disclosed in this circular which may affect MPTC's effective interest in the Target Company will take place between the Latest Practicable Date and the date of Closing) will be approximately 22.9%, and the Target Company will be taken up by way of equity accounting in the consolidated financial statements of the Company and will not be a subsidiary of the Company (but will be an associated company of the Group under HKFRS). As at the Latest Practicable Date, the Group did not have any plan to acquire additional interests in the Target Company following Closing.

FINANCIAL EFFECTS OF THE FIRST PACIFIC INVESTMENTS

The Board has considered the financial impact of the First Pacific Investments (including its effect on the earnings, assets and liabilities) as illustrated by way of unaudited pro forma financial information of the Enlarged Group set out in Appendix II to this circular.

According to the audited consolidated financial statements of the Group as at 31 December 2023, the Group had total assets and total liabilities of approximately US\$27,357.5 million and US\$15,790.6 million, respectively. Assuming that the Closing had taken place on 31 December 2023, the unaudited consolidated pro forma assets and liabilities of the Enlarged Group would be approximately US\$28,043.4 million and US\$16,476.5 million, respectively.

As set out above, the Target Group recorded audited profit after taxation of IDR6,014,723 million (approximately equivalent to US\$366.8 million or HK\$2,860.7 million) and IDR387,802 million (approximately equivalent to US\$23.6 million or HK\$184.4 million) for the year ended 31 December 2023 and for the three months ended 31 March 2024, respectively, and taking into account the prospect and the development of the Target Company, the Directors are of the view that the First Pacific Investments would likely to have a positive impact on the future financial performance (including earnings) of the Enlarged Group.

REASONS FOR AND BENEFITS OF THE FIRST PACIFIC INVESTMENTS

In line with development strategy of the Group and potential synergy effect

MPTC is principally engaged in toll road development and toll road operations and management, MPTIS is an investment holding company for toll roads operation in Indonesia, and MUN is principally engaged in toll road operations in Indonesia.

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The Board considers that the First Pacific Investments align with the development strategy of the Group, in particular its infrastructure segment which has already engaged in toll road business, and can help achieve potential synergy effect. The First Pacific Investments will further consolidate the Group's advantages in the infrastructure segment, further enhancing the development space and market value as the Group will be able to leverage the Target Group's knowledge, expertise, resources, relationships and market position in Indonesia despite only investing in a minority interest of the Target Company through the First Pacific Investments, as well as realise the sustainable long-term development of the Group as a whole. The First Pacific Investments will also strengthen the relationship between the Group and JM, the state-owned largest toll road operator in Indonesia, reinforce the Group's foothold in the local competitive landscape by partnership with JM in the Target Company, and may open up future opportunities for collaboration between the Group and JM and/or the Target Group in Indonesia.

Expansion of infrastructure portfolio and increase of cashflow

The Group is committed to maintaining and further optimising its established infrastructure business by seeking strategic opportunities to invest in infrastructural projects and to focus on existing revenue-generating toll road projects to optimise returns, with priority given to invest in toll road projects that are already operating and collecting tolls. Immediately following the Closing, the First Pacific Investments will entitle the Group to sharing of profit from the Trans-Java Toll Road Segments, exposure to the potential upside in the toll road space in Indonesia and cash dividend to be received from the Target Company.

The First Pacific Investments offer a strategic growth opportunity for the Group to expand its toll road investment portfolio in Indonesia. As at the Latest Practicable Date, the portfolio of the Group consists of 17 toll roads spanning approximately 454 km, of which 6 are in Indonesia, spanning approximately 77 km.

Through the First Pacific Investments, the Group will be able to increase its regional market share in the toll roads sector, future profitability and cashflow.

Strategic importance of the Trans-Java Toll Road

The Trans-Java Toll Road plays a significant role in increasing connectivity between Jakarta and Surabaya and the areas along the route in Indonesia, and is one of the most important toll road network in the country. It serves as the land transportation backbone on the island of Java and facilitates the distribution of goods and mobility of people in the region, bringing significant positive impact to the economic activities, encouraging trade, tourism and investment with the availability of greater infrastructure. Given the strategic importance of the Trans-Java Toll Road, the Directors are optimistic of the prospects of Trans-Java Toll Road and the traffic volume which is expected to continuously increase, and therefore that it would be beneficial for the Group to participate in the First Pacific Investments.

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DIRECTORS' VIEWS

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents are fair and reasonable and the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of) are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director is regarded as having a material interest in the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of), and hence no Director is required under the Listing Rules to abstain from voting on the Board resolutions considering and approving the same.

LISTING RULES IMPLICATIONS

As the First Pacific Investments all involve the acquisition of securities in the Target Company, they are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the First Pacific Investments when aggregated calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the First Pacific Investments when aggregated constitute major transaction of the Company under Rule 14.06(3) of the Listing Rules and are therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The SGM will be convened and held for the purposes of considering and, if thought fit, approving the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of).

INFORMATION ON THE PARTIES

Information on MUN

MUN is an indirect majority-owned subsidiary of MPTC, with MPTC's effective interest in MUN being approximately 60.4%. MUN's immediate parent company is Nusantara, a publicly-listed company on the Indonesia Stock Exchange. It is principally engaged in toll road operations in Indonesia.

MPTC is a subsidiary 99.9%-owned by MPIC. It is principally engaged in toll road development and toll road operations and management.

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MPIC is a Philippine affiliate of the Company, in which the Group holds approximately a 46.3% economic interest as the largest holder of economic interest in MPIC and MIG Holdings Incorporated (“MIG”, a corporation controlled by Mr. Pangilinan) holds approximately a 7.1% economic interest, with approximately 44.3% of the remaining economic interest held by three corporations owning approximately 18.2%, 14.5% and 11.6% economic interest, respectively, and approximately 2.3% of the remaining economic interest held by more than 2,300 public shareholders of MPIC, with the holders of economic interest in MPIC other than the Group and MIG and their respective ultimate beneficial owners (as applicable) being Independent Third Parties (save for their holdings of economic interest in MPIC). MPIC is one of the largest infrastructure investment management and holding companies in the Philippines, with investments in the country’s largest electricity distributor, toll road operator, water distributor and light rail operation. MPIC also holds investments in healthcare, petroleum storage, agriculture and real estate. MPIC’s financial results are consolidated in the Group’s financial statements.

The Company is a Hong Kong-based investment holding company with investments located in Asia-Pacific. The Company’s principal investments are in consumer food products, telecommunications, infrastructure and natural resources.

Information on MPTIS

MPTIS is a wholly-owned indirect subsidiary of MPTC incorporated and established under and by virtue of the laws of the Republic of Indonesia. MPTIS is an investment holding company for toll road operations in Indonesia.

Information on WIPL

WIPL is an investment holding company established and incorporated under the laws of Singapore and is a wholly-owned indirect subsidiary of GIC Ventures. GIC Ventures is a private limited company incorporated under the laws of Singapore. GIC Ventures is wholly-owned by the Minister for Finance, a statutory body corporate established under the Minister for Finance (Incorporation) Act 1959 of the Singapore Statutes to own and administer assets of the Government of Singapore. WIPL was incorporated in 2010 for the purpose of investing in specific projects managed by GICSI, the private equity and infrastructure investment arm of GIC. GIC is a global investment firm which manages Singapore’s foreign reserves. GIC is incorporated in Singapore and wholly owns GICSI.

Information on JM

JM was established in the Republic of Indonesia on 1 March 1978 and has been listed on the Indonesia Stock Exchange (code: JSMR) since 12 November 2007. JM is principally engaged in the toll road industry in Indonesia and is owned as to 70% by the Government of Indonesia and 30% by public shareholders, respectively.

LETTER FROM THE BOARD

Information on KKJM

KKJM is a co-operative duly established under the laws of the Republic of Indonesia and owned by 2,059 natural person employees of JM who are all residents of Indonesia with equal voting rights in KKJM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of WIPL, the Vendors, the Target Company and their respective ultimate beneficial owners (if applicable) are Independent Third Parties.

SGM

The Company will convene and hold the SGM as a virtual meeting using electronic platform, organised at the Company's principal office in Hong Kong on Thursday, 22 August 2024 at 11:00 a.m. at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of). The notice of the SGM is set out in pages SGM-1 to SGM-3 of this circular. Any Shareholder with a material interest in the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of) and his/her/its close associates will be required to abstain from voting on the ordinary resolution approving the same. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). As set out in the section headed "Arrangements for the SGM" of this circular, the SGM will be a virtual meeting using electronic system which allows Shareholders to participate in and vote through the Online Platform. Whether or not the Shareholders are able to attend the SGM, they are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (i.e. no later than Tuesday, 20 August 2024 at 11:00 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case may be), should they subsequently so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted on by a show of hands. In accordance with Bye-law 79 of the Bye-laws of the Company currently in force, all resolutions put to the vote at an electronic Shareholders' meeting shall be voted on by poll, which poll votes may be cast by such electronic means as the chairman of the meeting or the Board may, in each case in his/its sole discretion, deem appropriate for the purposes of the electronic meeting.

LETTER FROM THE BOARD

In accordance with Bye-law 80 of the Bye-laws of the Company currently in force, if a poll is required, it shall be taken (subject to as provided in Bye-law 81) in such manner (including the use of ballot or voting papers or tickets or some other means of identification, passcode, electronic voting or otherwise) and at such time and place, not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company will appoint scrutineers to handle vote-taking procedures at the SGM. The results of the poll will be published on the websites of the Company and the Stock Exchange as soon as possible after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to participate in and vote through the Online Platform at the SGM, the Company's Register of Members will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for participation and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 16 August 2024.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents are fair and reasonable and the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of) are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 is disclosed in the following documents which have been published on the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk) and can be accessed at the website addresses below:

- Annual report of the Company for the year ended 31 December 2021 published on 19 April 2022 (pages 103 to 219)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0419/2022041900125.pdf>

- Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 110 to 225)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703065.pdf>

- Annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 99 to 214)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042503373.pdf>

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 24 June 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately US\$11,527.4 million (approximately HK\$89,913.7 million). The borrowings comprised secured bank loans of US\$1,583.8 million (approximately HK\$12,353.6 million), unsecured bank loans of US\$6,754.3 million (approximately HK\$52,683.5 million) and unsecured other loans of US\$3,189.3 million (approximately HK\$24,876.6 million).

The secured bank loans were secured by certain of the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, and inventories and the Group's interest of 70% in PLP, 55% in Light Rail Manila Corporation, 100% in MPCALA Holdings, Inc., 100% in Cebu Cordova Link Expressway Corporation, 35% in PT Jakarta Lingkar Baratsatu, 88.9% in PT Bintaro Serpong Damai, 99.6% in PT Makassar Metro Network ("PT MMN"), 99.4% in PT Makassar Airport Network (previously known as PT Jalan Tol Seksi Empat), and 100% in PT Inpola Meka Energi.

The other loans comprised unsecured bonds of US\$3,189.3 million (approximately HK\$24,876.6 million) (as described below). The bonds issued by the Group as at 24 June 2024 comprised the following:

- (a) Unsecured bonds of US\$349.0 million (approximately HK\$2,722.2 million) (with a face value of US\$350.0 million or HK\$2,730.0 million) issued by FPC Resources Limited, a wholly owned subsidiary company of the Company, in September 2020, with a coupon rate of 4.375% per annum, are payable semi-annually, and will mature in September 2027. The bonds are guaranteed by the Company.
- (b) Unsecured bonds of US\$1,144.8 million (approximately HK\$8,929.4 million) (with a face value of US\$1,150.0 million or HK\$8,970.0 million) issued by PT Indofood CBP Sukses Makmur Tbk (“**ICBP**”), a subsidiary company of Indofood, in June 2021, with a coupon rate of 3.398% per annum, are payable semi-annually, and will mature in June 2031.
- (c) Unsecured bonds of US\$596.8 million (approximately HK\$4,655.0 million) (with a face value of US\$600.0 million or HK\$4,680.0 million) issued by ICBP in June 2021, with a coupon rate of 4.745% per annum, are payable semi-annually, and will mature in June 2051.
- (d) Unsecured bonds of US\$598.3 million (approximately HK\$4,666.7 million) (with a face value of US\$600.0 million or HK\$4,680.0 million) issued by ICBP in October 2021, with a coupon rate of 3.541% per annum, are payable semi-annually, and will mature in April 2032.
- (e) Unsecured bonds of US\$398.8 million (approximately HK\$3,110.6 million) (with a face value of US\$400.0 million or HK\$3,120.0 million) issued by ICBP in October 2021, with a coupon rate of 4.805% per annum, are payable semi-annually, and will mature in April 2052.
- (f) Unsecured Peso bonds of Pesos 4.0 billion (approximately US\$67.8 million or HK\$528.7 million) issued by NLEX Corporation, a subsidiary company of MPIC, in July 2018, with a coupon rate of 6.64% per annum, are payable quarterly and will mature in July 2025.
- (g) Unsecured Peso bonds of Pesos 2.0 billion (approximately US\$33.8 million or HK\$264.0 million) issued by NLEX Corporation in July 2018, with a coupon rate of 6.9% per annum, are payable quarterly and will mature in July 2028.

Cavitex Infrastructure Corporation (“**CIC**”)’s unsecured bank loan of Pesos 10.2 billion (approximately US\$172.9 million or HK\$1,348.3 million), PT MMN’s secured bank loans of IDR1,359,477 million (approximately US\$82.9 million or HK\$646.6 million) and RHI’s secured bank loans of Pesos 4.3 billion (approximately US\$73.2 million or HK\$571.1 million) were classified as current liabilities as at 24 June 2024 due to certain covenant compliance issues. CIC is in the process of obtaining waiver from the bank. PT MMN has obtained the waiver from the bank in July 2024. RHI is in active discussions with the banks to restructure the loans.

In addition to the above mentioned, the Group and the non-controlling shareholders of certain non-wholly owned subsidiaries had provided unsecured loans to such subsidiaries pro rata to their respective interests in the relevant subsidiaries. As at 24 June 2024, the balance of such loans from the non-controlling shareholders was US\$47.1 million (approximately HK\$367.4 million).

As at 24 June 2024, the Group also had lease liabilities of US\$51.0 million (approximately HK\$397.8 million) arising from lease contracts for various items of property, machinery, vehicle and other equipment.

As at 24 June 2024, except for guarantees of US\$26.7 million (approximately HK\$208.3 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group did not have any material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 24 June 2024 any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Group including cash flows generated from the operating activities, the available credit facilities and the cash flow impact of the First Pacific Investments and, in absence of unforeseen circumstances, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since 31 December 2023, the Company's investment portfolio has continued to center on its core industries and markets in Indofood (the largest vertically integrated food company in Indonesia and producer of the global instant noodle brand *Indomie*), PLDT (the dominant integrated telecommunications and digital services provider in the Philippines with the largest fixed broadband network and the largest and most modern wireless network in the country) and MPIC (a leading infrastructure investment and management company in the Philippines, with holdings in the country's largest electricity distributor, toll road operator, water distributor, and healthcare group). The Company has also continued to hold investments in PLP (operating one of Singapore's most efficient gas-fired power plants), Philex (one of the largest metal mining companies in the Philippines, producing gold, copper and silver) and PXP (an upstream oil and gas company with a number of service contracts in the Philippines).

In 2023, the Group has maintained its trend of growth, and has seen many record highs in its reported financial information. For the year ended 31 December 2023, turnover increased by approximately 2%, profit contribution from operations increased by approximately 18%, recurring profit increased by approximately 19%, and reported profit increased by approximately 28%, as compared to the year ended 31 December 2022; while total assets and equity attributable to owners of the parent as at 31 December 2023 increased by approximately 7% and 12%, respectively, as compared to the position as at 31 December 2022. With the International Monetary Fund forecasting an acceleration of gross domestic product growth for the ASEAN-5 to 4.7% in 2024 (as compared to 4.2% for 2023) with the two largest markets of the Group growing even faster: Indonesia with growth of 5.0% in 2024 (same as 2023), and the Philippines with growth of 6.0% in 2024 (as compared to 5.3% in 2023), notwithstanding risks such as commodity price spikes caused by geoeconomic conflicts, the Group is confident in and expecting steady earnings growth in 2024. The Group will continue to focus on delivering for the needs of its customers in the near term and beyond, and to be cognizant of the opportunities which lie before it, whether they be in toll road expansion at MPTC, fintech initiatives at PLDT, or solar power possibilities for Meralco.

The Group's principal investments have had the following material developments and outlook since 31 December 2023:

Indofood*Outlook*

The growing spending power of rising middle classes in Indonesia and overseas markets will remain key demand drivers for Indofood's products. Indofood will be monitoring the global situation (such as the movement of soft commodity prices) cautiously and continuing to balance its market share with profitability and maintaining a healthy balance sheet.

PLDT*Outlook*

For 2024, consolidated service revenues and EBITDA are guided at mid-single digit growth, underpinned by continued topline growth and cost management. PLDT's updated vision is to reshape the PLDT group, strengthening its market leadership, pursuing growth and value, and spearheading a transformative drive towards becoming a Digico. Its goal is to unify customer experience across group companies and their business partners to drive new growth via technology. In particular, PLDT's digital financial services unit Maya, a comprehensive fintech ecosystem in the Philippines comprising digital banking, payments processing, merchant acquisition and consumer app, is expected to continue to lead the way in meeting the unmet needs of millions of consumers, with more depositors, a bigger deposit base, and the leading merchant acquirer in the country.

MPIC*Additional Investments*

On 1 March 2024, Meralco PowerGen Corporation (“**MGen**”), a wholly-owned subsidiary of Meralco, and Aboitiz Power Corporation (“**AP**”) announced through a 60%:40% joint venture Chromite Gas Holdings, Inc., jointly invest in 67% of two gas-fired power plants of San Miguel Global Power Holdings Corp. (“**SMGP**”) comprising an operational 1,278 megawatts Ilijan power plant and a new 1,320 megawatts combined cycle power facility which is expected to start operations by the end of 2024. MGen and AP also agreed to, together with SMGP, invest in approximately 100% of a liquefied natural gas import and regasification terminal. The proposed collaboration venture among the parties is valued at approximately US\$3.3 billion enterprise value, whilst MGen’s equity contribution will be approximately US\$1.3 billion prior to any asset-level debt financing that may be considered.

Toll Roads

The road construction project for Candaba 3rd Viaduct in the Philippines is expected to be completed in 2024, which will decrease capital expenditures and will generate revenue upon commencement of toll collection.

In addition, as disclosed in the section headed “Reasons for and Benefits of the First Pacific Investments” in the “Letter from the Board” in this circular, the First Pacific Investments will, among others, be able to increase the regional market share in the toll roads sector, future profitability and cashflow of the Group.

Outlook

Traffic volume on toll roads is on an upward trend reflecting higher tolls and traffic volumes in the Philippines and Indonesia, while Maynilad Water Services, Inc. (Philippines’ largest water utility in terms of customer numbers) is benefiting from a catch-up in delayed tariff increases. Greater private sector participation in infrastructure development will help propel higher economic growth in the near term and further ahead. Following its privatization in the second half of 2023, MPIC is expected to be an increasingly valuable unlisted component of the Group’s strong and diversified portfolio.

PLP*Outlook*

Electricity demand is expected to rise at a moderate rate in tandem with Singapore’s economy, which is forecast to increase by 1% to 3% in 2024. PLP will continue to secure additional long-term retail contracts with its customers, as well as optimise its operations, taking advantage of its increased capacity and enhanced efficiency from facility upgrades. PLP will continue to diversify into solar power generation with its potential participation in a project to import solar power from Indonesia to Singapore, and to explore further investments in domestic power generation. The market outlook remains stable for 2024.

Philex*Silangan Project*

The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines. The initial capital expenditure funding requirement for the Silangan Project was completed in February 2024. Philex raised net proceeds of approximately US\$47.6 million from a Stock Rights Offering in August 2022, along with US\$100 million and US\$70 million syndicated debt facilities signed in November 2023 and February 2024, respectively, to provide finance for this project. With the securing of the initial funding requirement of the Silangan Project, its development and construction works have shifted to a high gear.

Outlook

Philex has operated for the past 65 years at the deposit at Padcal (Tuba Benguet Province, Island of Luzon, the Philippine) for producing gold, copper and silver as its main products. Philex will continue to enhance the operation at the Padcal mine via re-fleeting of critical aging equipment, continued optimizing of mining execution for higher blended ore grades, implementing power optimization programs and enhancing employees' capabilities. Philex will aggressively implement exploration activities within the vicinity of the Padcal mine to open opportunities to maximize the current mine site infrastructure.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(I) **Basis of preparation**

In connection with the major acquisition of approximately 24.5% equity interest, or with approximately 22.9% effective interest of MPTC, in the Target Company, which is principally engaged in the management, security and operation of the Trans-Java Toll Road Segments in Java, Indonesia, by MUN and MPTIS (each an indirect majority-owned subsidiary of MPIC, a Philippine affiliate of the Company), the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate the effect of the First Pacific Investments on the Group’s financial position as at 31 December 2023 as if the First Pacific Investments had been completed on 31 December 2023.

The Unaudited Pro Forma Financial Information is prepared based on (i) information on the audited consolidated statement of financial position of the Group as at 31 December 2023, which has been extracted from the published annual report of the Company for the year ended 31 December 2023; (ii) the audited consolidated statement of financial position of the Target Group as at 31 March 2024, which has been extracted from the accountants’ report as set out in Appendix III to this circular, and after making pro forma adjustments relating to the First Pacific Investments that are (i) directly attributable to the First Pacific Investments; and (ii) factually supportable as if the First Pacific Investments had been undertaken as at 31 December 2023.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the financial position of the Enlarged Group that would have been attained had the First Pacific Investments been completed on 31 December 2023, nor to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2023, the accountants’ report of the Target Group as set out in Appendix III to this circular, and other financial information included elsewhere in this circular.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

(II) Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information as at 31 December 2023 is presented in US\$ and all values are rounded to the nearest million ('million) except when otherwise indicated.

	The Group as of 31 December 2023	Unaudited pro forma adjustments		Unaudited pro forma total for the Enlarged Group
	<i>US\$'millions</i> <i>Note (i)</i> (Audited)	<i>US\$'millions</i> <i>Note (ii)</i>	<i>US\$'millions</i> <i>Note (iii)</i>	<i>US\$'millions</i> (Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	3,730.3	–	–	3,730.3
Biological assets	20.9	–	–	20.9
Associated companies and joint ventures	5,283.8	679.9	6.0	5,969.7
Goodwill	3,967.7	–	–	3,967.7
Other intangible assets	6,839.3	–	–	6,839.3
Investment properties	12.5	–	–	12.5
Accounts receivable, other receivables and prepayments	118.7	–	–	118.7
Financial assets at fair value through other comprehensive income	544.0	–	–	544.0
Deferred tax assets	112.7	–	–	112.7
Other non-current assets	669.6	–	–	669.6
	<u>21,299.5</u>	<u>679.9</u>	<u>6.0</u>	<u>21,985.4</u>
Current assets				
Cash and cash equivalents and short-term deposits	2,845.8	–	–	2,845.8
Restricted cash	315.4	–	–	315.4
Financial assets at fair value through other comprehensive income	528.2	–	–	528.2
Accounts receivable, other receivables and prepayments	1,208.3	–	–	1,208.3
Inventories	1,087.7	–	–	1,087.7
Biological assets	49.7	–	–	49.7
	<u>6,035.1</u>	<u>–</u>	<u>–</u>	<u>6,035.1</u>
Assets classified as held for sale	22.9	–	–	22.9
	<u>6,058.0</u>	<u>–</u>	<u>–</u>	<u>6,058.0</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	The Group as of 31 December 2023	Unaudited pro forma adjustments		Unaudited pro forma total for the Enlarged Group
	<i>US\$'millions</i> <i>Note (i)</i> (Audited)	<i>US\$'millions</i> <i>Note (ii)</i>	<i>US\$'millions</i> <i>Note (iii)</i>	<i>US\$'millions</i> (Unaudited)
Current liabilities				
Accounts payable, other payables and accruals	1,814.9	–	–	1,814.9
Short-term borrowings	2,195.3	674.3	6.0	2,875.6
Provision for taxation	169.3	–	–	169.3
Current portion of deferred liabilities, provisions and payables	405.9	–	–	405.9
	<u>4,585.4</u>	<u>674.3</u>	<u>6.0</u>	<u>5,265.7</u>
Liabilities directly associated with the assets classified as held for sale	<u>7.2</u>	<u>–</u>	<u>–</u>	<u>7.2</u>
	<u>4,592.6</u>	<u>674.3</u>	<u>6.0</u>	<u>5,272.9</u>
Net current assets	<u>1,465.4</u>	<u>(674.3)</u>	<u>(6.0)</u>	<u>785.1</u>
Total assets less current liabilities	<u>22,764.9</u>	<u>5.6</u>	<u>–</u>	<u>22,770.5</u>
Non-current liabilities				
Long-term borrowings	9,416.2	–	–	9,416.2
Deferred liabilities, provisions and payables	1,260.1	5.6	–	1,265.7
Deferred tax liabilities	521.7	–	–	521.7
	<u>11,198.0</u>	<u>5.6</u>	<u>–</u>	<u>11,203.6</u>
Net assets	<u><u>11,566.9</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>11,566.9</u></u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

(III) Notes to the Unaudited Pro Forma Financial Information

- i. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
- ii. According to the Investment Documents entered into by the Group on 28 June 2024, the upfront consideration and maximum amount of Earn-out Payment for the First Pacific Investments of approximately 24.5% equity interest are IDR11,040,750 million (US\$716.2 million) and IDR175,000 million (US\$11.4 million), respectively. Based on MPTC's effective interest of 22.9% in the Target Company, the upfront consideration for the First Pacific Investments is IDR10,395,000 million (US\$674.3 million) and the fair value of the Earn-out Payment as at 31 December 2023 is approximately IDR87,058 million (US\$5.6 million).

Upon completion of the First Pacific Investments, the Target Company will be owned as to 65.0%, 20.3%, 10.5% and 4.2% by JM, MPTIS, WIPL and MUN respectively. The effective interest in the Target Company by MPTC will be approximately 22.9% and is regarded as interest in an associated company and will be accounted for using the equity accounting in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures* in the consolidated financial statements of the Group.

The details on the Group's cost of investment in the Target Group are illustrated below:

	<i>IDR' millions</i>	<i>US\$ millions</i> <i>(Note v)</i>
Carrying amount of the identifiable assets and liabilities of the Target Group as at 31 March 2024 extracted from the accountants' report of the Target Group set out in the Appendix III to this circular [#]	22,650,320	1,469.3
Carrying amount of the identifiable assets and liabilities of the Target Group attributable to the 22.9% effective interest of MPTC in the Target Company as at 31 March 2024	5,186,923	336.5
<i>Add:</i> Fair value adjustment – Other intangible assets*	3,021,681	196.0
<i>Add:</i> Fair value adjustment – Joint ventures*	291,419	18.9
<i>Less:</i> Deferred tax liabilities [^]	<u>(728,882)</u>	<u>(47.3)</u>
Fair value of the net identifiable assets and liabilities of the Target Group	<u>7,771,141</u>	<u>504.1</u>
22.9% effective interest of MPTC in the Target Company acquired	7,771,141	504.1
Goodwill	<u>2,710,917</u>	<u>175.8</u>
Interest in an associated company	<u>10,482,058</u>	<u>679.9</u>
Consideration transferred	<u>10,482,058</u>	<u>679.9</u>

The identifiable net assets of the Target Group refer to the net assets of IDR23,132,422 million recorded by the Target Group as at 31 March 2024, deducting goodwill of IDR482,102 million arisen from the past acquisition conducted by the Target Group as it is not considered as identifiable assets acquired.

* *The fair value adjustment represents the difference between fair value of approximately 22.9% effective interest of MPTC in the Target Company and the carrying value of identifiable assets and liabilities of the Target Group upon purchase price allocation as if the First Pacific Investments had been taken place at 31 December 2023. The Directors consider that other intangible assets (i.e. concession assets for toll roads) and associated companies and joint ventures are the primary identifiable assets to be acquired in this transaction. Other fair value adjustment on identifiable assets and/or liabilities, if any, to be acquired or assumed are not considered significant.*

^ *Deferred tax liabilities are computed at 22%, which is the prevailing corporate tax rate at the Republic of Indonesia, on the fair value adjustment of intangible assets of the Target Group as if the First Pacific Investments had been taken place as at 31 December 2023.*

Since the fair value and the carrying amount of the identifiable assets and liabilities of the Target Group at the actual completion date may be different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the amount of goodwill to be recorded in the interest in an associated company in the consolidated financial statements of the Enlarged Group at the actual completion date may be different from the estimated amount presented above.

For the purpose of the preparation of the Unaudited Pro Forma Financial Information, no impairment on the Target Group is identified by the Directors upon completion of the First Pacific Investments as there is no indication of impairment under Hong Kong Accounting Standard 36 *Impairment of Assets* (“**HKAS 36**”). In preparation of the consolidated financial statements of the Group in subsequent reporting periods, the Group will undertake an impairment review in accordance with the requirements of HKAS 36 when there is any indication that the Target Group may be impaired.

- iii. The adjustment represents the estimated transaction costs of approximately US\$6.0 million that are directly attributable to the First Pacific Investments and are capitalised as part of the investment cost in the Target Group.
- iv. Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023 for the purpose of preparation of the Unaudited Pro Forma Financial Information.
- v. The IDR denominated amounts are converted from IDR to US\$ at an exchange rate of US\$1 = IDR 15,416 which is the prevailing rate as at 31 December 2023. No representation is made that IDR amounts have been, could have been or could be converted to US\$, or vice versa, at that rate or at all.

**2. INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE
COMPILED OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

The following is the text of the independent reporting accountants’ assurance report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company in respect of the Group’s unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



Ernst & Young
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**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE
COMPILED OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

To the Directors of First Pacific Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of First Pacific Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2023 and related notes as set out on pages II-1 to II-5 of the circular dated 7 August 2024 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on II-1 to II-5 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 24.5% equity interest in PT Jasamarga Transjawa Tol by the First Pacific Investor Group (the “**Proposed Acquisition**”) on the Group’s assets and liabilities as at 31 December 2023 as if the Proposed Acquisition had taken place at 31 December 2023. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2023, on which an auditor’s report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For 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 Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if 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 transaction would have been as presented.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled 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 Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
7 August 2024

The following is the text of a report received from RSM Hong Kong, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular and for use solely in connection with the consideration of the First Pacific Investments.

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF FIRST PACIFIC COMPANY LIMITED****Introduction**

We report on the historical financial information of PT Jasamarga Transjawa Tol (the “**Target Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Target Group**”) set out on pages III-4 to III-99, which comprises the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 31 December 2022, 31 December 2023 and three months ended 31 March 2024 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages III-4 to III-99 forms an integral part of this report, which has been prepared for inclusion in the circular of First Pacific Company Limited (the “**Company**”) dated 7 August 2024 (the “**Circular**”) in connection with the proposed acquisition 24.5% of the equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2A and Note 2B of Section B to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The Underlying Financial Statements of the Target Group for the Relevant Periods as defined on page III-4, on which the Historical Financial Information is based, were prepared by the directors of the Target Company (the “**Target Company Directors**”). The Target Company Directors are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board, and for such internal control as the Target Company Directors determine is necessary to enable the preparation of Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2A and Note 2B of Section B to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position and the Target Group's consolidated financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2A and Note 2B of Section B to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2023 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2A and Note 2B of Section B to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2A and Note 2B of Section B to the Historical Financial Information.

Report on matters under the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

RSM Hong Kong*Certified Public Accountants*

29th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay, Hong Kong

7 August 2024

A. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by RSM Indonesia, a member firm of RSM, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board of International Federation of Accountants ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Indonesian Rupiah ("**IDR**") and all values are rounded to the nearest million (IDR' million) except when otherwise indicated.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Years ended 31 December			Three months ended 31 March	
		2021	2022	2023	2023	2024
		<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	8	3,720,887	4,882,129	5,851,189	1,298,184	1,637,582
Cost of revenue		<u>(1,771,967)</u>	<u>(2,845,929)</u>	<u>(2,920,279)</u>	<u>(812,266)</u>	<u>(672,497)</u>
Gross profit		1,948,920	2,036,200	2,930,910	485,918	965,085
Finance and other income, net	9	18,819	19,530	52,615	9,423	18,581
General and administrative expenses		(125,196)	(137,305)	(159,279)	(34,770)	(46,252)
Other expenses		(7,798)	(673)	(10,714)	(23)	(8,239)
Fair value gain on investments in joint ventures	39(a)	-	-	4,514,526	-	-
Fair value gain/(loss) on short-term investments	7(b)	<u>145,588</u>	<u>56,050</u>	<u>(99,205)</u>	<u>-</u>	<u>-</u>
Profit from operations		1,980,333	1,973,802	7,228,853	460,548	929,175
Finance costs	10	(567,777)	(454,751)	(997,718)	(109,124)	(415,141)
Share of profit/(loss) of joint ventures		<u>(349,102)</u>	<u>228,170</u>	<u>176,738</u>	<u>28,361</u>	<u>5,726</u>
Profit before tax		1,063,454	1,747,221	6,407,873	379,785	519,760
Income tax expense	12	<u>(402,398)</u>	<u>(360,256)</u>	<u>(393,150)</u>	<u>(102,611)</u>	<u>(131,958)</u>
Profit for the year/period	13	<u><u>661,056</u></u>	<u><u>1,386,965</u></u>	<u><u>6,014,723</u></u>	<u><u>277,174</u></u>	<u><u>387,802</u></u>
Attributable to:						
The owners of the Target Company		698,797	1,341,309	5,850,109	267,138	323,260
Non-controlling interests		<u>(37,741)</u>	<u>45,656</u>	<u>164,614</u>	<u>10,036</u>	<u>64,542</u>
		<u><u>661,056</u></u>	<u><u>1,386,965</u></u>	<u><u>6,014,723</u></u>	<u><u>277,174</u></u>	<u><u>387,802</u></u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Years ended 31 December			Three months ended 31	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Profit for the year/period	661,056	1,386,965	6,014,723	277,174	387,802
Other comprehensive income after tax:					
<i>Items that may be reclassified to profit or loss:</i>					
Cash flow hedges					
Arising from acquisition of subsidiaries	–	–	64,128	–	–
Net gains/(losses) on cash flow hedges	19,684	35,629	(37,421)	(5,486)	(33,081)
<i>Items that will not be reclassified to profit or loss:</i>					
Fair value changes of equity instruments at fair value through other comprehensive income (FVOCI)	49,420	126,204	11,742	–	–
Remeasurement gains on employee benefit plan	1,090	409	450	–	521
Share of OCI of joint ventures	–	33,303	(33,303)	–	–
Other comprehensive income for the year/period, net of tax	70,194	195,545	5,596	(5,486)	(32,560)
Total comprehensive income for the year/period	731,250	1,582,510	6,020,319	271,688	355,242
Attributable to:					
The owners of the Target Company	768,796	1,536,498	5,835,189	261,688	300,283
Non-controlling interests	(37,546)	46,012	185,130	10,000	54,959
	731,250	1,582,510	6,020,319	271,688	355,242

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December			As at
		2021	2022	2023	31 March
		IDR'million	IDR'million	IDR'million	2024 IDR'million
Non-current assets					
Property, plant and equipment	17	5,063	7,957	33,454	32,625
Right-of-use assets	18	7,302	9,577	18,868	18,009
Goodwill	21	36,880	36,880	482,102	482,102
Intangible assets	20	14,089,928	14,789,436	53,846,872	53,677,314
Investments in joint ventures	19	7,357,950	7,618,946	3,977,630	3,983,353
Restricted funds	22	25,850	51,258	175,874	177,983
Loans to a joint venture	23	–	115,584	286,750	293,135
Other receivables and prepayments	25	13,702	–	43,752	29,510
Hedging instruments	24	19,684	55,313	–	–
		<u>21,556,359</u>	<u>22,684,951</u>	<u>58,865,302</u>	<u>58,694,031</u>
Current assets					
Trade receivables, other receivables and prepayments	25	47,886	44,564	209,622	217,628
Amounts due from JM	26	1,509,523	–	–	–
Short-term investments	27	1,275,949	2,550,401	1,349,865	1,349,865
Restricted funds	22	–	–	517,409	664,625
Cash and cash equivalents	28	375,467	947,602	1,183,224	1,061,073
Hedging instruments	24	–	–	82,020	48,939
Current tax assets		–	–	26	20,640
		<u>3,208,825</u>	<u>3,542,567</u>	<u>3,342,166</u>	<u>3,362,770</u>
Current liabilities					
Trade payable, other payables and accruals	29	702,082	986,492	1,715,782	1,528,232
Contractor payables	32	103,855	802	44,436	16,831
Loans from related parties	31	–	42,000	43,000	20,500
Borrowings	33	25,678	106,649	2,205,776	2,075,298
Lease liabilities	34	4,677	7,223	11,086	9,662
Deferred revenue	35	10,629	916	1,368	1,001
Current tax liabilities		296,983	75,841	36,829	65,425
		<u>1,143,904</u>	<u>1,219,923</u>	<u>4,058,277</u>	<u>3,716,949</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

	Note	As at 31 December			As at
		2021	2022	2023	31 March
		IDR'million	IDR'million	IDR'million	2024 IDR'million
Net current assets/(liabilities)		2,064,921	2,322,644	(716,111)	(354,179)
Total assets less current liabilities		23,621,280	25,007,595	58,149,191	58,339,852
Non-current liabilities					
Other payables and accruals	29	367,410	368,408	486,422	499,329
Employee benefits liabilities	30	10,362	9,983	10,867	10,639
Contractor payables	32	1,349	22,031	7,814	989
Loans from related parties	31	258,490	112,967	–	–
Borrowings	33	6,279,577	6,160,805	22,101,631	21,848,848
Deferred revenue	35	1,341	–	24,774	24,406
Lease liabilities	34	3,321	1,883	7,777	8,736
Deferred tax liabilities	36	482,006	519,408	4,571,155	4,652,912
		7,403,856	7,195,485	27,210,440	27,045,859
NET ASSETS		<u>16,217,424</u>	<u>17,812,110</u>	<u>30,938,751</u>	<u>31,293,993</u>
Equity					
Share capital	37	1,051,455	20,545,949	20,545,949	20,545,949
Other reserves	38	14,950,727	(2,995,093)	2,286,190	2,586,473
Equity attributable to the owners of the Target Company		16,002,182	17,550,856	22,832,139	23,132,422
Non-controlling interests		215,242	261,254	8,106,612	8,161,571
TOTAL EQUITY		<u>16,217,424</u>	<u>17,812,110</u>	<u>30,938,751</u>	<u>31,293,993</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Target Company								
	Share capital	Financial assets at FVOCI reserve	Share of OCI of joint ventures	Hedging reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January 2021	657,449	-	-	-	10,448,109	3,733,822	14,839,380	252,788	15,092,168
Issuance of shares (note 37)	394,006	-	-	-	-	-	394,006	-	394,006
Profit for the year	-	-	-	-	-	698,797	698,797	(37,741)	661,056
Other comprehensive income	-	49,420	-	19,489	-	1,090	69,999	195	70,194
At 31 December 2021 and 1 January 2022	<u>1,051,455</u>	<u>49,420</u>	<u>-</u>	<u>19,489</u>	<u>10,448,109</u>	<u>4,433,709</u>	<u>16,002,182</u>	<u>215,242</u>	<u>16,217,424</u>
Profit for the year	-	-	-	-	-	1,341,309	1,341,309	45,656	1,386,965
Other comprehensive income	-	126,204	33,303	35,273	-	409	195,189	356	195,545
Issuance of shares (note 37)	1,382,307	-	-	-	-	-	1,382,307	-	1,382,307
Shares issuance for Target Group									
Reorganisation (note 2B)	18,112,187	-	-	-	(18,112,187)	-	-	-	-
Deemed distribution to JM (note 2B)	-	-	-	-	-	(1,370,131)	(1,370,131)	-	(1,370,131)
At 31 December 2022 and 1 January 2023	<u>20,545,949</u>	<u>175,624</u>	<u>33,303</u>	<u>54,762</u>	<u>(7,664,078)</u>	<u>4,405,296</u>	<u>17,550,856</u>	<u>261,254</u>	<u>17,812,110</u>
Dividends	-	-	-	-	-	(553,906)	(553,906)	-	(553,906)
Profit for the year	-	-	-	-	-	5,850,109	5,850,109	164,614	6,014,723
Other comprehensive income	-	11,742	(33,303)	6,191	-	450	(14,920)	20,516	5,596
Acquisition of subsidiaries (note 39(a))	-	-	-	-	-	-	-	7,660,228	7,660,228
At 31 December 2023	<u><u>20,545,949</u></u>	<u><u>187,366</u></u>	<u><u>-</u></u>	<u><u>60,953</u></u>	<u><u>(7,664,078)</u></u>	<u><u>9,701,949</u></u>	<u><u>22,832,139</u></u>	<u><u>8,106,612</u></u>	<u><u>30,938,751</u></u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Target Company								
	Share capital	Financial assets at FVOCI reserve	Share of OCI of joint ventures	Hedging reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January 2024	20,545,949	187,366	-	60,953	(7,664,078)	9,701,949	22,832,139	8,106,612	30,938,751
Profit for the year	-	-	-	-	-	323,260	323,260	64,542	387,802
Other comprehensive income	-	-	-	(23,498)	-	521	(22,977)	(9,583)	(32,560)
At 31 March 2024	<u>20,545,949</u>	<u>187,366</u>	<u>-</u>	<u>37,455</u>	<u>(7,664,078)</u>	<u>10,025,730</u>	<u>23,132,422</u>	<u>8,161,571</u>	<u>31,293,993</u>
	Attributable to the owners of the Target Company								
Unaudited	Share capital	Financial assets at FVOCI reserve	Share of OCI of joint ventures	Hedging reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January 2023	20,545,949	175,624	33,303	54,762	(7,664,078)	4,405,296	17,550,856	261,254	17,812,110
Profit for the year	-	-	-	-	-	267,138	267,138	10,036	277,174
Other comprehensive income	-	-	-	(5,450)	-	-	(5,450)	(36)	(5,486)
At 31 March 2023 (Unaudited)	<u>20,545,949</u>	<u>175,624</u>	<u>33,303</u>	<u>49,312</u>	<u>(7,664,078)</u>	<u>4,672,434</u>	<u>17,812,544</u>	<u>271,254</u>	<u>18,083,798</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years ended 31 December			Three months ended 31 March	
		2021 IDR'million	2022 IDR'million	2023 IDR'million	2023 IDR'million (Unaudited)	2024 IDR'million
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from toll revenue		3,184,574	3,563,767	4,808,767	832,678	1,554,086
Cash receipts from other revenue		11,220	14,692	15,435	2,639	6,709
Receipt of deposit interest and current account service		7,361	20,711	53,270	9,862	18,810
Receipts from miscellaneous income		11,689	1,508	13,491	636	6,386
Cash paid to employees		(18,181)	(54,288)	(120,190)	(22,616)	(17,158)
Cash paid to suppliers		(557,285)	(273,848)	(1,004,630)	(13,107)	(586,007)
Tax paid		(7,577)	(7,901)	(269,713)	(45,897)	(66,252)
Net cash flows generated from operating activities		2,631,801	3,264,641	3,496,430	764,195	916,574
CASH FLOWS FROM INVESTING ACTIVITIES						
Loans to a joint venture	23	–	(115,000)	(160,000)	–	–
Acquisition of subsidiaries	39(a)	–	–	366,494	–	–
Additions of intangible assets		(499,413)	(1,344,382)	(808,652)	(437,735)	(71,611)
Additions of property, plant and equipment		(183)	(3,654)	(1,923)	(268)	(253)
Additions of short-term investments		(393,050)	(1,056,601)	(1,905,953)	–	–
Decrease/(increase) of restricted funds		128,518	(25,408)	(149,193)	3,878	(149,333)
Net cash flows used in investing activities		(764,128)	(2,545,045)	(2,659,227)	(434,125)	(221,197)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividend payment	16	–	–	(553,906)	–	–
Interest payments		(525,220)	(434,114)	(1,172,973)	(95,229)	(412,218)
Issuance of share		394,006	1,382,307	–	–	–
Receipts/(refund) from government receivables		1,196	2,693	44,231	(8,879)	5,180
Repayment of payable to government		–	–	(35,515)	–	–
Proceeds from bank loans		6,335,417	92,696	4,512,000	–	862,000
Repayments of bank loans		(5,776,275)	(130,497)	(3,271,471)	(10,735)	(1,245,216)
Payments of lease liabilities		(4,038)	(9,911)	(11,980)	(1,647)	(4,774)
Proceeds from loans from related parties		3,137,343	100,000	55,000	55,000	–
Repayments of loans from related parties		(3,715,210)	(203,523)	(166,967)	(95,729)	(22,500)
Deem distribution to JM	2B	–	(72,991)	–	–	–
Funds transfer to JM		(1,509,523)	(874,121)	–	–	–
Net cash flows used in financing activities		(1,662,304)	(147,461)	(601,581)	(157,219)	(817,528)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		205,369	572,135	235,622	172,851	(122,151)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		170,098	375,467	947,602	947,602	1,183,224
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		375,467	947,602	1,183,224	1,120,453	1,061,073

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Note	As at 31 December			As at
		2021	2022	2023	31 March
		IDR'million	IDR'million	IDR'million	IDR'million
Non-current assets					
Property, plant and equipment		63	3,195	1,717	1,574
Right-of-use assets		607	7,601	11,442	12,318
Investments in subsidiaries		–	4,955,845	11,261,631	11,467,512
Intangible assets	20	665	6,624,976	6,988,061	6,932,445
Investments in joint ventures		–	7,654,767	3,977,630	3,983,353
Loans to a joint venture	23	–	115,584	286,750	293,135
Other receivables and prepayments	25	–	–	42,477	28,883
		<u>1,335</u>	<u>19,361,968</u>	<u>22,569,708</u>	<u>22,719,220</u>
Current assets					
Trade receivables, other receivables and prepayments	25	80	15,464	36,978	52,674
Cash and cash equivalents		11,068	687,959	567,007	435,731
Short-term investments	27	1,275,949	2,550,401	1,349,865	1,349,865
Current tax assets		–	–	26	20,640
		<u>1,287,097</u>	<u>3,253,824</u>	<u>1,953,876</u>	<u>1,858,910</u>
Current liabilities					
Trade payable, other payables and accruals	29	236	841,456	1,055,021	835,336
Contractor payables		–	–	282	282
Borrowings	33	–	–	1,750,000	1,525,000
Deferred revenue		–	–	128	128
Lease liabilities		431	6,719	7,096	6,198
Current tax liabilities		30	60,367	30,182	54,405
		<u>697</u>	<u>908,542</u>	<u>2,842,709</u>	<u>2,421,349</u>
Net current assets/(liabilities)		<u>1,286,400</u>	<u>2,345,282</u>	<u>(888,833)</u>	<u>(562,439)</u>
Total assets less current liabilities		<u>1,287,735</u>	<u>21,707,250</u>	<u>21,680,875</u>	<u>22,156,781</u>
Non-current liabilities					
Other payables and accruals	29	–	74,346	95,035	108,895
Long-term employee benefits liabilities		–	52	73	80
Lease liabilities		208	733	3,914	6,356
Deferred tax liabilities	36	51,911	96,876	61,454	82,448
		<u>52,119</u>	<u>172,007</u>	<u>160,476</u>	<u>197,779</u>
NET ASSETS		<u>1,235,616</u>	<u>21,535,243</u>	<u>21,520,399</u>	<u>21,959,002</u>
Equity					
Share capital	37	1,051,455	20,545,949	20,545,949	20,545,949
Other reserves		184,161	989,294	974,450	1,413,053
TOTAL EQUITY		<u>1,235,616</u>	<u>21,535,243</u>	<u>21,520,399</u>	<u>21,959,002</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE TARGET GROUP

PT Jasamarga Transjawa Tol (“the Target Company”) is a company incorporated in the Republic of Indonesia (“Indonesia”) on 2 June 2017. The registered office of the Target Company is located at Plaza Tol Jakarta-Cikampek Jl Teuku Umar, Sepanjang Jaya, Rawalumbu, Bekasi 17114, Indonesia.

During the Relevant Periods, the Target Company was principally engaging in the concession of toll road projects which including financing, technical planning, construction, operation and maintenance of toll roads.

In the opinion of the Target Company’s directors, PT Jasa Marga (Persero) Tbk (“JM”) is the immediate and ultimate parent and the Ministry of State-Owned Enterprises of the Government of the Republic of Indonesia is the ultimate controlling party of the Target Company.

During the Relevant Periods and as at the date of this report, the Target Company had direct and indirect interests in the following principal subsidiaries, and the particulars of which are set out below:

Name	Principal activities	Issued or paid up capital	Date/Place of incorporation and operation	Percentage of ownership/ voting power at end of year/period (%)			
				As at 31 December			As at
				2021	2022	2023	31 March 2024
PT Jasamarga Surabaya Mojokerto (“JSM”) Note 1	Toll road concession operator	2021 & 2022 & 2023 & 2024: IDR 1,494,177 million	19 August 1994 Indonesia	56	56	56	56
PT Jasamarga Gempol Pasuruan (“JGP”) Note 1	Toll road concession operator	2021 & 2022 & 2023 & 2024: IDR 1,210,000 million	28 June 2010 Indonesia	99	99	99	99
PT Lintas Marga Jawa (“LMJ”) Note 2	Investment holding	2023 & 2024: IDR 1,997,217 million	26 February 2018 Indonesia	–	–	97	97
PT Jasamarga Solo Ngawi (“JSN”) Note 3	Toll road concession operator	2023 & 2024: IDR 3,178,431 million	24 March 2009 Indonesia	–	–	60	60
PT Jasamarga Ngawi Kertosono Kediri (“JNK”) Note 3	Toll road concession operator	2023 & 2024: IDR 1,664,540 million	24 March 2009 Indonesia	–	–	60	60
PT Jasamarga Semarang Batang (“JSB”) Note 3	Toll road concession operator	2023 & 2024: IDR 4,178,664 million	21 April 2016 Indonesia	–	–	60	60

Notes:

- The statutory financial statements for year ended 31 December 2021 was audited by Purwantono, Sungkoro & Surja (“EY Indonesia”). The statutory financial statements for years ended 31 December 2022 and 31 December 2023 were audited by Amir Abadi Jusuf, Aryanto, Mawar & Rekan Public Accountants (“RSM Indonesia”).
- The statutory financial statements for year ended 31 December 2023 was audited by Effendy & Rekan Public Accountants in Indonesia.
- The statutory financial statements for year ended 31 December 2023 were audited by Amir Abadi Jusuf, Aryanto, Mawar & Rekan Public Accountants (“RSM Indonesia”).

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

2A. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Target Group throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise disclosed in the accounting policies below (e.g. financial instruments that are measured at fair value).

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5 below.

2B. BASIS OF PRESENTATION

Going concern basis

The Target Company financed its operation by obtaining funding from its equity holders and borrowings from third parties and related parties. The Historical Financial Information has been prepared under the going concern basis because, in the opinion of the directors of the Target Company, the Target Group will have sufficient cash resources from its operations and available banking facilities to meet its liabilities as and when they fall due.

Merger accounting for Target Group Reorganisation

Pursuant to the deed (“**Deed No. 02**”) executed by JM and the Target Company on 1 July 2022, JM (as assignor) agreed to transfer and the Target Company (as assignee) agreed to receive the transfer of the following interests in business undertakings (the “**Target Group Reorganisation**”):

	<u>Transferred business undertakings</u>	<u>Transferred interests</u>
Toll road concession rights, related assets/liabilities, permits and licenses and underlying concession operations for the following toll road sections formerly operated by JM (“ Transferred Concession Operations ”):		
1.	Jakarta-Cikampek Toll Road	100%
2.	Palimanan-Kanci Toll Road	100%
3.	Semarang Section ABC Toll Road	100%
4.	Surabaya-Gempol Toll Road	100%
Equity interests of the following former subsidiaries of JM (“ Transferred Subsidiaries ”):		
5.	PT Jasamarga Surabaya Mojokerto (“ JSM ”)	55.51%
6.	PT Jasamarga Gempol Pasuruan (“ JGP ”)	99.35%
Equity interests of the following former joint ventures of JM (“ Transferred Joint Ventures ”):		
7.	PT Jasamarga Pandaan Malang (“ JPM ”)	51.00%
8.	PT Trans Marga Jateng (“ TMJ ”)	50.91%
9.	PT Jasamarga Pandaan Tol (“ JPT ”)	40.00%

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

2B. BASIS OF PRESENTATION (cont'd)

Going concern basis (cont'd)

	<u>Transferred business undertakings</u>	<u>Transferred interests</u>
10.	PT Jasamarga Semarang Batang (“JSB”)	44.18%
11.	PT Jasamarga Ngawi Kertosono (“JNK”)	45.03%
12.	PT Jasamarga Solo Ngawi (“JSN”)	42.62%
13.	PT Jasamarga Jalanlayang Cikampek (“JJC”)	40.00%

As consideration, the Target Company allotted 18,112,187,000 new shares of IDR 1,000 each at par to JM.

Upon completion of the Target Group Reorganisation on 1 July 2022, the Target Company became, as the case may be, the owner, holding company or joint venturer of the above transferred business undertakings.

Immediately prior to and after the Target Group Reorganisation, the Transferred Concession Operations, the Transferred Subsidiaries and the Transferred Joint Ventures are under the common control of JM. There has been a continuation of the risks and benefits to JM as controlling party that existed prior to the Target Group Reorganisation. The Target Group Reorganisation represents a combination of businesses under common control and the Historical Financial Information has been prepared on a consolidated basis using the principles of merger accounting as if the Target Group Reorganisation had occurred from the date when the combining entities or businesses first came under the control of JM.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for the years ended 31 December 2021 and 2022 include the results of the companies comprising the Target Group as at the date of completion of the Target Group Reorganisation from the earliest date presented or from the date the assets and liabilities arise from the Transferred Concession Operations, Transferred Subsidiaries and Transferred Joint Ventures first came under the common control of JM where this is a shorter period.

The consolidated statements of financial position of the Target Group as at 31 December 2021 and 2022 have been prepared to present the assets and liabilities arise from the Transferred Concession Operations, Transferred Subsidiaries and Transferred Joint Ventures as if the group structure at the date of completion of the Target Group Reorganisation had been in existence as at those dates using the existing book values from JM's perspective.

As part of the agreed terms of the Target Group Reorganisation, JM shall transfer the concession rights and related assets, provision for overlay and certain liabilities of the Transferred Concession Operations to the Target Company, while JM retaining certain assets and liabilities (“**Retained Net Assets**”) including bank balances of approximately IDR72,991 million and other net assets of approximately IDR1,297,140 million. Upon completion of the Target Group Reorganisation, the Retained Net Assets totalling IDR1,370,131 million are treated as a deemed distribution by the Target Company to JM on 1 July 2022 for the purposes of merger accounting.

3A. FIRST-TIME ADOPTION OF HKFRSs

In preparing these financial statements, the Target Group's opening consolidated statement of financial position was prepared as at 1 January 2021, being the date of transition to HKFRSs.

Reconciliation of equity

As at 1 January 2021 (date of transition to HKFRSs) and 31 December 2023 (the end of the latest period of the most recent financial statements under International Financial Reporting Standards (“**IFRSs**”)), there were no reclassifications or remeasurements to equity arising from the transition from IFRSs to HKFRSs.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

3B. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Target Group has not applied the following revised HKFRSs, that have been issued but not yet effective in the Historical Financial Information. The Target Group intends to apply these revised HKFRSs, if applicable, when they become effective.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
HKFRS 18 Presentation and Disclosure Financial Statements	1 January 2027

HKAS 21 Amendments specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application of the amendments is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained earnings or to the exchange reserve, where appropriate, at the date of initial application.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Target Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Consolidation

The Historical Financial Information include the financial statements of the Target Company and its subsidiaries (together referred to as the “**Target Group**”) up to 31 December/31 March.

Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(a) Consolidation (cont'd)**

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Target Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Target Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Target Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

(b) Separate financial statements

In the Target Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Target Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Target Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Target Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(c) Business combination and goodwill (cont'd)**

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Target Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Common control combinations

For business combinations involving entities or businesses under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory), they are accounted for applying the principles of merger accounting which is consistent with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The method requires the combined entity to recognise the assets, liabilities and equity of the combining entities or businesses at the carrying amounts (i.e., existing book values from the controlling parties' perspective) in the Historical Financial Information of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination to the extent of the controlling party's or parties' interests.

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Target Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

In relation to its interest in a joint operation, the Target Group recognises in its consolidated financial statements in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Target Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Target Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(d) Joint arrangements (cont'd)**

The Target Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Target Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the joint venture), the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Target Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Target Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Target Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Target Group and its joint ventures are eliminated to the extent of the Target Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

In the Target Company's statement of financial position, investments in joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Foreign currency translation**(i) Functional and presentation currency**

Items included in the Historical Financial Information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information are presented in Indonesian Rupiah ("**IDR**"), which is the Target Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Target Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Target Group determines the transaction date for each payment or receipt of the advance consideration.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(e) Foreign currency translation (cont'd)

(iii) Group companies

The results and financial position of all Target Group entities (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Target Company's presentation currency are translated into the Target Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.
- on consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iv) Consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary companies are translated into IDR at the average exchange rates of the reporting period.

(f) Property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values (if any) over their expected useful lives. Details of depreciation rates are given as follows:

The principal annual rates are as follows:

Office and Other Buildings	20 years
Operational and Office Equipment	3-5 years
Vehicles	3-5 years

When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and measured at the lower of its carrying amount and fair value less costs to sell.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes asset retirement obligations, interest on borrowed funds used during the construction period and qualified finance costs from foreign exchange losses related to foreign currency denominated liabilities used to acquire such assets. Major costs incurred in restoring property, plant and equipment to their normal working condition are normally charged to the consolidated income statement. Where the recognition criteria are satisfied, improvements are capitalised and depreciated over their expected useful lives to the Target Group. When assets are sold or retired, their costs and accumulated depreciation, amortisation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(f) Property, plant and equipment (cont'd)**

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values (if any), useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(g) Leases

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Target Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leased properties) as a single lease component.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Target Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for termination of a lease, if the lease term reflects the Target Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(g) Leases (cont'd)****(i) As a lessee (cont'd)****(ii) Lease liabilities (cont'd)**

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which (i) arose as a direct consequence of the COVID-19 pandemic, (ii) the changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change, (iii) any reduction in lease payments affects only payments originally due on or before 30 June 2022, and (iv) there is no substantive change to other terms and conditions of the lease. In such cases, the Target Group took advantage of the practical expedient and recognised the change in consideration as if it was not a lease modification.

(iii) Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its certain short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Target Group enters into a lease in respect of a low-value asset the Target Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments associated with those leases which are not capitalised as right-of-use assets are recognised as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Target Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Target Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is recognised in the consolidated income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in the consolidated income statement in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(h) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Maintenance costs related to computer software are recognised as expenses as incurred. Acquisition or development costs that are directly attributable to the design and testing of a software product are recognised as intangible assets. The costs that directly attributable and capitalised as part of computer software includes labor cost of development computer software and related overhead cost.

The principal annual rates used for computer software amortisation purpose is 33 $\frac{1}{3}$ %.

Toll road concession rights

The Target Group accounts for its service concession arrangement under the intangible asset model as it receives the right (license) to charge users of public service. Concession assets are initially recorded at fair value of the benefit received or to be received. These concession assets are intangible assets which are amortised over the remaining concession period from the date of operation of the toll roads. During the construction period, the accumulated toll road construction cost is recognised as concession assets in progress. The amortisation of the cost starts when the concession assets are ready to be commercially operated.

The concession assets are derecognised at the end of the concession period. There will be no gain or loss upon derecognition as the concession assets which are expected to be fully amortised by then, and will be handed over to the Badan Pengatur Jalan Tol (Indonesia Toll Road Authority, "BPJT") for no consideration.

During the toll road concession rights period, the concession rights assets may be derecognised from the statement of financial position of the Target Group if the toll road is transferred to another party (subject to approval of relevant Government agencies) or the Government has changed the status of the toll road to non-toll road or if there is no economic benefit expected from usage of the toll road. Gain or loss from discontinuance or disposal of concession assets is recognised in the statement of profit or loss.

Toll road concession assets are amortised over the concession period using the following methods:

1. Toll road concession rights for roads and toll bridges are amortised using the unit-of-usage method based on traffic volume.
2. Toll road concession rights other than roads and toll bridges are amortised using the straight-line method.

(i) Contract assets and contract liabilities

If the Target Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets (see note (k)(iv)). They are reclassified to trade receivables when the right to the consideration becomes unconditional.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(i) Contract assets and contract liabilities (cont'd)**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Target Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Target Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

(j) Financial assets**(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”).

The classification of financial assets at initial recognition depends on the financial assets’ contractual cash flow characteristics and the Target Group’s business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Target Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Target Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVPL, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Turnover and revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

The Target 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.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the assets.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(j) Financial assets (cont'd)****(ii) Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified, or impaired.

(ii) Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated income statement.

(iii) Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Target Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognised as other operating income in the consolidated income statement when the right of payment has been established, except when the Target Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(j) Financial assets (cont'd)****(ii) Subsequent measurement (cont'd)****(iv) Financial assets at FVPL**

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes derivative instruments and equity investments which the Target Group had not irrevocably elected to classify at FVOCI. Debt instruments that do not meet the criteria for being measured at amortised cost of FVOCI are also under this category. Dividends on the equity investments are also recognised as other operating income in the consolidated income statement when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Target Group's consolidated statement of financial position) when (i) the rights to receive cash flows from the asset have expired; or (ii) the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Target Group has transferred substantially all the risks and rewards of the asset, or the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Target Group's continuing involvement in the asset. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(j) Financial assets (cont'd)****(iv) Impairment**

The Target Group recognises an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at 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.

(i) General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a “**12-month ECL**”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a “**lifetime ECL**”).

At each reporting date, the Target Group assesses whether the credit risk on debt instruments have increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the debt instruments as at the reporting date with the risk of a default occurring on the debt instruments as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Target Group considers other debt instruments in default when contractual payments are more than 60 to 180 days past due. However, in certain cases, the Target Group may also consider these debt instruments to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A debt instrument is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Target Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

For debt investments at FVOCI, the Target Group applies the low credit risk simplification. At each reporting date, the Target Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Target Group reassesses the past due status of the debt investments in which the Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Debt investments at FVOCI and other debt instruments at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable and contract assets which apply the simplified approach as detailed below:

Stage 1 – Debt instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Debt instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(j) Financial assets (cont'd)****(iv) Impairment (cont'd)****(i) General approach (cont'd)**

Stage 3 – Debt instruments that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Evidence that a debt instrument is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal repayments;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic, or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

(ii) Simplified approach

For accounts receivable and contract assets that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(k) Fair value measurement

The Target Group measures its financial assets classified as FVOCI, FVPL and derivative financial instruments assets at fair value at the end of each reporting period. 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 by the Target 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 Target 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.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(l) Cash and cash equivalents, short-term deposits and restricted cash**

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use, whereas short-term deposits are highly liquid money market placements with maturities of more than three months but less than one year from the dates of acquisition. Cash restricted as to use represents cash which is restricted from being exchanged or used to settle a liability.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

(m) Trade and other receivables

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Target Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(n) Financial liabilities**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Target Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated income statement. The net fair value gain or loss recognised in the consolidated income statement does not include any interest charged on these financial liabilities.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(n) Financial liabilities (cont'd)****(ii) Subsequent measurement (cont'd)****(i) Financial liabilities at FVPL (cont'd)**

Financial liabilities designated upon initial recognition as at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at FVPL are recognised in the consolidated income statement, except for the gains or losses arising from the Target Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated income statement. The net fair value gain or loss recognised in the consolidated income statement does not include any interest charged on these financial liabilities.

(ii) Financial liabilities at amortised cost

After initial recognition, the following financial liabilities are measured at amortised cost using the effective interest method: (i) trade and other payables, and (ii) borrowings. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

In respect of a put option held by a non-controlling shareholder of the Target Group's subsidiary company, while the put option remains unexercised, the Target Group derecognises the carrying value of the non-controlling interest as if the put option is exercised at the end of the reporting period and recognises a financial liability at the present value of the amount payable on exercise of the put option, with the difference recorded in equity as an equity transaction.

(iii) Financial guarantee contracts

Financial guarantee contracts issued by the Target Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Target Group measure the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in Note k(i); and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(o) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Group are recorded at the proceeds received, net of direct issue costs.

(r) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Target Group has used interest-rate swap to convert certain floating-rate debts to a fixed rate, and designates these derivatives as hedging instruments in respect of interest payments variability risk in cash flow hedges.

At the inception of the hedge relationship, the Target Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Target Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Hedge effectiveness

For hedge effectiveness assessment, the Target Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Target Group actually hedges and the quantity of the hedging instrument that the Target Group actually uses to hedge that quantity of hedged item.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(r) Derivative instruments and hedge accounting (cont'd)***Hedge effectiveness (cont'd)*

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Target Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Target Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Target Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

(s) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. When the contract contains a financing component which provides the Target Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(s) Revenue recognition (cont'd)**

Revenue represents the amounts received and receivable net of discounts, rebates, and value-added tax from toll road construction and operations and other revenue, falling within the ordinary activities of the Target Group's businesses. Turnover is measured by allocating the transaction price including variable considerations to each performance obligation on a relative stand-alone selling price basis and taking into account contractually defined terms of payment.

The transaction price is based on the amount billed to customer excluding value added taxes.

The following specific recognition criteria must also be met before revenue is recognised.

Toll revenue

The Target Group's revenues from toll road operations are recognised at the point in time upon the sale of toll tickets.

Construction revenue

The Target Group recognises construction revenues over time by using the output method based on the monthly report over the completed construction progress from the external party that was appointed for the assets' construction. The construction revenue and expenses are recognised in accordance with HK(IFRIC)-Int 12, as such, the fair value of the construction revenue recognised by the Target Company is using cost-plus method.

Other revenue

The Target Group's revenues from advertisement are recognised over time on a straight-line basis over the advertisement period. The revenue received in advance are presented as Contract Liabilities in "Other payables and accrued expenses".

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(t) Employee benefits**(i) Pension obligations**

The Target Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Target Group and employees are calculated as a percentage of the employees' basic salaries. The Target Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(t) Employee benefits (cont'd)****(i) Pension obligations (cont'd)**

The Target Group's net obligations in respect of defined benefit schemes is calculated by fair value of the pension scheme assets, and estimates of the effects of future events on the actuarial present value of accrued pension obligations, adjusted for any effect of limiting a net benefit asset to the asset ceiling, and are determined on the basis of actuarial valuations using the projected unit credit method. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in the consolidated statement of profit or loss at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognised. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognised in the consolidated income statement.

(ii) Long service payments

Certain of the Target Group's employees are eligible for long service payments in the event of the retirement or voluntary resignation of their employment. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is the best estimate of the present value of probable future payments, calculated using the projected unit credit method, that have been earned by the employees from their service to the Target Group at the end of the reporting period.

(iii) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recognised at the earlier of (i) when the Target Group can no longer withdraw the offer of those benefits and (ii) when the Target Group recognises the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short term employee benefits, or other long-term employee benefits.

(iv) Short-term employee benefits

Employee benefits are classified as short-term if the expected timing of settlement is within 12 months after the end of the reporting period.

(u) 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, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Target Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(u) Borrowing costs (cont'd)**

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Target Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(w) Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised, either in other comprehensive income or directly in equity.

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 amounts are those that are enacted or substantively enacted, by the end of the reporting period, in the countries where the Target Group operates and generates taxable income.

Deferred tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes. Deferred tax liabilities are recognised for all taxable temporary differences (with limited exceptions) while deferred tax assets are recognised for all deductible temporary differences, and the 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 (with limited exceptions). For deferred tax liabilities that would be payable on unremitted earnings that are subject to withholding taxes, the Target Group fully recognises the amounts for its associated companies and recognises the amounts to the extent representing the earnings to be distributed as dividends for its subsidiary companies. The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 recovered. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period 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 end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(x) Finance costs

Finance costs are interest expenses calculated using the effective interest method and other costs incurred in connection with the borrowing of funds and lease liabilities. Other costs include exchange differences on foreign currency borrowings. Exchange differences arising from foreign currency borrowings are included in finance costs to the extent that they are regarded as an adjustment to interest costs.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(x) Finance costs (cont'd)**

Finance costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction, or production of qualifying assets (principally the assets classified as property, plant and equipment and concession assets classified as intangible assets for the Target Group) which necessarily take a substantial period of time to prepare for their intended use or sale. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(y) Impairment of non-financial assets

An assessment is made at the end of each reporting period as to whether there is an indication of impairment of assets including property, plant and equipment, other intangible assets and other non-current assets, or whether there is an indication that an impairment loss previously recognised for an asset may no longer exist or may have decreased. If such an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the consolidated income statement in the period in which it arises.

A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. However, this is limited and will not give rise to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises.

(z) Distributions/Dividends

Final distributions/dividends proposed by the Directors are recognised as a liability when they have been declared and approved by the shareholders in an annual general meeting. Proposed final distributions/dividends are disclosed in the notes to the Historical Financial Information.

(aa) Provision for toll road overlay

The cost of overlay is periodically provided based on estimated utilisation of toll road by customers. The estimated net provision for toll road overlay is discounted to its present value that reflects current provision.

(bb) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(bb) Provisions and contingent liabilities (cont'd)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(cc) Related parties

A related party is considered as a person or an entity that is related to the Target Group if:

(I) A person or a close member of that person's family is related to the Target Group if that person:

- (i) has control or joint control over the Target Group;
- (ii) has significant influence over the Target Group; or
- (iii) is a member of the key management personnel of the Target Group;

Or

(II) An entity is related to the Target Group if any of the following conditions applies:

- (i) the entity and the Target Group are members of the same group (which means that parent, each subsidiary company, and each fellow subsidiary company is related to the others);
- (ii) one entity is an associated company or a joint venture of the other entity (or an associated company or a joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Target Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (I);
- (vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Target Group, directly or indirectly.

(dd) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

In applying the Target Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(A) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

(a) Service concession arrangements

HK(IFRIC)-Int 12 outlines an approach to account for service concession arrangement arising from entities providing public services. It provides that the operator (concession right beneficiary) should not account for the infrastructure as fixed assets but should recognise a financial asset and/or an intangible asset.

Badan Pengatur Jalan Tol (Indonesia Toll Road Authority, "BPJT"), an institution to govern toll road in Indonesia, granted the Target Group rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the toll roads that contained in the toll road concession agreements of the Target Group.

Upon expiry of the service concession period, the Target Group shall handover the toll roads to BPJT without cost, fully operational and in good working condition, including any and all existing land, works, toll road facilities and equipment found therein directly related to, and in connection with, the operation of the toll road facilities.

The Target Group has made the judgment that the above arrangement met the criteria under the intangible asset model as the Target Group has a right to charge users of the toll road, wherein the concession asset is recognised as an intangible asset in accordance with HKAS 38 Intangible Assets.

The Target Group is required by HK(IFRIC)-Int 12 to present a profit or loss item reflecting the income from construction or improvements to concession assets made during the year/period in the statement of profit or loss.

The Target Group recognises construction revenue of concession asset and construction costs of concession asset in accordance with HKFRS 15. The Target Group measures construction revenue at the fair value of the consideration received or to be received and will add the margin, based on management estimation.

(b) Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Target Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES (cont'd)**(B) Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Target Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

(b) Amortisation of toll road concession right

Amortisation of toll road operation rights of the Target Group is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies related to the toll road operations, as well as forecasted economic growth in the region. The effects of changes in estimates are accounted for prospectively and reflected in the Target Group's financial statements.

In determining amortisation of toll road concession rights, the management of the Target Group has to project traffic volume after current year for the remaining years of the concession agreement. Traffic volume is projected based on the number of vehicles and adjusted by comparison to actual vehicle volume. However, the actual traffic volume in the future could differ from the estimate, depending on the changes in external factors that may affect toll tariff and traffic volume. Management of the Target Group performs periodic assessment on the total projected traffic volume and make an appropriate adjustment if there is a material difference between projected and actual traffic volume.

(c) Provision for toll road overlay

Provision for toll road overlay will be recorded periodically based on the estimated utilisation of toll road by users. This provision is measured using the present value of management's estimate of the expenditures required to settle present obligation at the reporting date.

(d) Income tax

Significant considerations are made in determining corporate income tax liability. There are certain transactions and computations for which the ultimate tax determination is uncertain during the normal course of business. The Target Group recognises the income tax liability based on estimates of whether there will be an additional income tax.

6. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Target Group entities. Revenue, funding and all of the operating costs of the Target Group are made in Indonesian Rupiah and therefore the Target Group does not have significant exposure to fluctuations in foreign currency exchange rates.

The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities.

At 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, the Target Group had no assets or liabilities denominated in currency other than respective functional currencies.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Target Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Target Group's exposure to credit risk arising from cash and cash equivalents and restricted bank balances is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Target Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Target Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Target Group will grant a credit period 14 days. Debtors with balances that are 14 days period past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Target Group does not obtain collateral from customers.

The Target Group apply the HKFRS 9 simplified approach to measure loss allowance for expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are estimated based on the corresponding historical credit losses experienced over the past one year, adjusted with the expected change between current and forward-looking information on macroeconomic factors, if material.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

6. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the Target Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2021, 31 December 2022 and 31 December 2023 and 31 March 2024:

As at 31 December 2021			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>IDR'million</i>	<i>IDR'million</i>
Current (not past due)	0%	1,207	–
Up to 12 months past due	0%	10,961	–
Over 12 months	100%	32,094	32,094
		<u>44,262</u>	<u>32,094</u>
As at 31 December 2022			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>IDR'million</i>	<i>IDR'million</i>
Current (not past due)	0%	6,170	–
Up to 12 months past due	0%	13,562	–
Over 12 months	100%	9,500	9,500
		<u>29,232</u>	<u>9,500</u>
As at 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>IDR'million</i>	<i>IDR'million</i>
Current (not past due)	0%	21,958	–
Up to 12 months past due	0%	33,046	–
Over 12 months	100%	9,500	9,500
		<u>64,504</u>	<u>9,500</u>
As at 31 March 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>IDR'million</i>	<i>IDR'million</i>
Current (not past due)	0%	21,684	–
Up to 12 months past due	0%	13,931	–
Over 12 months	100%	9,500	9,500
		<u>45,115</u>	<u>9,500</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

6. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

Movement in the loss allowance account in respect of trade receivables during the Relevant Periods is as follows:

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
At 1 January	24,296	32,094	9,500	9,500
Allowance for the year/period	7,798	–	–	–
Distribution to JM	–	(22,594)	–	–
	32,094	9,500	9,500	9,500
At 31 December/31 March	32,094	9,500	9,500	9,500

Other financial assets at amortised cost

All of the Target Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses.

Financial assets at amortised cost include deposits and other receivables, loans to related parties, restricted bank balances and bank and cash balances.

There are no material movement in the loss allowance for financial assets at amortised cost during the Relevant Periods.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

6. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Target Group's financial liabilities is as follows:

	Less than 1 year	Between 2 to 5 years	More than 5 years	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 31 December 2021				
Trade payable, other payables and accruals	702,082	367,410	–	1,069,492
Loans from related parties	20,033	298,556	–	318,589
Contractors payables	103,855	1,349	–	105,204
Borrowings	456,721	2,183,928	6,938,882	9,579,531
Lease liabilities	5,942	2,292	–	8,234
At 31 December 2022				
Trade payable, other payables and accruals	986,492	368,408	–	1,354,900
Loans from related parties	52,661	118,070	–	170,731
Contractors payables	802	22,031	–	22,833
Borrowings	524,905	2,017,798	5,724,321	8,267,024
Lease liabilities	6,910	2,964	–	9,874
At 31 December 2023				
Trade payable, other payables and accruals	1,715,782	486,422	–	2,202,204
Loans from related parties	43,843	–	–	43,843
Contractors payables	44,436	7,814	–	52,250
Borrowings	3,801,579	11,447,565	23,261,638	38,510,782
Lease liabilities	13,824	6,639	–	20,463
At 31 March 2024				
Trade payable, other payables and accruals	1,528,232	499,329	–	2,027,561
Loans from related parties	20,716	–	–	20,716
Contractors payables	16,831	989	–	17,820
Borrowings	3,645,663	11,415,664	22,393,625	37,454,952
Lease liabilities	10,208	8,760	–	18,968

6. FINANCIAL RISK MANAGEMENT (cont'd)**(d) Interest rate risk**

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Company's cash and bank balances and bank borrowings.

The Target Group's loans from the related parties are charged at 7.25% to 7.75% per annum during the Relevant Periods.

The Target Group's management reviewed the interest rate frequently. When the market interest rate decreases significantly, the Target Group's management will negotiate with the lenders for more favorable interest rate. The Target Group also utilise derivative financial instruments to reduce the interest rate exposure.

The Target Group's exposure to interest rates continues to be monitored by analysing its financial liabilities. As at year ended 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, the Target Group has financial liabilities amounting to IDR2,526,241 million, IDR2,503,786 million, IDR20,595,447 million and IDR20,239,055 million and which are subject to floating interest rates.

At 31 December 2021, if interest rates at that date had been 19 basis points higher with all other variables held constant, profit for the year would have been IDR3,744 million lower, arising mainly as a result of higher interest expense on bank loans. If interest rates had been 19 basis points lower, with all other variables held constant, profit for the year would have been IDR3,744 million higher, arising mainly as a result of lower interest expense on bank loans.

At 31 December 2022, if interest rates at that date had been 19 basis points higher with all other variables held constant, profit for the year would have been IDR3,711 million lower, arising mainly as a result of higher interest expense on bank loans. If interest rates had been 19 basis points lower, with all other variables held constant, profit for the year would have been IDR3,711 million higher, arising mainly as a result of lower interest expense on bank loans.

At 31 December 2023, if interest rates at that date had been 19 basis points higher with all other variables held constant, profit for the year would have been IDR30,522 million lower, arising mainly as a result of higher interest expense on bank loans. If interest rates had been 19 basis points lower, with all other variables held constant, profit for the year would have been IDR30,522 million higher, arising mainly as a result of lower interest expense on bank loans.

At 31 March 2024, if interest rates at that date had been 19 basis points higher with all other variables held constant, profit for the year would have been IDR29,994 million lower, arising mainly as a result of higher interest expense on bank loans. If interest rates had been 19 basis points lower, with all other variables held constant, profit for the year would have been IDR29,994 million higher, arising mainly as a result of lower interest expense on bank loans.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

6. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Categories of financial instruments

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Financial assets:				
Derivative – Interest rate swap	19,684	55,313	82,020	48,939
Financial assets measured at amortised cost	1,970,146	1,157,128	2,413,734	2,408,359
Financial assets measured at FVOCI:				
Equity instruments	343,544	1,253,778	1,349,865	1,349,865
Financial assets measured at FVPL:				
Debt instruments	932,405	1,296,623	–	–
	<u>932,405</u>	<u>1,296,623</u>	<u>–</u>	<u>–</u>
Financial liabilities:				
Financial liabilities at amortised cost	7,738,441	7,800,154	26,604,861	25,990,027
Lease liabilities	7,998	9,106	18,863	18,398
	<u>7,998</u>	<u>9,106</u>	<u>18,863</u>	<u>18,398</u>

(f) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

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 following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Target Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Target Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

7. FAIR VALUE MEASUREMENTS (cont'd)

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			As at
	Level 1	Level 2	Level 3	31 December
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	2021
<u>Recurring fair value measurements:</u>				
<u>Financial assets</u>				
Derivatives				
Interest rate swap	–	19,684	–	19,684
Short-term investments				
Unlisted debt instruments	–	–	932,405	932,405
Listed equity securities	–	–	343,544	343,544
Total	–	19,684	1,275,949	1,295,633

	Fair value measurements using:			As at
	Level 1	Level 2	Level 3	31 December
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	2022
<u>Recurring fair value measurements:</u>				
<u>Financial assets</u>				
Derivatives				
Interest rate swap	–	55,313	–	55,313
Short-term investments				
Unlisted debt instruments	–	–	1,296,623	1,296,623
Listed equity securities	–	–	1,253,778	1,253,778
Total	–	55,313	2,550,401	2,605,714

	Fair value measurements using:			As at
	Level 1	Level 2	Level 3	31 December
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	2023
<u>Recurring fair value measurements:</u>				
<u>Financial assets</u>				
Derivatives				
Interest rate swap	–	82,020	–	82,020
Short-term investments				
Listed equity securities	–	–	1,349,865	1,349,865
Total	–	82,020	1,349,865	1,431,885

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

7. FAIR VALUE MEASUREMENTS (cont'd)

(a) Disclosures of level in fair value hierarchy: (cont'd)

	Fair value measurements using:			As at
	Level 1	Level 2	Level 3	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
<u>Recurring fair value measurements:</u>				
<u>Financial assets</u>				
Derivatives				
Interest rate swap	–	48,939	–	48,939
Short-term investments				
Listed equity securities	–	–	1,349,865	1,349,865
Total	–	48,939	1,349,865	1,398,804

(b) Reconciliation of assets measured at fair value based on Level 3:

	Short-term investments – Unlisted debt instruments <i>IDR'million</i>	Short-term investments – Listed equity securities <i>IDR'million</i>	Total <i>IDR'million</i>
Financial assets			
At 1 January 2021	539,526	134,427	673,953
Purchases	247,291	145,759	393,050
Total gain recognised			
in profit or loss	145,588	–	145,588
in other comprehensive income (pre-tax)	–	63,358	63,358
At 31 December 2021 and 1 January 2022	932,405	343,544	1,275,949
Purchases	308,168	748,433	1,056,601
Total gain recognised			
in profit or loss	56,050	–	56,050
in other comprehensive income (pre-tax)	–	161,801	161,801
At 31 December 2022 and 1 January 2023	1,296,623	1,253,778	2,550,401
Purchases	1,824,921	81,032	1,905,953
Total gain/(losses) recognised			
in profit or loss	(99,205)	–	(99,205)
in other comprehensive income (pre-tax)	–	15,055	15,055
Dissolution of fund (note 39(a))	(3,022,339)	–	(3,022,339)
At 31 December 2023, 1 January 2024 and 31 March 2024	–	1,349,865	1,349,865

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

7. FAIR VALUE MEASUREMENTS (cont'd)

(c) **Disclosure of valuation process used by the Target Group and valuation techniques and inputs used in fair value measurements at end of reporting periods:**

The Target Group's accounting staff with adequate financial valuation experience is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The relevant accounting staff directly report to the Director of Finance and Risk Management of the Target Company for these fair value measurements.

Level 2 fair value measurements			Fair Value			
			As at 31 December			As at 31 March
Description	Valuation technique	Inputs	2021 IDR'million	2022 IDR'million	2023 IDR'million	2024 IDR'million
Derivatives – Interest rate swaps	Discounted cash flows	Forward interest rates	19,684	55,313	82,020	48,939
		Contract interest rates				
		Discount rates				

Level 3 fair value measurements					Fair Value			
					As at 31 December			As at 31 March
Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	2021 IDR'million	2022 IDR'million	2023 IDR'million	2024 IDR'million
Unlisted debt instruments – Mutual fund classified as FVPL	Discounted cash flows	Weighted average cost of capital	8.8% – 9.4%	Decrease	932,405	1,296,623	–	–
		Revenue CAGR	5.6% – 6.5%	Increase				
Listed equity securities – Infrastructure investment fund classified as FVOCI	Discounted cash flows	Weighted average cost of capital	8.8% – 9.8%	Decrease	343,544	1,253,778	1,349,865	1,349,865
		Revenue CAGR	6.7% – 9.1%	Increase				

There is no change in valuation techniques used during the Relevant Periods.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines for the Relevant Periods is as follows:

	Year ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
				(Unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
Toll road revenue	3,187,250	3,516,360	4,844,745	857,352	1,557,083
Construction revenue (<i>note</i>)	499,330	1,340,129	968,611	437,735	71,141
Other management services	6,000	6,739	3,349	–	137
Others	479	–	7	–	–
	3,693,059	4,863,228	5,816,712	1,295,087	1,628,361
Revenue from other source					
Lease income	27,828	18,901	34,477	3,097	9,221
	3,720,887	4,882,129	5,851,189	1,298,184	1,637,582

The Target Group derives revenue from the transfer of services over time and at a point in time in the following geographical region:

	Year ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
				(Unaudited)	
Primary geographical market –					
Indonesia	3,720,887	4,882,129	5,851,189	1,298,184	1,637,582
Revenue from external customers	3,720,887	4,882,129	5,851,189	1,298,184	1,637,582
Timing of revenue recognition					
Services transferred at a point in time	3,187,250	3,516,360	4,844,745	857,352	1,557,083
Services transferred over time	533,637	1,365,769	1,006,444	440,832	80,499
Total	3,720,887	4,882,129	5,851,189	1,298,184	1,637,582

Note:

Construction revenue is derived from construction and enhancement of toll road.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

9. FINANCE INCOME AND OTHER INCOME, NET

	Years ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Bank interest income (net of tax)	6,666	17,019	37,495	6,537	11,316
Interest income received from related parties	—	584	11,166	2,423	6,385
Finance income	6,666	17,603	48,661	8,960	17,701
Others income and expenses, net	12,153	1,927	3,954	463	880
	18,819	19,530	52,615	9,423	18,581

10. FINANCE COSTS

	Years ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Bank loan interest expenses	467,212	402,008	1,030,882	112,045	428,343
Loan interest expenses to related parties	82,435	17,031	6,498	2,723	626
Interest expense on lease liabilities	495	372	1,855	287	608
Interest rate swaps losses/(gains)	5,901	35,295	(41,553)	(5,931)	(14,436)
Others	11,734	45	36	—	—
	567,777	454,751	997,718	109,124	415,141

11. SEGMENT INFORMATION

The Target Group's operating segment, based on the information reported to the Target Company's chief operating decision maker for the purpose of resources allocation and assessment of performance is as follows:

- Toll road segment – development, operation, construction and management of toll roads under concession arrangements.

No other operating segments have been aggregated in arriving at the reportable segments of the Target Group.

Geographical information

The Target Group's revenue from customers is derived solely from its operations and services rendered in Indonesia, and the non-current assets of the Target Group are in Indonesia.

Information about major customers

For the Relevant Periods, no revenue from transactions with a single external customer amounted to 10% of the Target Group's revenue.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

12. INCOME TAX EXPENSE

Income tax expense has been recognised in profit or loss as follows:

	Years ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i> (Unaudited)	2024 <i>IDR'million</i>
Current tax –					
– Provision for the year/period	298,117	301,675	290,456	101,409	50,196
Deferred tax (note 36)	104,281	58,581	102,694	1,202	81,762
	<u>402,398</u>	<u>360,256</u>	<u>393,150</u>	<u>102,611</u>	<u>131,958</u>

Note: The corporate income tax rate in Indonesia in the Relevant Periods was 22%.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Indonesia corporate income tax rate is as follows:

	Years ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i> (Unaudited)	2024 <i>IDR'million</i>
Profit before tax	1,063,454	1,747,221	6,407,873	379,785	519,760
Tax at applicable income tax rate of 22%	233,959	384,388	1,409,732	83,553	114,347
Tax effect of expenses that are not deductible	94,276	8,009	65,582	10,287	23,628
Tax effect of income that are not taxable	(839)	(95,902)	(1,109,739)	(4,458)	(27,780)
Tax effect of temporary differences not recognised	76,964	53,423	172,252	3,811	95,862
Deferred tax assets and tax losses not recognised	(20,636)	10,338	(144,677)	9,418	(74,099)
Tax rate adjustment	18,674	–	–	–	–
Income tax expense	<u>402,398</u>	<u>360,256</u>	<u>393,150</u>	<u>102,611</u>	<u>131,958</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

13. PROFIT FOR THE RELEVANT PERIODS

The Target Group's profit for the Relevant Periods are stated after charging the following:

	Years ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
				(Unaudited)	
Auditor's remuneration					
– Audit services	587	1,547	1,903	38	69
– Non-audit services	4,760	7,673	5,123	1,396	608
Cost of revenue					
– Toll road	1,276,600	1,516,436	1,959,355	378,005	601,921
– Construction	495,367	1,329,493	960,924	434,261	70,576
Depreciation of property, plant and equipment	790	760	2,295	196	1,082
Depreciation of right-of-use assets	4,425	3,569	15,467	1,446	4,560
Amortisation of intangible assets	507,283	644,874	741,912	117,001	241,169
Lease payment not included in measurement of lease liabilities	596	1,246	913	141	174
	<u>596</u>	<u>1,246</u>	<u>913</u>	<u>141</u>	<u>174</u>

14. EMPLOYEE BENEFITS EXPENSES

	Years ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
				(Unaudited)	
Employee benefits expense (including directors' emoluments):					
Salaries, bonuses and allowances	48,354	55,338	89,078	24,522	31,680
Retirement benefit scheme contributions	2,488	2,763	4,639	348	1,621
	<u>50,842</u>	<u>58,101</u>	<u>93,717</u>	<u>24,870</u>	<u>33,301</u>

Five highest paid individuals

The five highest paid individuals in the Target Group for the Relevant Periods included 3, 5, 5, 5 and 5 directors and commissioners of the Target Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, three months ended 31 March 2023 (Unaudited) and 31 March 2024 respectively, whose emoluments are reflected in the analysis presented in note 42(b). The emoluments of the remaining 2 individuals for the year ended 31 December 2021, are set out below:

	Years ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
				(Unaudited)	
Basic salaries and allowances	1,684	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–	–
	<u>1,684</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

15. BENEFITS AND INTERESTS OF DIRECTORS AND COMMISSIONERS

(a) Emoluments

The remuneration of every director and commissioner for the year ended 31 December 2021 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Target Company or its subsidiary undertaking							Emoluments paid or receivable in respect of his/ her other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking	Total
	Fees	Salaries	Discretionary bonus	(Note (i)) Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		
	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million
<u>Executive director</u>									
Rudi Kurniadi	-	611	-	18	35	-	227	-	891
<u>Commissioners</u>									
Eka Setya Adrianto	-	275	-	45	-	-	-	-	320
Triono Junoasmono	-	248	-	45	-	-	-	-	293
Total for the year ended 31 December 2021	-	1,134	-	108	35	-	227	-	1,504

The remuneration of every director and commissioner for the year ended 31 December 2022 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Target Company or its subsidiary undertaking							Emoluments paid or receivable in respect of his/ her other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking	Total
	Fees	Salaries	Discretionary bonus	(Note (i)) Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		
	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million
<u>Executive directors</u>									
Rudi Kurniadi	-	966	125	21	36	-	203	-	1,351
Pramitha Wulanjani (appointed on 19 April 2022)	-	691	39	17	11	-	144	-	902
Pratomo Bimawan Putra (appointed on 19 April 2022)	-	691	36	17	12	-	144	-	900
<u>Commissioners</u>									
Ade Wahyu (appointed on 19 April 2022)	-	366	-	53	-	-	-	-	419
Triono Junoasmono	-	391	-	63	-	-	-	-	454
Eka Setya Adriato (resigned on 19 April 2022)	-	92	-	11	-	-	-	-	103
Total for the year ended 31 December 2022	-	3,197	200	182	59	-	491	-	4,129

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

15. BENEFITS AND INTERESTS OF DIRECTORS AND COMMISSIONERS (cont'd)

(a) Emoluments (cont'd)

The remuneration of every director and commissioner for year ended 31 December 2023 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Target Company or its subsidiary undertaking							Emoluments paid or receivable in respect of his/ her other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking	Total
	Fees IDR'million	Salaries IDR'million	Discretionary bonus IDR'million	(Note (i)) Estimated money value of other benefits IDR'million	Employer's contribution to a retirement benefit scheme IDR'million	Remunerations paid or receivable in respect of accepting office as director IDR'million	Housing allowance IDR'million		
Executive directors									
Rudi Kurniadi	-	1,276	61	24	59	-	224	-	1,644
Pratomo Bimawan Putra	-	1,085	-	24	39	-	224	-	1,372
Siti Sarah (appointed on 14 March 2023)	-	991	-	22	61	-	209	-	1,283
Pramitha Wulanjani (resigned on 3 March 2023)	-	94	-	2	10	-	15	-	121
Commissioners									
Gandes Aisyaharum (appointed on 16 May 2023)	-	574	23	60	-	-	-	-	657
Reza Febriano (appointed on 16 May 2023)	-	517	21	60	-	-	-	-	598
Ade Wahyu (resigned on 3 March 2023)	-	99	-	14	-	-	-	-	113
Triono Junoasmono (resigned on 6 April 2023)	-	134	-	21	-	-	-	-	155
Total for the year ended 31 December 2023	-	4,770	105	227	169	-	672	-	5,943

The remuneration of every director and commissioner for the period from January to March 2023 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Target Company or its subsidiary undertaking							Emoluments paid or receivable in respect of his/ her other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking	Total
	Fees IDR'million (Unaudited)	Salaries IDR'million (Unaudited)	Discretionary bonus IDR'million (Unaudited)	(Note (i)) Estimated money value of other benefits IDR'million (Unaudited)	Employer's contribution to a retirement benefit scheme IDR'million (Unaudited)	Remunerations paid or receivable in respect of accepting office as director IDR'million (Unaudited)	Housing allowance IDR'million (Unaudited)		
Executive directors									
Rudi Kurniadi	-	330	-	6	9	-	45	-	390
Siti Sarah (appointed on 14 March 2023)	-	94	-	2	5	-	15	-	116
Pramitha Wulanjani (resigned on 3 March 2023)	-	94	-	2	10	-	15	-	121
Pratomo Bimawan Putra	-	281	-	6	10	-	45	-	342
Commissioners									
Ade Wahyu (resigned on 3 March 2023)	-	99	-	14	-	-	-	-	113
Triono Junoasmono	-	134	-	21	-	-	-	-	155
Total for the three months ended 31 March 2023	-	1,032	-	51	34	-	120	-	1,237

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

15. BENEFITS AND INTERESTS OF DIRECTORS AND COMMISSIONERS (cont'd)

(a) Emoluments (cont'd)

The remuneration of every director and commissioner for the period from January to March 2024 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Target Company or its subsidiary undertaking							Emoluments paid or receivable in respect of his/ her other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking	Total IDR'million
	Fees IDR'million	Salaries IDR'million	Discretionary bonus IDR'million	(Note (i)) Estimated money value of other benefits IDR'million	Employer's contribution to a retirement benefit scheme IDR'million	Remunerations paid or receivable in respect of office as director IDR'million	Housing allowance IDR'million		
<u>Executive directors</u>									
Rudi Kurniadi	-	330	-	6	15	-	45	-	396
Siti Sarah	-	281	-	6	15	-	45	-	347
Pratomo Bimawan Putra	-	281	-	6	10	-	45	-	342
<u>Commissioners</u>									
Gandes Aisyaharum	-	149	-	21	-	-	-	-	170
Reza Febriono	-	134	-	21	-	-	-	-	155
Total for the three months ended 31 March 2024	-	1,175	-	60	40	-	135	-	1,410

Notes: (i) Estimated money values of other benefits include transportation expense and utilities expense etc.

None of the directors and commissioners had waived any emoluments during the Relevant Periods.

The contribution of directors' retirement benefits scheme for Relevant Periods are borne by JM.

16. DIVIDENDS

During the Relevant Periods, the Target Company has the following dividend paid:

	Years ended 31 December			Three months ended 31 March	
	2021 IDR'million	2022 IDR'million	2023 IDR'million	2023 IDR'million (Unaudited)	2024 IDR'million
2022 Final of IDR 26.96 per ordinary share	-	-	553,906	-	-

On 16 May 2023, final dividend for the financial year ended 31 December 2022 of IDR26.96 per ordinary share has been approved by the shareholders at the annual general meeting. The dividend was paid on 7 June 2023.

In the general meeting of the shareholders of the Target Company on 17 May 2024, the shareholders approved a final dividend of IDR1,000,000 million for the financial year ended 31 December 2023. The dividend was subsequently paid on 30 May 2024.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

17. PROPERTY, PLANT AND EQUIPMENT

	Land Rights <i>IDR'million</i>	Office and other buildings <i>IDR'million</i>	Operational and office equipment <i>IDR'million</i>	Vehicles <i>IDR'million</i>	Construction in progress <i>IDR'million</i>	Total <i>IDR'million</i>
Cost						
At 1 January 2021	2,696	5,457	1,635	367	159	10,314
Additions	–	114	55	–	14	183
Reclassification	–	173	–	–	(173)	–
	<u>2,696</u>	<u>5,744</u>	<u>1,690</u>	<u>367</u>	<u>–</u>	<u>10,497</u>
At 31 December 2021 and 1 January 2022	2,696	5,744	1,690	367	–	10,497
Additions	100	411	520	–	2,623	3,654
	<u>2,796</u>	<u>6,155</u>	<u>2,210</u>	<u>367</u>	<u>2,623</u>	<u>14,151</u>
At 31 December 2022 and 1 January 2023	2,796	6,155	2,210	367	2,623	14,151
Additions	–	217	1,706	–	–	1,923
Acquisition of subsidiaries <i>(note 39(a))</i>	2,572	26,123	16,123	18	–	44,836
Transfers	–	2,526	–	–	(2,526)	–
	<u>5,368</u>	<u>35,021</u>	<u>20,039</u>	<u>385</u>	<u>97</u>	<u>60,910</u>
At 31 December 2023 and 1 January 2024	5,368	35,021	20,039	385	97	60,910
Additions	–	–	253	–	–	253
	<u>5,368</u>	<u>35,021</u>	<u>20,292</u>	<u>385</u>	<u>97</u>	<u>61,163</u>
	5,368	35,021	20,292	385	97	61,163
Accumulated depreciation						
At 1 January 2021	–	3,079	1,198	367	–	4,644
Charge for the year	–	573	217	–	–	790
	<u>–</u>	<u>3,652</u>	<u>1,415</u>	<u>367</u>	<u>–</u>	<u>5,434</u>
At 31 December 2021 and 1 January 2022	–	3,652	1,415	367	–	5,434
Charge for the year	–	566	194	–	–	760
	<u>–</u>	<u>4,218</u>	<u>1,609</u>	<u>367</u>	<u>–</u>	<u>6,194</u>
At 31 December 2022 and 1 January 2023	–	4,218	1,609	367	–	6,194
Charge for the year	–	1,188	1,105	2	–	2,295
Acquisition of subsidiaries <i>(note 39(a))</i>	–	5,839	13,112	16	–	18,967
	<u>–</u>	<u>11,245</u>	<u>15,826</u>	<u>385</u>	<u>–</u>	<u>27,456</u>
At 31 December 2023 and 1 January 2024	–	11,245	15,826	385	–	27,456
Charge for the period	–	554	528	–	–	1,082
	<u>–</u>	<u>11,799</u>	<u>16,354</u>	<u>385</u>	<u>–</u>	<u>28,538</u>
At 31 March 2024	–	11,799	16,354	385	–	28,538
	<u>–</u>	<u>11,799</u>	<u>16,354</u>	<u>385</u>	<u>–</u>	<u>28,538</u>
Carrying amount						
At 31 December 2021	2,696	2,092	275	–	–	5,063
	<u>2,696</u>	<u>2,092</u>	<u>275</u>	<u>–</u>	<u>–</u>	<u>5,063</u>
At 31 December 2022	2,796	1,937	601	–	2,623	7,957
	<u>2,796</u>	<u>1,937</u>	<u>601</u>	<u>–</u>	<u>2,623</u>	<u>7,957</u>
At 31 December 2023	5,368	23,776	4,213	–	97	33,454
	<u>5,368</u>	<u>23,776</u>	<u>4,213</u>	<u>–</u>	<u>97</u>	<u>33,454</u>
At 31 March 2024	5,368	23,222	3,938	–	97	32,625
	<u>5,368</u>	<u>23,222</u>	<u>3,938</u>	<u>–</u>	<u>97</u>	<u>32,625</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

18. RIGHT-OF-USE ASSETS

	Leased properties <i>IDR'million</i>	Operational and office equipment <i>IDR'million</i>	Vehicles <i>IDR'million</i>	Total <i>IDR'million</i>
At 1 January 2021	102	–	2,504	2,606
Additions	50	–	9,071	9,121
Depreciation	(102)	–	(4,323)	(4,425)
At 31 December 2021 and 1 January 2022	50	–	7,252	7,302
Additions	–	4,768	5,879	10,647
Distribution to JM	–	–	(4,803)	(4,803)
Depreciation	(50)	(407)	(3,112)	(3,569)
At 31 December 2022 and 1 January 2023	–	4,361	5,216	9,577
Additions	3,688	–	12,828	16,516
Acquisition of subsidiaries (<i>note 39(a)</i>)	1,862	–	6,380	8,242
Depreciation	(3,800)	(2,699)	(8,968)	(15,467)
At 31 December 2023 and 1 January 2024	1,750	1,662	15,456	18,868
Additions	–	3,273	428	3,701
Depreciation	–	(2,537)	(2,023)	(4,560)
At 31 March 2024	<u>1,750</u>	<u>2,398</u>	<u>13,861</u>	<u>18,009</u>

Details of total cash outflow for leases is set out in note 39(d).

	Years ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Depreciation expenses on right-of-use assets	4,425	3,569	15,467	1,447	4,560
Interest expense on lease liabilities (included in finance costs)	495	372	1,855	287	608
Expenses relating to short-term lease	596	1,246	913	141	174
	<u>5,516</u>	<u>5,187</u>	<u>18,235</u>	<u>1,875</u>	<u>5,342</u>

During the Relevant Periods, the Target Group leases various leased properties, office equipment and vehicles for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease contracts are entered into for fixed term of 1 year to 3 years. No extension options and termination options are included in the lease contracts except for two leases. The Target Group assesses at lease commencement date that the Target Group will exercise the extension options and consider will extend the lease term on one of the leases, the related extension periods are included in the measurement of lease liabilities.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Unlisted investments:				
Share of net assets	7,357,950	7,618,946	3,977,630	3,983,353

Details of the Target Group's joint ventures are as follows:

	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
PT Jasamarga Semarang Batang ("JSB")	Indonesia	4,178,664,400 shares of IDR 1,000 each	2021: 44.18% 2022: 44.18%	Concession operator of the Semarang-Batang toll road and Terbanggi Besar – Kayu Agung toll road
PT Jasamarga Solo Ngawi ("JSN")	Indonesia	169,019,575 shares of IDR 22,000 each	2021: 42.62% 2022: 42.62%	Concession operator of the Solo-Ngawi toll road
PT Jasamarga Ngawi Kertosono Kediri ("JNK")	Indonesia	75,660,920 shares of IDR 22,000 each	2021: 45.03% 2022: 45.03%	Concession operator of the Ngawi-Kertosono toll road
PT Jasamarga Pandaan Tol ("JPT")	Indonesia	630,134,783 shares of IDR 1,000 each	2021: 40.00% 2022: 40.00% 2023: 40.00% 2024: 40.00%	Concession operator of the Gempol-Pandaan toll road
PT Trans Marga Jateng ("TMJ")	Indonesia	237,380,120 shares of IDR 10,000 each	2021: 50.91% 2022: 50.91% 2023: 50.91% 2024: 50.91%	Concession operator of the Semarang-Solo toll road
PT Jasamarga Pandaan Malang ("JPM")	Indonesia	1,777,980 shares of IDR 1,000,000 each	2021: 51.00% 2022: 51.00% 2023: 51.00% 2024: 51.00%	Concession operator of the Pandaan-Malang toll road
PT Jasamarga Jalanlayang Cikampek ("JJC")	Indonesia	5,664,445 shares of IDR 1,000,000 each	2021: 40.00% 2022: 40.00% 2023: 40.00% 2024: 40.00%	Concession operator of the Jakarta-Cikampek II Elevated toll road

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

The tables below shows summarised financial information of the Target Group's joint ventures, which are accounted for using the equity method in the Target Company's consolidated financial statements. The summarised financial information is based on the joint ventures' financial statements prepared under Indonesia Accounting Standards for the years ended 31 December 2021, 2022 and 2023, and for the 3-months ended 31 March 2024.

Name	JSB	
Principal place of business/country of incorporation	Indonesia	
Principal activities	Operator of the Semarang-Batang toll road and the Terbanggi Besar-Kayu Agung toll road under concession arrangement	
	At 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	44.18%/44.18%	44.18%/44.18%
At 31 December:		
Non-current assets	12,240,545	12,121,366
Current assets	550,386	401,279
Non-current liabilities	(8,624,846)	(8,712,633)
Current liabilities	(557,764)	(269,985)
Net assets	3,608,321	3,540,027
Target Group's share of net assets	1,594,156	1,563,984
Goodwill	–	–
Target Group's share of carrying amount of interests	1,594,156	1,563,984
Cash and cash equivalents included in current assets	199,031	125,190
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(445,857)	(156,448)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(8,584,381)	(8,648,481)
	Years ended 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	1,109,787	1,027,719
Depreciation and amortisation	(3,032)	(2,885)
Interest income	714	2,787
Interest expense	(684,111)	(592,055)
Income tax expense	(146,807)	(112,005)
Profit from operations	179,960	41,591
Other comprehensive income	–	18,680
Total comprehensive income	179,960	60,271

Note: JSB become a subsidiary since 28 July 2023.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	JSN	
Principal place of business/country of incorporation	Indonesia	
Principal activities	Operator of the Solo-Ngawi toll road under concession arrangement	
	At 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	42.62%/42.62%	42.62%/42.62%
At 31 December:		
Non-current assets	10,002,530	9,777,421
Current assets	824,181	248,312
Non-current liabilities	(7,415,487)	(6,484,448)
Current liabilities	(405,429)	(379,657)
Net assets	3,005,795	3,161,628
Target Group's share of net assets	1,281,070	1,347,486
Goodwill	—	—
Target Group's share of carrying amount of interests	1,281,070	1,347,486
Cash and cash equivalents included in current assets	482,363	67,997
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(123,872)	(102,155)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(7,373,936)	(49,924)
	Years ended 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	820,269	1,028,937
Depreciation and amortisation	(1,436)	(120,969)
Interest income	8,200	4,220
Interest expense	(646,781)	(457,304)
Income tax expense	(123,424)	(93,136)
Profit from operations	218,636	218,532
Other comprehensive income	—	(12,421)
Total comprehensive income	218,636	206,111

Note: JSN become a subsidiary since 28 July 2023.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	JNK	
Principal place of business/country of incorporation	Indonesia	
Principal activities	Operator of the Ngawi-Kertosono toll road under concession arrangement	
	At 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	45.03%/45.03%	45.03%/45.03%
At 31 December:		
Non-current assets	4,431,658	4,423,444
Current assets	279,400	328,313
Non-current liabilities	(3,420,064)	(3,157,962)
Current liabilities	(64,696)	(92,887)
Net assets	1,226,298	1,500,908
Target Group's share of net assets	552,201	675,859
Goodwill	—	—
Target Group's share of carrying amount of interests	<u>552,201</u>	<u>675,859</u>
Cash and cash equivalents included in current assets	83,384	202,820
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(12,884)	(89,911)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(3,369,334)	(3,098,184)
	Years ended 31 December	
	2021	2022
	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	506,722	652,785
Depreciation and amortisation	(2,964)	(97,781)
Interest income	4,741	4,854
Interest expense	(285,555)	(220,243)
Income tax expense	(50,393)	(34,563)
Profit/(loss) from operations	(6,637)	206,684
Other comprehensive income	(1)	—
Total comprehensive income	(6,638)	206,684

Note: JNK become a subsidiary since 28 July 2023.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	JPT			
Principal place of business/country of incorporation	Indonesia			
Principal activities	Operator of the Gempol-Pandaan toll road under concession arrangement			
	At 31 December			At 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	40%/40%	40%/40%	40%/40%	40%/40%
Non-current assets	1,730,574	1,715,599	1,698,868	1,683,269
Current assets	183,287	137,433	227,367	248,448
Non-current liabilities	(745,603)	(764,437)	(88,407)	(98,537)
Current liabilities	(153,605)	(29,130)	(721,488)	(716,840)
Net assets	1,014,653	1,059,465	1,116,340	1,116,340
Target Group's share of net assets	405,861	423,786	446,536	446,536
Goodwill	-	-	-	-
Target Group's share of carrying amount of interests	<u>405,861</u>	<u>423,786</u>	<u>446,536</u>	<u>446,536</u>
Cash and cash equivalents included in current assets	182,764	136,544	226,772	86,347
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(163)	(28,402)	(714,794)	(715,850)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(49,536)	(743,703)	(75,315)	(77,343)
	Years ended 31 December			Three months ended 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Year ended 31 December:				
Revenue	142,827	178,357	187,965	43,476
Depreciation and amortisation	(535)	(3,998)	(4,411)	(5,580)
Interest income	3,900	3,628	5,068	2,070
Interest expense	(70,860)	(66,928)	(62,257)	(15,516)
Income tax expense	(15,662)	(9,779)	(12,509)	(3,203)
Loss from operations	4,886	43,630	56,656	10,051
Other comprehensive income	122	54	-	-
Total comprehensive income	5,008	43,683	56,656	10,051

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	TMJ			
Principal place of business/country of incorporation	Indonesia			
Principal activities	Operator of the Semarang-Solo toll road under concession arrangement			
	At 31 December			At 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	50.91%/50.91%	50.91%/50.91%	50.91%/50.91%	50.91%/50.91%
Non-current assets	6,031,761	6,173,356	6,116,500	6,040,740
Current assets	55,014	268,629	352,555	380,320
Non-current liabilities	(5,143,307)	(4,913,065)	(4,476,163)	(4,441,382)
Current liabilities	(147,145)	(285,583)	(289,191)	(265,027)
Net assets	796,323	1,243,337	1,703,701	1,714,651
Target Group's share of net assets	405,408	632,983	867,353	872,929
Goodwill	-	-	-	-
Target Group's share of carrying amount of interests	<u>405,408</u>	<u>632,983</u>	<u>867,353</u>	<u>872,929</u>
Cash and cash equivalents included in current assets	50,262	145,380	227,827	353,143
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(72,290)	(180,422)	(228,963)	(205,488)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(5,003,411)	(4,760,434)	(4,333,066)	(4,280,035)
	Years ended 31 December			Three months ended 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	700,992	925,523	975,149	248,017
Depreciation and amortisation	(3,121)	(63,245)	(66,211)	(14,842)
Interest income	2,101	3,749	15,461	4,396
Interest expense	(401,511)	(307,936)	(293,142)	(67,488)
Income tax expense	(38,892)	(13,227)	(13,684)	(4,203)
(Loss)/profit from operations	99,072	405,309	460,486	119,535
Other comprehensive income	(281)	(258)	(198)	(280)
Total comprehensive income	98,791	405,051	460,288	119,255

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	JPM			
Principal place of business/country of incorporation	Indonesia			
Principal activities	Operator of the Pandaan-Malang toll road under concession arrangement			
	At 31 December			At 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	51.00%/51.00%	51.00%/51.00%	51.00%/51.00%	51.00%/51.00%
Non-current assets	6,132,137	6,098,846	6,002,300	6,010,577
Current assets	208,199	101,153	66,917	70,892
Non-current liabilities	(3,852,250)	(3,928,869)	(3,938,248)	(3,938,993)
Current liabilities	(127,602)	(40,422)	(27,242)	(38,749)
Net assets	2,360,484	2,230,708	2,103,727	2,103,727
Target Group's share of net assets	1,203,847	1,137,661	1,072,901	1,072,901
Goodwill	-	-	-	-
Target Group's share of carrying amount of interests	<u>1,203,847</u>	<u>1,137,661</u>	<u>1,072,901</u>	<u>1,072,901</u>
Cash and cash equivalents included in current assets	32,236	97,640	66,251	66,486
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(105,532)	(30,071)	(25,621)	(10,862)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(3,811,616)	(3,868,814)	(3,862,710)	(3,859,042)
	Years ended 31 December			Three months ended 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	249,378	328,363	360,355	84,034
Depreciation and amortisation	(1,266)	(104,075)	(106,777)	(23,669)
Interest income	1,922	1,962	2,470	808
Interest expense	(269,770)	(259,492)	(259,084)	(63,994)
Income tax expense	(72,426)	(42,919)	(38,579)	(9,714)
(Loss)/profit from operations	(264,976)	(159,677)	(126,983)	34,746
Other comprehensive income	(4)	11	1	-
Total comprehensive income	(264,980)	(159,666)	(126,982)	34,746

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

19. INVESTMENTS IN JOINT VENTURES (cont'd)

Name	JJC			
Principal place of business/country of incorporation	Indonesia			
Principal activities	Operator of the Jakarta-Cikampek II Elevated toll road under concession arrangement			
	At 31 December			At 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
% of ownership interests/voting rights held by the Target Group	40.00%/40.00%	40.00%/40.00%	40.00%/40.00%	40.00%/40.00%
Non-current assets	15,310,148	15,206,124	14,719,763	14,758,152
Current assets	258,189	343,272	406,213	357,812
Non-current liabilities	(10,479,714)	(10,507,748)	(10,667,753)	(10,635,389)
Current liabilities	(300,105)	(448,680)	(481,123)	(503,107)
Net assets	4,788,518	4,592,968	3,977,100	3,977,468
Target Group's share of net assets	1,915,407	1,837,187	1,590,840	1,590,987
Goodwill	-	-	-	-
Target Group's share of carrying amount of interests	<u>1,915,407</u>	<u>1,837,187</u>	<u>1,590,840</u>	<u>1,590,987</u>
Cash and cash equivalents included in current assets	170,452	134,248	110,429	27,392
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(140,480)	(195,351)	(346,712)	(503,107)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	(10,452,202)	(10,451,536)	(10,577,607)	(403,404)
	Years ended 31 December			Three months ended 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Revenue	691,919	869,239	893,421	224,226
Depreciation and amortisation	(844)	(356,438)	(334,359)	-
Interest income	4,068	5,935	3,008	658
Interest expense	(796,557)	(703,773)	(750,192)	(186,367)
Income tax expense	(31,640)	(15,532)	34,998	8,310
(Loss)/profit from operations	(620,171)	(391,952)	(407,839)	103,582
Other comprehensive income	39	11	(32)	8
Total comprehensive income	(620,132)	(391,941)	(407,871)	103,590

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

20. INTANGIBLE ASSETS

The Target Group

	Toll road concession rights	Software	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Cost			
At 1 January 2021	17,052,718	5,990	17,058,708
Additions	499,330	83	499,413
At 31 December 2021 and 1 January 2022	17,552,048	6,073	17,558,121
Additions	1,340,129	4,253	1,344,382
At 31 December 2022 and 1 January 2023	18,892,177	10,326	18,902,503
Additions	968,611	42,501	1,011,112
Acquisition of subsidiaries (note 39(a))	40,643,626	5,329	40,648,955
At 31 December 2023 and 1 January 2024	60,504,414	58,156	60,562,570
Additions	71,141	470	71,611
At 31 March 2024	<u>60,575,555</u>	<u>58,626</u>	<u>60,634,181</u>
Amortisation			
At 1 January 2021	2,957,596	3,314	2,960,910
Charge for the year	506,138	1,145	507,283
At 31 December 2021 and 1 January 2022	3,463,734	4,459	3,468,193
Charge for the year	643,800	1,074	644,874
At 31 December 2022 and 1 January 2023	4,107,534	5,533	4,113,067
Charge for the year	739,657	2,255	741,912
Acquisition of subsidiaries (note 39(a))	1,855,907	4,812	1,860,719
At 31 December 2023 and 1 January 2024	6,703,098	12,600	6,715,698
Charge for the period	240,623	546	241,169
At 31 March 2024	<u>6,943,721</u>	<u>13,146</u>	<u>6,956,867</u>
Carrying amount			
At 31 December 2021	<u>14,088,314</u>	<u>1,614</u>	<u>14,089,928</u>
At 31 December 2022	<u>14,784,643</u>	<u>4,793</u>	<u>14,789,436</u>
At 31 December 2023	<u>53,801,316</u>	<u>45,556</u>	<u>53,846,872</u>
At 31 March 2024	<u>53,631,834</u>	<u>45,480</u>	<u>53,677,314</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

20. INTANGIBLE ASSETS (cont'd)

The Target Company

	Toll road concession rights	Software	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Cost			
At 1 January 2021, 31 December 2021 and 1 January 2022	–	665	665
Additions	10,094,278	4,183	10,098,461
At 31 December 2022 and 1 January 2023	10,094,278	4,848	10,099,126
Additions	774,779	7,620	782,399
At 31 December 2023 and 1 January 2024	10,869,057	12,468	10,881,525
Additions	51,832	–	51,832
At 31 March 2024	<u>10,920,889</u>	<u>12,468</u>	<u>10,933,357</u>
Amortisation			
At 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Charge for the year	3,473,761	389	3,474,150
At 31 December 2022 and 1 January 2023	3,473,761	389	3,474,150
Charge for the year	417,697	1,617	419,314
At 31 December 2023 and 1 January 2024	3,891,458	2,006	3,893,464
Charge for the period	107,003	445	107,448
At 31 March 2024	<u>3,998,461</u>	<u>2,451</u>	<u>4,000,912</u>
Carrying amount			
At 31 December 2021	<u>–</u>	<u>665</u>	<u>665</u>
At 31 December 2022	<u>6,620,517</u>	<u>4,459</u>	<u>6,624,976</u>
At 31 December 2023	<u>6,977,599</u>	<u>10,462</u>	<u>6,988,061</u>
At 31 March 2024	<u>6,922,428</u>	<u>10,017</u>	<u>6,932,445</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

20. INTANGIBLE ASSETS (cont'd)

Toll road concessions rights

The Target Group accounts for its service concession arrangements under the intangible asset model as it receives the right (license) to charge users of public service. Details of accounting policy are set out in note 4(h) and note 5(A)(a).

The Target Group is responsible for the operations and management, maintenance and overhaul of the toll roads during the operation period. The toll fees collected and collectible during the operation period are attributable to the Target Group. The relevant toll roads are required to be returned to the government authorities when the operation period expires without any consideration payable to the Target Group.

The Target Group's toll roads operating under concession arrangements (not including those operated by joint ventures) are as follows:

Group companies	Toll roads	Concession period ending year
Target Company	Jakarta-Cikampek	2044
Target Company	Palimanan-Kanci	2044
Target Company	Semarang Section ABC	2044
Target Company	Surabaya-Gempol	2044
JSM	Surabaya-Mojokerto	2049
JGP	Gempol-Pasuruan	2063
JSN	Solo-Ngawi	2066
JNK	Ngawi-Kertosono-Kediri	2066
JSB	Semarang-Batang	2066

21. GOODWILL

IDR'million

Cost

At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	36,880
Acquisition of subsidiaries (note 39(a))	445,222
	482,102
At 31 December 2023, 1 January 2024 and 31 March 2024	482,102

Accumulated impairment losses

At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 March 2024	—
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Carrying amount

At 31 December 2021	36,880
At 31 December 2022	36,880
At 31 December 2023	482,102
At 31 March 2024	482,102

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

21. GOODWILL (cont'd)

In addition to goodwill, property, plant and equipment, right-of-use assets and intangible assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amounts of the CGUs have been determined on the basis of their value-in-use using discounted cash flow method, which uses cash flow projections based on financial budgets approved by the directors of the Target Company till the end of the concession periods. The key assumptions used by management in the impairment assessments were as follows:

Key assumptions	As at 31 December		
	2021	2022	2023
Revenue compound annual growth rate ("CAGR"):			
JSM CGU	7.9%	7.3%	7.4%
JSB CGU	N/A	N/A	5.1%
JSN CGU	N/A	N/A	7.5%
JNK CGU	N/A	N/A	7.7%
Pre-tax discount rate:			
JSM CGU	14.2%	14.2%	14.3%
JSB CGU	N/A	N/A	12.3%
JSN CGU	N/A	N/A	12.1%
JNK CGU	N/A	N/A	13.1%

No impairment loss on goodwill has been recognised in respect of CGUs during the Relevant Periods. Management believes that any reasonably possible change in the key assumptions on which the CGUs' recoverable amount are based would not cause the CGUs' carrying amount to exceed their recoverable amounts.

22. RESTRICTED FUNDS

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Related Parties	16,496	23,599	561,063	732,174
Third Parties	9,354	27,659	132,220	110,434
	25,850	51,258	693,283	842,608
Current portion	–	–	(517,409)	(664,625)
Non-current portion	25,850	51,258	175,874	177,983

Restricted funds are typically held in separate escrow accounts, overseen by banks, for the purpose of safeguarding designated purpose for the fund usage and providing credit protection for lenders or other parties. These restricted fund accounts serve various functions, such as collecting toll road revenue for loan settlements, paying off payable to the government, protecting lenders, and receiving government reimbursements. Restricted funds do not earn interest income.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

23. LOANS TO A JOINT VENTURE

	Principal	Accrued interest	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Addition	115,000	–	115,000
Interest recognised for the year	–	584	584
At 31 December 2022 and 1 January 2023	115,000	584	115,584
Addition	160,000	–	160,000
Interest recognised for the year	–	11,166	11,166
At 31 December 2023 and 1 January 2024	275,000	11,750	286,750
Interest recognised for the period	–	6,385	6,385
At 31 March 2024	<u>275,000</u>	<u>18,135</u>	<u>293,135</u>

The Target Company has been lending unsecured loans to JJC, which will be fully repaid within 2 years after all other syndicated loans of JJC are settled. The applicable interest rate for these loans is JJC's other syndicated loan interest plus 2% per annum, charged in compound. All interests on the loans are deferred until all other syndicated loans of JJC are fully repaid.

The interest rates and fair value at end of reporting periods were as follows:

	Years ended 31 December			Three months ended
	2021	2022	2023	31 March
Effective interest rate	N/A	8.32%	8.32% – 8.95%	8.63% – 8.83%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Fair value of the loans	–	124,678	306,595	312,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

24. HEDGING INSTRUMENTS

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Financial assets				
Interest rate swaps	19,684	55,313	82,020	48,939
	<u>19,684</u>	<u>55,313</u>	<u>82,020</u>	<u>48,939</u>
Analysed as:				
Non-current assets	19,684	55,313	–	–
Current assets	–	–	82,020	48,939
	<u>–</u>	<u>–</u>	<u>82,020</u>	<u>48,939</u>
Total	<u>19,684</u>	<u>55,313</u>	<u>82,020</u>	<u>48,939</u>

Cash flow hedges

The Target Group uses interest rate swaps to manage its floating-rate IDR borrowings' interest rate exposure by swapping from floating rates to fixed rates. Management of the Target Company consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

At 31 December 2021

Notional amount	Maturity	Swaps
IDR 2,532,881 million	October 2024	From floating rates to fixed rate of 6.65%

At 31 December 2022

Notional amount	Maturity	Swaps
IDR 2,509,848 million	October 2024	From floating rates to fixed rate of 6.65%

At 31 December 2023

Notional amount	Maturity	Swaps
IDR 7,225,273 million	October 2024 to December 2024	From floating rates to fixed rates of 6.65% to 6.75%

At 31 March 2024

Notional amount	Maturity	Swaps
IDR 7,187,999 million	October 2024 to December 2024	From floating rates to fixed rates of 6.65% to 6.75%

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

25. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Target Group

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Trade receivables (note (a))				
Related parties	2,115	6,674	26,477	17,796
Third parties	42,147	22,558	38,027	27,319
Less: impairment losses	(32,094)	(9,500)	(9,500)	(9,500)
Government receivables (note (b))				
Related party	23,734	21,041	149,562	144,557
Contractor Advances	13,702	–	43,752	29,510
Prepayments	2,282	1,880	2,897	35,595
Other receivables				
Related parties	3,547	996	827	968
Third parties	6,155	915	1,332	893
	61,588	44,564	253,374	247,138
Current assets	47,886	44,564	209,622	217,628
Non-current assets	13,702	–	43,752	29,510
	61,588	44,564	253,374	247,138

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

25. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Note:

(a) Trade receivables

The Target Group normally grant credit term of 14 days to customers during the Relevant Periods.

The aging analysis of account receivables based on the invoice date, and net of allowance, is as follows:

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Current (not past due)	1,207	6,170	21,958	21,684
Up to 12 months past due	5,117	13,562	33,046	13,931
Over 12 months	5,844	–	–	–
	12,168	19,732	55,004	35,615

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, an allowance was made for estimated irrecoverable trade receivables of approximately IDR32,094 million, IDR9,500 million, IDR9,500 million and IDR9,500 million respectively.

Reconciliation of allowance for trade receivables:

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
At 1 January	24,296	32,094	9,500	9,500
Allowance for the year/period	7,798	–	–	–
Distribution to JM	–	(22,594)	–	–
At 31 December/31 March	32,094	9,500	9,500	9,500

(b) Government receivables

Government receivables represented cost of land of the toll road paid by the Target Group to the landowner and the balances will be reimbursed by the government of Indonesia, the controlling parent entity of the Target Group.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

25. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The Target Company

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Trade receivables (note (c))				
Related parties	–	5,539	10,011	6,183
Third parties	–	8,069	25,678	15,501
Less: impairment losses	–	–	–	–
Contractor advances	–	–	42,477	28,883
Prepayments	66	92	505	30,766
Other receivables				
Related parties	14	848	156	–
Third parties	–	916	628	224
	80	15,464	79,455	81,557
Current assets	80	15,464	36,978	52,674
Non-current assets	–	–	42,477	28,883
	80	15,464	79,455	81,557

Note:

(c) Trade receivables

The Target Company normally grant credit term of 14 days to customers during the Relevant Periods.

The aging analysis of account receivables based on the invoice date, and net of allowance, is as follows:

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Current (not past due)	–	3,738	21,958	21,684
Up to 12 months past due	–	9,870	13,731	–
	–	13,608	35,689	21,684

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

26. AMOUNTS DUE FROM JM

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Current account with JM	1,509,523	–	–	–
	<u>1,509,523</u>	<u>–</u>	<u>–</u>	<u>–</u>

The current account balance mainly represented funds generated from operations of the Transferred Concession Operations before the Target Group Reorganisation as set out in note 2B.

27. SHORT-TERM INVESTMENTS

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Unlisted investments, FVPL:				
Debt instrument –				
Mutual fund with limited fund life (<i>note (a)</i>)	932,405	1,296,623	–	–
Listed investments, FVOCI:				
Equity instrument – Infrastructure investment fund (<i>note (b)</i>)	<u>343,544</u>	<u>1,253,778</u>	<u>1,349,865</u>	<u>1,349,865</u>
Total	<u>1,275,949</u>	<u>2,550,401</u>	<u>1,349,865</u>	<u>1,349,865</u>

Movements of short-term investments are as follow:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January	673,953	1,275,949	2,550,401	1,349,865
Additions	393,050	1,056,601	1,905,953	–
Dissolution of investment fund (<i>note 39(a)</i>)	–	–	(3,022,339)	–
Change in fair value	<u>208,946</u>	<u>217,851</u>	<u>(84,150)</u>	<u>–</u>
At 31 December	<u>1,275,949</u>	<u>2,550,401</u>	<u>1,349,865</u>	<u>1,349,865</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

27. SHORT-TERM INVESTMENTS (cont'd)

Note:

- (a) Reksa Dana Penyertaan Terbatas Mandiri Infrastruktur Ekuitas Transjawa (“RDPT-MIET”)

RDPT-MIET (Mandiri Transjawa Equity Infrastructure Limited Participation Mutual Fund) is an unlisted mutual fund registered and regulated by Financial Services Authority of Indonesia (“POJK”) and in the form of limited participation collective investment contract.

The main underlying investments of RDPT-MIET are approximately 16.05%, 17.38% and 14.97% equity interests in JSB, JSN and JNK respectively.

As at 31 December 2021 and 2022, the Target Company held participation units in RDPT-MIET of 31.22% and 41.67%, respectively. The Target Company held 97.32% participation units in RDPT-MIET before its dissolution and liquidation (note 39(a)).

- (b) Dana Investasi Infrastruktur Toll Road Mandiri-001 (“KIK-DINFRA”)

KIK-DINFRA is an infrastructure investment fund listed on Indonesia Stock Exchange, registered and regulated by POJK and in the form of collective investment contract.

The main underlying investments of KIK-DINFRA are approximately 53.81% and 8.00% equity interests in JPT and TMJ, respectively.

As at 31 December 2021, 2022, 2023 and 31 March 2024, the Target Company held participation units in KIK-DINFRA of 18.85%, 63.59%, 67.62% and 67.62%, respectively.

Investments in mutual fund with limited fund life are debt instruments as it has contractual obligation of delivering cash to unit holders. The Target Group classify and measure limited life funds as financial assets at FVPL.

Equity securities which are not held for trading and which Target Group has irrevocably elected at initial recognition are recognised as financial assets at FVOCI. These are strategic investments and the Target Group considers this classification to be more relevant.

For unlisted investments or if the market for financial asset is not active, the Target Group establishes fair value by using valuation techniques, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

28. CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Cash and bank balances				
Cash on hand	538	435	650	711
Bank balance – Related parties	113,382	210,094	274,095	197,443
Bank balance – Third parties	50,906	46,073	69,039	58,979
	<u>164,826</u>	<u>256,602</u>	<u>343,784</u>	<u>257,133</u>
Time Deposits				
Related parties	210,641	636,000	774,440	758,940
Third parties	–	55,000	65,000	45,000
	<u>210,641</u>	<u>691,000</u>	<u>839,440</u>	<u>803,940</u>
Total Cash and Cash Equivalents	<u><u>375,467</u></u>	<u><u>947,602</u></u>	<u><u>1,183,224</u></u>	<u><u>1,061,073</u></u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits earn interest at the respective short-term time deposit rates.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The Target Group

	Notes	As at 31 December			As at
		2021	2022	2023	31 March
		IDR'million	IDR'million	IDR'million	IDR'million
Trade payables	(a)				
– Related parties		65,787	18,167	160,778	12,234
– Others		8,272	4,558	1,833	12,151
Other payables and accruals					
– Accrued expenses	(b)	460,760	753,919	1,215,059	1,085,316
– Payable to the government	(c)	177,573	177,573	142,058	142,058
– Provision for toll road overlay	(d)	301,195	353,540	635,241	702,690
– Toll road revenue received on behalf	(e)	52,473	46,676	45,460	71,491
– Others		3,432	467	1,775	1,621
		1,069,492	1,354,900	2,202,204	2,027,561
Analysed as:					
Current liabilities		702,082	986,492	1,715,782	1,528,232
Non-current liabilities		367,410	368,408	486,422	499,329
		1,069,492	1,354,900	2,202,204	2,027,561

Note:

(a) Trade payables

The aging analysis of trade payables is as follows:

	As at 31 December			As at
	2021	2022	2023	31 March
	IDR'million	IDR'million	IDR'million	IDR'million
Within 30 days	–	198	162,611	13,895
More than 90 days	74,059	22,527	–	10,490
	74,059	22,725	162,611	24,385

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (cont'd)

(b) Accrued expenses

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Contractors and consultant expenses (Remark)				
– Related parties	315,012	614,522	1,000,798	790,161
– Third parties	3,622	9,173	41,738	101,789
General and administrative expenses	84,297	56,792	58,796	84,003
Accrued performance incentive	1,155	16,515	26,938	23,124
Interest expenses on				
– Bank loans – related parties	8,485	4,173	27,915	32,655
– Bank loans or others – third parties	–	4,253	10,633	5,395
Interest from payable to the government				
– Related parties (<i>note (c)</i>)	48,189	48,189	48,189	48,189
Others	–	302	52	–
Total	460,760	753,919	1,215,059	1,085,316
Less: current portion	(437,142)	(730,301)	(1,191,441)	(1,061,698)
Non-current portion	23,618	23,618	23,618	23,618

Remark:

The balance represents accrued expenses for subcontracting service in relation to toll road maintenance and toll road operation.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (cont'd)

(c) Payable to the government

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Current portion	–	35,515	142,058	142,058
Non-current portion	177,573	142,058	–	–
	<u>177,573</u>	<u>177,573</u>	<u>142,058</u>	<u>142,058</u>

JSM, a subsidiary of the Target Group, procured land for toll road construction using a revolving loan from the Badan Pengatur Jalan Tol (Indonesia Toll Road Authority, “BPJT”) under the Ministry of Public Works and Public Housing of Republic of Indonesia (PUPR). The loan was originally set at an interest rate of Indonesia Deposit Insurance Corporation (LPS) plus 1% per annum. On 7 March 2023, JSM negotiated with the relevant government body for a new repayment schedule and with the outstanding balance became interest-free and to be repaid in three instalments between March 2023 and December 2024.

(d) Provision for toll road overlay

Provision for toll road overlay is recorded based on the estimated utilisation of toll road by customers. This provision is measured using the present value of the management’s estimate of the expenditure required to settle present obligation at the reporting date. The movement of the provision is as follows:

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January	198,072	301,195	353,540	635,241
Additions	249,479	256,432	424,850	92,960
Acquisition of subsidiaries	–	–	244,791	–
Utilisation	(146,356)	(204,087)	(387,940)	(25,511)
At 31 December	301,195	353,540	635,241	702,690
Less: current portion	(134,976)	(150,808)	(172,437)	(226,979)
Non-current portion	<u>166,219</u>	<u>202,732</u>	<u>462,804</u>	<u>475,711</u>

(e) Toll road revenue received on behalf

Balance represented share of toll road revenue pending for settlement to other toll road operators through bank.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (cont'd)

The Target Company

		As at 31 December			As at
		2021	2022	2023	31 March
		<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Trade payables	(f)				
– Related parties		–	198	148,918	111
– Others		–	–	497	600
Other payables and accruals					
– Accrued expenses	(g)	236	647,691	728,391	603,841
– Provision for toll road overlay	(h)	–	221,771	225,446	267,294
– Toll road revenue received on behalf	(i)	–	46,142	45,317	71,237
– Others		–	–	1,487	1,148
		236	915,802	1,150,056	944,231
Analysed as:					
Current liabilities		236	841,456	1,055,021	835,336
Non-current liabilities		–	74,346	95,035	108,895
		236	915,802	1,150,056	944,231

Note:

(f) Trade payables

The aging analysis of account payables is as follows:

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Within 30 days	–	198	149,415	711

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (cont'd)

(g) Accrued expenses

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Contractors and consultant expenses (Remark)				
– Related parties	–	579,915	656,299	495,009
– Third parties	–	–	–	89,151
General and administrative expenses	236	54,602	55,931	3,133
Accrued performance incentive	–	13,174	13,232	13,890
Interest expenses on				
– Bank loans – related parties	–	–	1,899	2,658
– Bank loans or others – third parties	–	–	1,030	–
Total	236	647,691	728,391	603,841
Less: current portion	(236)	(647,691)	(728,391)	(603,841)
Non-current portion	–	–	–	–

Remark:

The balance represents accrued expenses for subcontracting service in relation to toll road maintenance and toll road operation.

(h) Provision for toll road overlay

Provision for toll road overlay is recorded based on the estimated utilisation of toll road by customers. This provision is measured using the present value of the management's estimate of the expenditure required to settle present obligation at the reporting date. The movement of the provision is as follows:

	As at 31 December			As at
	2021	2022	2023	31 March
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January	–	–	221,771	225,446
Additions	–	425,858	366,836	66,800
Utilisation	–	(204,087)	(363,161)	(24,952)
At 31 December	–	221,771	225,446	267,294
Less: current portion	–	(147,425)	(130,411)	(158,399)
Non-current portion	–	74,346	95,035	108,895

(i) Toll road revenue received on behalf

Balance represented share of toll road revenue pending for settlement to other toll road operators through bank.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

30. LONG-TERM EMPLOYEE BENEFITS LIABILITIES

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Long-term employee benefits liabilities	10,362	9,983	10,867	10,639

The Target Group makes contributions to one defined benefit retirement plan registered under Government Regulation No. 35 of 2021 and Law No. 6 of 2023, which cover all of the Target Group's permanent employees.

The plans are funded by contributions from the Target Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuations of the plans were at 31 December 2023 and were prepared by KKA Riana & Rekan, who are members of Asia Pacific Actuarial & Consulting Services using the projected unit credit method.

The plans expose the Target Group to actuarial risks, such as interest rate risk, investment risk and longevity risk.

The amount of retirement benefit obligations recognised in the consolidated statement of financial position is as follows:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Present value of defined benefit obligation	10,362	9,983	10,867	10,639

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

Movements in the Target Group's retirement benefit obligations during the Relevant Periods are as follows:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
At 1 January	9,535	10,362	9,983	10,867
Effect on acquisition of subsidiaries	-	-	150	-
Amounts recognised in profit or loss:				
Current service cost	1,391	1,303	1,265	301
Past service cost	237	(487)	(222)	(185)
Interest expense	656	669	653	294
Others	-	(1,452)	-	-
Remeasurements recognised in other comprehensive income:				
Actuarial gain and losses arising from changes in financial assumptions	(410)	(3)	278	(522)
Actuarial gains and losses arising from experience adjustments	(680)	(409)	(829)	-
Payment from the plan	(367)	-	(411)	(116)
At 31 December	10,362	9,983	10,867	10,639

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

30. LONG-TERM EMPLOYEE BENEFITS LIABILITIES (cont'd)

The principal actuarial assumptions adopted by the Target Group as at 31 December/31 March are as follows:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
Discount rate	5.5% – 7.25%	6.5% – 7.5%	6.5% – 6.75%	6.5% – 6.75%
Salary growth rate	5% – 10%	5.7% – 10%	5.7% – 10%	4% – 10%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 56.

Through its defined benefit pension plans, the Target Group is exposed to a number of risks, the most significant of which are detailed below:

<u>Risk</u>	<u>Description</u>
Changes in bond yields	A decrease in bond yields will increase plan liabilities.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The Target Group's sensitivity analysis for each significant actuarial assumption as of the end of the reporting period based on reasonably possible changes of the relevant actuarial assumption is as follows:

	Increase/ decrease in rate	Impact on defined benefit obligation			31 March
		31 December			2024
		2021	2022	2023	2024
		<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Discount rate	1%	(747)/858	(552)/616	(548)/612	(536)/588
Salary growth rate	1%	865/(768)	631/(576)	637/(582)	539/(502)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The Target Group finances the funding requirements of the pension plan by internal resources and does not have any funding arrangements and funding policy that will affect future contributions.

The expected contributions to the pension plan for the year ending 31 December 2023 is approximately IDR3,054 million.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

30. LONG-TERM EMPLOYEE BENEFITS LIABILITIES (cont'd)

The weighted average duration of the Target Group's defined benefit obligation is approximately 9 years, 12 years, 9 years and 11 years for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and, three months ended 31 March 2024 respectively. The maturity analysis of the Target Group's undiscounted benefit payments is as follows:

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	Total
	<i>IDR' million</i>	<i>IDR' million</i>	<i>IDR' million</i>	<i>IDR' million</i>	<i>IDR' million</i>
At 31 December 2021					
Pension payments	467	6,212	12,566	33,008	52,253
At 31 December 2022					
Pension payments	591	7,517	9,144	32,647	49,899
At 31 December 2023					
Pension payments	3,054	5,784	8,149	33,257	50,244
At 31 March 2024					
Pension payments	2,791	5,154	7,789	32,424	48,158

31. LOANS FROM RELATED PARTIES

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
JM (note (a))	75,630	37,462	-	-
PT Astra Tol Nusantara ("ATN") (note (a))	182,860	17,505	-	-
TMJ (note (b))	-	100,000	43,000	20,500
Total loans to related parties	258,490	154,967	43,000	20,500
Current portion	-	(42,000)	(43,000)	(20,500)
Non-current portion	258,490	112,967	-	-

Note:

- (a) In January 2021, JSM entered into a loan agreement with JM and ATN. The loans were unsecured and repayable within 3 years. The interest rate is reference to the rate of syndicated loans of JSM plus 1% per annum. During the year ended 31 December 2023, the loans were fully repaid.
- (b) In December 2022, JSM entered into a loan agreement with TMJ. The loans were unsecured and repayable within 3 years. The interest rate is fixed at 7.25% per annum.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

32. CONTRACTOR PAYABLES

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Related Parties	67,713	22,810	49,850	14,152
Third Parties	37,491	23	2,400	3,668
	105,204	22,833	52,250	17,820
Less: current portion	(103,855)	(802)	(44,436)	(16,831)
Non-current portion	1,349	22,031	7,814	989
	1,349	22,031	7,814	989

These are payables to contractors, consultants and partners associated with the construction of roads, overlay and procurement of toll facilities, and other buildings.

33. BORROWINGS

The Target Group

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Short-term bank loans (note (a))				
Related parties	–	–	1,188,000	1,525,000
Third parties	–	–	562,000	–
Long-term bank loans (note (b))				
Related parties	2,532,882	2,509,848	2,352,161	2,332,450
Third parties	3,798,416	3,780,650	3,726,564	3,699,109
Long-term syndicated bank loans (note (c))				
Related parties	–	–	11,379,174	11,289,950
Third parties	–	–	5,224,926	5,199,917
Less:				
Charges and arrangement fees	(26,043)	(23,044)	(125,418)	(122,280)
Total borrowings	6,305,255	6,267,454	24,307,407	23,924,146
<i>Analysed as:</i>				
Current portion (maturity within next year)	25,678	106,649	2,205,776	2,075,298
Non-current portion	6,279,577	6,160,805	22,101,631	21,848,848
	6,305,255	6,267,454	24,307,407	23,924,146

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

33. BORROWINGS (cont'd)

	As at 31 December			As at 31 March
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2024 <i>IDR'million</i>
Borrowings repayable:				
Within one year or on demand	25,678	106,649	2,205,776	2,075,298
In the second year to fifth years, inclusive	608,991	917,095	4,931,619	4,821,983
Beyond five years	5,696,629	5,266,754	17,295,430	17,149,145
	<u>6,331,298</u>	<u>6,290,498</u>	<u>24,432,825</u>	<u>24,046,426</u>
Less:				
Charges and arrangement fees	<u>(26,043)</u>	<u>(23,044)</u>	<u>(125,418)</u>	<u>(122,280)</u>
	<u><u>6,305,255</u></u>	<u><u>6,267,454</u></u>	<u><u>24,307,407</u></u>	<u><u>23,924,146</u></u>

(a) Short-term Bank Loans

In 2023, the Target Company and multiple banks entered into short-term loan agreements for operational financing. The Target Company withdrew a total of IDR1,750,000 million in credit facilities on various dates. The loans will mature between June to August 2024. The short-term bank loan were unsecured.

(b) Long-term Bank Loans

In October 2021, JSM raised a long-term bank loan with maximum credit facility of IDR3,800,000 million. The interest rate is fixed at 6.75% per annum from the date of withdrawal for a period of 5 years. After the fixed-rate period, the interest rate will be 1-month deposit rate plus 3% per annum until the loan is fully repaid.

In October 2021, JGP entered into a long-term bank loan agreement with a bank for a maximum credit facility of IDR2,630,000 million with maturity in 11 years. The interest rate for the first 36 months is Jakarta Interbank Offered Rates (“**JIBOR**”) plus margin and interest rate swap, equivalent to 6.65% per annum, followed by 6.7% per annum for the next 24 months, and then JIBOR plus 3% per annum until the loan is fully repaid.

(c) Long-term syndicated bank loans

JSB, JSN and JNK became subsidiaries of the Target Group in the year ended 31 December 2023. As a result, the Target Group has recognised the following long-term syndicated bank loans of these subsidiaries on the Target Company's consolidated statement of financial position.

In December 2021, JSB and certain banks signed a syndicated bank loans agreement to finance its toll road construction and pay off shareholder loans. The maximum credit facility is IDR8,950,000 million, with Tranche I at IDR8,811,000 million and Tranche II at IDR139,000 million. The loans will mature in December 2036 without grace period. Interest rates are equivalent to 6.75% per annum for the first 60 months for Tranche I, and floating based on 1-month time deposit rate plus 3% per annum thereafter. Tranche II has a floating rate based on average 1-month time deposit rate plus 3% per annum.

In December 2021, JSN and certain banks signed a syndicated loan agreement with a maximum credit facility of IDR7,100,000 million. The interest rates are equivalent to 6.75% per annum for the first 60 months and followed by 6.75% plus 3.00% per annum until the loan is fully repaid. The loan will mature in 13 years without a grace period.

In June 2023, JNK and certain banks signed a syndicated bank loan agreement for a maximum credit facility of IDR2,825,000 million. The interest rates are based on 1-month deposit rate plus 3% for the first two interest periods. The interest rate is 1-month deposit rate plus 3.25% for the remaining term. The credit facility has a term of 14 years without a grace period.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

33. BORROWINGS (cont'd)

The weighted average interest rates at end of reporting periods were as follows:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
Short-term bank loans				
– Related parties	N/A	N/A	5.96%	5.95%
– Third parties	N/A	N/A	6.05%	N/A
Long-term bank loans				
– Related parties	6.65%	6.65%	6.65%	6.65%
– Third parties	6.75%	6.75%	6.75%	6.75%
Long-term syndicated bank loans				
– Related parties	N/A	N/A	6.63%	6.63%
– Third parties	N/A	N/A	6.64%	6.64%

Bank loans of IDR3,779,014 million, IDR3,763,668 million, IDR3,711,960 million and IDR3,685,091 million as at 31 December 2021, 2022 and 2023, and 31 March 2024 are arranged at fixed interest rates and expose the Target Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Target Group to cash flow interest rate risk.

Bank loans of IDR6,305,255 million, IDR6,267,454 million, IDR22,557,407 million and IDR22,399,146 million as at 31 December 2021, 2022 and 2023, and 31 March 2024 were secured by the Target Group's toll road concession rights, operational revenue, escrow accounts, income from insurance claims in its toll road operations, and fund compensation from the Government.

At 31 March 2024, the Target Group had IDR3,075,000 million of available undrawn borrowing facilities.

The Target Group has complied with the financial covenants of its borrowing facilities during the Relevant Periods.

The Target Company

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Short-term bank loans				
Related parties	–	–	1,188,000	1,525,000
Third parties	–	–	562,000	–
Total Borrowings	–	–	1,750,000	1,525,000
<i>Analysed as:</i>				
Current portion (maturity within next year)	–	–	1,750,000	1,525,000
Borrowings repayable:				
Within one year or on demand	–	–	1,750,000	1,525,000

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

34. LEASE LIABILITIES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2021	2022	2023	2024	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Within one year	5,942	6,910	13,824	10,208	4,677	7,223	11,086	9,662
In the second to fifth years, inclusive	2,292	2,964	6,639	8,760	3,321	1,883	7,777	8,736
	8,234	9,874	20,463	18,968	7,998	9,106	18,863	18,398
Less: Future finance charges	(236)	(768)	(1,600)	(570)	N/A	N/A	N/A	N/A
Present value of lease obligations	7,998	9,106	18,863	18,398				
Less: Amount due for settlement within 12 months (shown under current liabilities)					(4,677)	(7,223)	(11,086)	(9,662)
Amount due for settlement after 12 months					3,321	1,883	7,777	8,736

35. DEFERRED REVENUE

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Received in advance	11,970	916	26,142	25,407
Analysed as:				
Current liabilities	10,629	916	1,368	1,001
Non-current liabilities	1,341	–	24,774	24,406
	11,970	916	26,142	25,407

Deferred revenue represents amounts received from operating lease of advertisement billboards, space of toll roads for utility line constructions and rest areas.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

36. DEFERRED TAX ASSETS AND LIABILITIES, NET

The following are the major deferred tax liabilities recognised by the Target Company, and the movements thereon during the Relevant Periods:

The Target Group

	Property, plant and equipment and intangible asset	Right of use assets and lease expense	Short term investment	Provision for toll road overlay	Employee benefit liabilities	Incentive Expenses	Total
	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million	IDR'million
At 1 January 2021	(357,852)	–	(5,934)	–	–	–	(363,786)
Recognised in other comprehensive income	–	–	(13,939)	–	–	–	(13,939)
(Charge) to profit or loss for the year (note 12)	(72,243)	(7)	(32,031)	–	–	–	(104,281)
At 31 December 2021 and 1 January 2022	(430,095)	(7)	(51,904)	–	–	–	(482,006)
Effect of Target Group Reorganisation	(4,317)	–	–	61,090	–	–	56,773
Recognised in other comprehensive income	–	–	(35,595)	–	1	–	(35,594)
(Charge)/credit to profit or loss for the year (note 12)	(36,982)	125	(12,331)	(12,301)	10	2,898	(58,581)
At 31 December 2022 and 1 January 2023	(471,394)	118	(99,830)	48,789	11	2,898	(519,408)
Acquisition of subsidiaries	(3,945,331)	–	–	–	–	–	(3,945,331)
Recognised in other comprehensive income	–	–	(3,723)	–	1	–	(3,722)
(Charge)/credit to profit or loss for the year (note 12)	(153,493)	(170)	50,294	808	5	(138)	(102,694)
At 31 December 2023 and 1 January 2024	(4,570,218)	(52)	(53,259)	49,597	17	2,760	(4,571,155)
Recognised in other comprehensive income	–	–	–	–	5	–	5
(Charge)/credit to profit or loss for the period (note 12)	(90,961)	(155)	–	9,206	3	145	(81,762)
At 31 March 2024	(4,661,179)	(207)	(53,259)	58,803	25	2,905	(4,652,912)

The following is the analysis of the deferred tax balances for consolidated statement of financial position purpose:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	IDR'million	IDR'million	IDR'million	IDR'million
Deferred tax assets	–	51,816	52,374	61,730
Deferred tax liabilities	(482,006)	(571,224)	(4,623,529)	(4,714,642)
	(482,006)	(519,408)	(4,571,155)	(4,652,912)

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

36. DEFERRED TAX ASSETS AND LIABILITIES, NET (cont'd)

The Target Company

	Property, plant and equipment and intangible asset <i>IDR'million</i>	Right of use assets and lease expense <i>IDR'million</i>	Short term investment <i>IDR'million</i>	Provision for toll road overlay <i>IDR'million</i>	Employee benefit liabilities <i>IDR'million</i>	Incentive Expenses <i>IDR'million</i>	Total <i>IDR'million</i>
At 1 January 2021	-	-	(5,934)	-	-	-	(5,934)
Recognised in other comprehensive income (Charge) to profit or loss for the year	-	-	(13,939)	-	-	-	(13,939)
	-	(7)	(32,031)	-	-	-	(32,038)
At 31 December 2021 and 1 January 2022	-	(7)	(51,904)	-	-	-	(51,911)
Recognised in other comprehensive income (Charge)/credit to profit or loss for the year	-	-	(35,595)	-	1	-	(35,594)
	(48,862)	125	(12,331)	48,789	10	2,898	(9,371)
At 31 December 2022 and 1 January 2023	(48,862)	118	(99,830)	48,789	11	2,898	(96,876)
Recognised in other comprehensive income (Charge)/credit to profit or loss for the year	-	-	(3,723)	-	2	-	(3,721)
	(11,805)	(20)	50,294	808	4	(138)	39,143
At 31 December 2023 and 1 January 2024	(60,667)	98	(53,259)	49,597	17	2,760	(61,454)
(Charge)/credit to profit or loss for the period	(30,220)	(128)	-	9,206	3	145	(20,994)
At 31 March 2024	(90,887)	(30)	(53,259)	58,803	20	2,905	(82,448)

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

37. SHARE CAPITAL

	As at 31 December 2021		As at 31 December 2022		As at 31 December 2023		As at 31 March 2024	
	Number of	Amount	Number of	Amount	Number of	Amount	Number of	Amount
	shares		shares		shares		shares	
	'000	IDR'million	'000	IDR'million	'000	IDR'million	'000	IDR'million
Authorised:								
Ordinary shares of IDR 1,000 each	1,097,814	1,097,814	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Ordinary, issued and fully paid:								
At 1 January	657,449	657,449	1,051,455	1,051,455	20,545,949	20,545,949	20,545,949	20,545,949
Issue of shares in:								
- April 2021 note (a)	117,478	117,478	-	-	-	-	-	-
- June 2021 note (b)	260,369	260,369	-	-	-	-	-	-
- November 2021 note (c)	16,159	16,159	-	-	-	-	-	-
- April 2022 note (d)	-	-	280,325	280,325	-	-	-	-
- April 2022 note (e)	-	-	17,131	17,131	-	-	-	-
- April 2022 note (e)	-	-	419,232	419,232	-	-	-	-
- June 2022 note (f)	-	-	180,840	180,840	-	-	-	-
- June 2022 note (f)	-	-	1,827	1,827	-	-	-	-
- June 2022 note (g)	-	-	300,000	300,000	-	-	-	-
- July 2022 note (h)	-	-	143,080	143,080	-	-	-	-
- July 2022 note (h)	-	-	18,112,187	18,112,187	-	-	-	-
- December 2022 note (i)	-	-	39,872	39,872	-	-	-	-
At 31 December/31 March	1,051,455	1,051,455	20,545,949	20,545,949	20,545,949	20,545,949	20,545,949	20,545,949

Note:

- (a) Based on Statement of Shareholder Decision No.2 dated 14 April 2021, the Target Company's shareholders approved to increase the issued shares capital by 117,477,958 shares with par value IDR1,000 by cash consideration.
- (b) Based on Statement of Shareholder Decision No.13 dated 21 July 2021, the Target Company's shareholders approved to increase the issued shares capital by 260,369,100 shares with par value IDR1,000 by cash consideration.
- (c) Based on Statement of Shareholder Decision No.1 dated 3 December 2021, the Target Company's shareholders approved to increase the issued shares capital by 16,158,650 shares with par value IDR1,000 by cash consideration.
- (d) Based on Statement of Shareholder Decision No.9 dated 18 April 2022, the Target Company's shareholders approved to increase the issued shares capital by 280,324,800 shares with par value IDR1,000 by cash consideration.
- (e) Based on Statement of Shareholder Decision No.11 dated 19 April 2022, the Target Company's shareholders approved to increase the issued shares capital by 436,363,200 shares with par value IDR1,000 by cash consideration.
- (f) Based on Statement of Shareholder Decision No.5 dated 17 June 2022, the Target Company's shareholders approved to increase the issued shares capital by 182,667,571 shares with par value IDR1,000 by cash consideration.
- (g) Based on Statement of Shareholder Decision No.6 dated 22 June 2022, the Target Company's shareholders approved to increase the issued shares capital by 300,000,000 shares with par value IDR1,000 by cash consideration.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

37. SHARE CAPITAL (cont'd)

- (h) Based on Deed No. 2 dated 1 July 2022, the Target Company issued 18,255,266,592 new shares in which 18,112,187,000 shares were issued for the purpose of Target Group Reorganisation (note 2B) and 143,079,592 shares were issued by cash consideration.
- (i) Based on the Statement of Shareholder Decision No. 6 dated in 28 December 2022 the Target Company issue 39,871,792 new shares with par value IDR1,000 by cash consideration.

38. RESERVES

(a) The Target Group

The amounts of the Target Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

- (i) Financial assets at FVOCI reserve

The financial assets at FVOCI reserve comprises the cumulative net change in the fair value of financial assets at FVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(j).

- (ii) Merger reserve

Merger reserve of the Target Group represents the difference between the carrying value of the aggregate net assets of the Transferred Concession Operations and Transferred Subsidiaries, carrying value of Transferred Joint Ventures and share capital of the Transferred Subsidiaries, pursuant to the Target Group Reorganisation as mentioned in note 2B over the nominal value of the share capital of the Target Company issued in exchange.

- (iii) Hedging reserve

Hedging reserve represents fair value gains and losses as designated hedging instruments. Detailed accounting policy regarding cash flow hedge are set out in note 4(r).

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

During the years ended 31 December 2021, 2022 and 2023, the Target Company held certain fund units of RDPT-MIET as short-term investments (note 27). From 1 January 2023 to 27 July 2023, the Target Company increased its fund units participation in RDPT-MIET from 41.67% to 97.32%. On 28 July 2023, RDPT-MIET was dissolved and liquidated, resulting in the Target Company acquiring 97.32% equity interest in LMJ, which was the only underlying investment of RDPT-MIET. At this time, LMJ held 16.05%, 17.38%, and 14.97% equity interests in JSB, JSN, and JNK respectively. These companies were involved in the service concession arrangements of several toll road projects, including the development, financing, operation and maintenance of toll roads. As a result of these transactions, the Target Company held 59.80%, 59.53%, and 59.60% equity interests in JSB, JSN, and JNK respectively. JSB, JSN, and JNK, which were former joint ventures of the Target Company, and LMJ, became subsidiaries of the Target Company on 28 July 2023 (the "Acquisition").

The fair value of the identifiable assets and liabilities of LMJ, JSB, JSN and JNK acquired as at the date of Acquisition are as follows:

	<u>LMJ</u>	<u>JSB</u>	<u>JSN</u>	<u>JNK</u>	<u>Total</u>
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Net assets acquired:					
Property, plant and equipment	–	1,440	255	24,174	25,869
Right-of-use assets	–	530	1,062	6,650	8,242
Intangible assets	–	15,311,823	15,672,245	7,804,168	38,788,236
Hedging instruments	–	38,316	25,812	–	64,128
Other non-current assets	–	695	–	32,743	33,438
Accounts receivables, other receivables and prepayments	–	107,906	10,930	46,393	165,229
Restricted funds	–	269,535	264,648	102,796	636,979
Cash and cash equivalents	19	102,840	32,788	230,847	366,494
Accounts payable, other payables and accruals	–	(233,830)	(285,479)	(172,874)	(692,183)
Contractor payable	–	–	(73,604)	–	(73,604)
Short-term borrowings	–	(123)	(85,200)	(28,150)	(113,473)
Long-term borrowings	–	(8,139,186)	(5,802,032)	(2,744,733)	(16,685,951)
Lease liabilities	–	–	(1,047)	(4,296)	(5,343)
Deferred revenues	–	(24,798)	–	–	(24,798)
Current tax payable	–	(149)	(327)	(9,369)	(9,845)
Deferred tax liabilities	–	(1,255,443)	(1,740,593)	(953,017)	(3,949,053)
	19	6,179,556	8,019,458	4,335,332	18,534,365
Non-controlling interests, at fair value	–	(2,591,594)	(3,268,896)	(1,799,738)	(7,660,228)
Goodwill	–	264,888	58,832	121,502	445,222
	19	3,852,850	4,809,394	2,657,096	11,319,359
Satisfied by:					
Investments in joint ventures, at fair value	–	2,845,881	3,443,034	2,008,105	8,297,020
Investments in RDPT-MIET, at fair value	19	1,006,969	1,366,360	648,991	3,022,339
	19	3,852,850	4,809,394	2,657,096	11,319,359
Net cash inflow arising on acquisition:					
Cash and cash equivalents acquired					366,494

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The fair value of the trade and other receivables acquired is approximately IDR165,229 million.

The fair value of the acquired identifiable intangible assets of approximately IDR38,788,236 million is toll road concession rights.

Acquisition-related costs of approximately IDR630 million have been charged to profit or loss for the year ended 31 December 2023.

The Target Group recognised a gain as a result of measuring at fair value its 44.18%, 42.62% and 45.03% equity interests in JSB, JSN and JNK held as investments in joint ventures just before the Acquisition, as follows:

	<i>IDR'million</i>
Fair value of investments in joint ventures	8,297,020
Carrying amounts of investments in joint ventures	<u>(3,782,494)</u>
Fair value gain on investments in joint ventures	<u><u>4,514,526</u></u>

The fair value of the non-controlling interests in LMJ, JSB, JSN and JNK, the unlisted companies, were estimated by applying an income approach. The fair value estimates are based on:

- (i) discount rate of 10.77%;
- (ii) adjustments for the lack of control and lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest in LMJ, JSB, JSN and JNK.

JSB, JSN and JNK contributed approximately IDR558,914 million, IDR419,641 million and IDR286,055 million to the Target Group's revenue respectively for the period between the date of Acquisition and 31 December 2023.

LMJ, JSB, JSN and JNK contributed approximately IDR 438 million losses, IDR 61,184 million profit, IDR 97,142 million profit and IDR 101,942 million profit to the Target Group's profit respectively for the period between the date of Acquisition and 31 December 2023.

If the acquisition had been completed on 1 January 2023, the Target Group total revenue for the year ended 31 December 2023 would have been IDR 7,440,775 million, and profit for the year would have been IDR 6,050,422 million. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Target Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is intended to be a projection of future results.

(b) Major non-cash transactions

On 1 July 2022, in respect of the Transferred Concession Operations, the Transferred Subsidiaries and the Transferred Joint Ventures (note 2B), the Target Company has allotted 18,112,187,000 new shares of IDR 1,000 each at par to JM.

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2021	Cash flows	Inception of leases	Interest expenses (note 10)	31 December 2021
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Lease liabilities	2,420	(4,038)	9,121	495	7,998
Borrowings	5,746,113	86,029	–	473,113	6,305,255
Loans from related parties	836,357	(660,302)	–	82,435	258,490
	<u>6,584,890</u>	<u>(578,311)</u>	<u>9,121</u>	<u>556,043</u>	<u>6,571,743</u>

	1 January 2022	Cash flows	Inception of leases	Interest expenses (note 10)	31 December 2022
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Lease liabilities	7,998	(9,911)	10,647	372	9,106
Borrowings	6,305,255	(475,104)	–	437,303	6,267,454
Loans from related parties	258,490	(120,554)	–	17,031	154,967
	<u>6,571,743</u>	<u>(605,569)</u>	<u>10,647</u>	<u>454,706</u>	<u>6,431,527</u>

	1 January 2023	Cash flows	Inception of leases	Interest expenses (note 10)	Acquisition of subsidiaries	31 December 2023
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Lease liabilities	9,106	(11,980)	14,539	1,855	5,343	18,863
Borrowings	6,267,454	251,200	–	989,329	16,799,424	24,307,407
Loans from related parties	154,967	(118,465)	–	6,498	–	43,000
	<u>6,431,527</u>	<u>120,755</u>	<u>14,539</u>	<u>997,682</u>	<u>16,804,767</u>	<u>24,369,270</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(c) Reconciliation of liabilities arising from financing activities (cont'd)

	1 January 2024	Cash flows	Inception of leases	Interest expenses (note 10)	31 March 2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Lease liabilities	18,863	(4,774)	3,701	608	18,398
Borrowings	24,307,407	(797,168)	–	413,907	23,924,146
Loans from related parties	43,000	(23,126)	–	626	20,500
	<u>24,369,270</u>	<u>(825,068)</u>	<u>3,701</u>	<u>415,141</u>	<u>23,963,044</u>

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December			Three months ended 31 March	
	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Within operating cash flows	596	1,246	913	141	174
Within financing cash flows	4,038	9,911	11,980	1,647	4,774
	<u>4,634</u>	<u>11,157</u>	<u>12,893</u>	<u>1,788</u>	<u>4,948</u>

These amounts relate to the following:

	2021	2022	2023	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Lease rental paid	4,634	11,157	12,893	1,788	4,948

40. CONTINGENT LIABILITIES

At the end of each reporting period during the Reporting Periods, the Target Group did not have any significant contingent liabilities.

41. COMMITMENTS

Capital commitments contracted for at end of each reporting period but not yet incurred are as follows:

	As at 31 December			As at 31 March
	2021	2022	2023	2024
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Intangible assets	–	–	–	454,111
	<u>–</u>	<u>–</u>	<u>–</u>	<u>454,111</u>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

42. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Group had the following material transactions with its related parties during the Relevant Periods:

	Year ended 31 December			Three months ended 31 March	
	2021 <i>IDR'million</i>	2022 <i>IDR'million</i>	2023 <i>IDR'million</i>	2023 <i>IDR'million</i> (Unaudited)	2024 <i>IDR'million</i>
Construction cost paid to related parties	(495,367)	(1,209,637)	(924,478)	(431,167)	(70,392)
Lease income received from related parties	701	701	14,091	1,094	780
Other management services revenue received from JM	6,000	6,739	4,132	–	137
Cost paid to related parties	(16,160)	(16,217)	(9,562)	(14,881)	(4,414)
Bank interest income (before tax) received from related parties	7,472	17,242	39,291	6,449	10,819
Proceeds of loans from related parties	3,137,343	100,000	55,000	55,000	–
Repayments of related parties' loans	(3,715,210)	(203,523)	(166,967)	(95,729)	(22,500)
Loan interest expenses paid to related parties	(82,435)	(17,031)	(6,498)	(2,723)	(626)
Road maintenance expenses paid to a related party	(77,074)	(83,147)	(125,899)	(20,208)	(29,319)
Toll road operation expenses paid to a related party	(306,173)	(368,223)	(443,047)	(99,910)	(96,924)

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

42. RELATED PARTY TRANSACTIONS (cont'd)

(b) The remuneration of directors and other members of senior management during the Relevant Periods are as follows:

	Salaries, bonus and allowances	Retirement benefit scheme contributions	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Rudi Kurniadi	856	35	891
Eka Setya Adrianto	320	–	320
Triono Junoasmono	293	–	293
	<hr/>	<hr/>	<hr/>
Total for the year ended 31 December 2021	1,469	35	1,504
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Salaries, bonus and allowances	Retirement benefit scheme contributions	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Rudi Kurniadi	1,315	36	1,351
Pramitha Wulanjani	891	11	902
Pratomo Bimawan Putra	888	12	900
Eka Setya Adrianto	103	–	103
Ade Wahyu	419	–	419
Triono Junoasmono	454	–	454
	<hr/>	<hr/>	<hr/>
Total for the year ended 31 December 2022	4,070	59	4,129
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Salaries, bonus and allowances	Retirement benefit scheme contributions	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Rudi Kurniadi	1,585	59	1,644
Pramitha Wulanjani	111	10	121
Pratomo Bimawan Putra	1,333	39	1,372
Siti Sarah	1,222	61	1,283
Ade Wahyu	113	–	113
Triono Junoasmono	155	–	155
Gandes Aisyaharum	657	–	657
Reza Febriano	598	–	598
	<hr/>	<hr/>	<hr/>
Total for the year ended 31 December 2023	5,774	169	5,943
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

APPENDIX III ACCOUNTANTS' REPORT ON THE TARGET COMPANY

42. RELATED PARTY TRANSACTIONS (cont'd)

- (b) The remuneration of directors and other members of senior management during the Relevant Periods are as follows:
(cont'd)

	Salaries, bonus and allowances	Retirement benefit scheme contributions	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Rudi Kurniadi	381	9	390
Pramitha Wulanjani	111	10	121
Pratomo Bimawan Putra	332	10	342
Siti Sarah	111	5	116
Ade Wahyu	113	–	113
Triono Junoasmono	155	–	155
	<hr/>	<hr/>	<hr/>
Total for the period ended 31 March 2023	1,203	34	1,237
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Salaries, bonus and allowances	Retirement benefit scheme contributions	Total
	<i>IDR'million</i>	<i>IDR'million</i>	<i>IDR'million</i>
Rudi Kurniadi	381	15	396
Siti Sarah	332	15	347
Pratomo Bimawan Putra	332	10	342
Gandes Aisyaharum	170	–	170
Reza Febriano	155	–	155
	<hr/>	<hr/>	<hr/>
Total for the period ended 31 March 2024	1,370	40	1,410
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

43. EVENTS AFTER THE REPORTING PERIOD

- (a) In the general meeting of shareholders of the Target Company on 17 May 2024, the shareholders approved a final dividend of IDR1,000,000 million for the financial year ended 31 December 2023. The dividend was subsequently paid on 30 May 2024.
- (b) The Target Company has further borrowed IDR1,475,000 million in April to June 2024 from several banks. The loans are unsecured and repayable within 1 year.
- (c) On 17 July 2023, the Minister of Finance of Indonesia issued Regulation No.72 (PMK-72) to further explain the Tax Regulation Harmonisation Law regarding the depreciation of tangible assets and amortisation of intangible assets and extends application deadline to 30 April 2024. Under the Tax Regulation Harmonisation Law, assets with a useful life of more than 20 years can be depreciated based on the actual useful life used in the taxpayer's accounting records. The Target Group has opted for this depreciation option and submitted the notification to the relevant tax authority in April 2024. After submitting this notification, the depreciation tax allowance calculation starting from FY2022 onwards will be calculated based on the remaining actual useful life.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Target Group in respect of any period subsequent to 31 March 2024 and up to the date of this report.

Set out below is the management discussion and analysis on the Target Group for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of the Target Group. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix III to this circular.

A. BUSINESS OVERVIEW

The Target Group was established in Indonesia on 2 June 2017 as a Perseroan Terbatas, or limited liability company, and is principally engaged in the field of services or industry of toll roads, which includes toll road funding, operation and maintenance acquisition and/or equity participation in toll road companies, carrying out investment holding activities, as well as other businesses in accordance with the applicable laws and regulations.

The Target Group holds concessions for 13 toll road assets strategically located across Java, Indonesia's economic center and home to a population of approximately 153 million, representing 56% of the country's total population and 55% of the country's gross domestic product. The scaled network of toll roads spanning 676km connects major cities, industrial hubs and tourist areas, supporting positive long-term traffic growth. This results in visible cash flow generation, underpinned by regulated tariff hikes and inflation protection measures. The Target Group also exhibits strong financial performance driven by operational and technological optimization, with support from the Government of Indonesia's strategic market reform policies (such as The Golden Indonesia 2045 Vision) and robust macro tailwinds driving demand for land transportation and logistics assets in the country.

B. FINANCIAL OVERVIEW**RESULTS OF OPERATIONS*****Revenue***

The revenue generated by the Target Group mainly consisted of revenue generated from toll road. The concession rights held by the Target Group will expire between 2044 to 2066 (inclusive).

The Target Group's toll revenue:

- (a) increased by 10.3% from IDR3,187,250 million (approximately equivalent to US\$194.3 million and HK\$1,515.9 million) to IDR3,516,360 million (approximately equivalent to US\$214.4 million and HK\$1,672.4 million) between the years ended 31 December 2021 and 31 December 2022 respectively;

- (b) increased by 37.8% from IDR3,516,360 million (approximately equivalent to US\$214.4 million and HK\$1,672.4 million) to IDR4,844,745 million (approximately equivalent to US\$295.4 million and HK\$2,304.2 million) between the years ended 31 December 2022 and 31 December 2023 respectively; and
- (c) increased by 81.6% from IDR857,352 million (approximately equivalent to US\$52.3 million and HK\$407.8 million) to IDR1,557,083 million (approximately equivalent to US\$94.9 million and HK\$740.6 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The increase in the Target Group's toll revenue is proportional to the overall increases in traffic volume experienced during the Reporting Period. This growth is largely attributed to the recovery post Covid-19 pandemic as more daily commuters have resumed using this toll road.

The increases in the Target Group's toll revenue between the years ended 31 December 2022 and 31 December 2023 and between the three-month periods ended 31 March 2023 and 31 March 2024 were also driven by the consolidation of revenue of JSB, JSN and JNK (each defined hereafter) following the acquisition of controlling interest in these entities in July 2023. Excluding this contribution, the Target Group's toll revenue:

- (a) increased by 3.9% from IDR3,516,360 million (approximately equivalent to US\$214.4 million and HK\$1,672.4 million) to IDR 3,653,301 million (approximately equivalent to US\$222.8 million and HK\$1,737.5 million) between the years ended 31 December 2022 and 31 December 2023 respectively; and
- (b) increased by 5.1% from IDR857,352 million (approximately equivalent to US\$52.3 million and HK\$407.8 million) to IDR 901,179 million (approximately equivalent to US\$54.9 million and HK\$428.6 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The table below sets out the increases in traffic volume over the Reporting Period:

Operator (Target Group company)	Section	Annual average daily traffic growth		
		2021 – 2022	2022 – 2023	3M2023 – 3M2024
PT Jasamarga Transjawa Tol (“ JTT ”)	Jakarta-Cikampek	9.3%	2.5%	(2.2%)
	Palimanan-Kanci	8.8%	(2.0%)	6.2%
	Semarang ABC	14.0%	3.3%	(6.2%)
	Surabaya-Gempol	14.3%	2.4%	(0.7%)
PT Trans Marga Jateng (“ TMJ ”)	Semarang-Solo	24.8%	0.3%	(8.3%)
PT Jasamarga Pandaan Malang (“ JPM ”)	Pandaan-Malang	31.8%	4.6%	4.7%
PT Jasamarga Jalanlayang Cikampek (“ JJC ”)	Jalanlayang-Cikampek	32.6%	(11.0%)	(23.5%)
PT Jasamarga Solo Ngawi (“ JSN ”)	Solo-Ngawi	28.0%	4.7%	(6.6%)
PT Jasamarga Gempol Pasuruan (“ JGP ”)	Gempol-Pasuruan	18.4%	5.1%	3.0%
PT Jasamarga Surabaya Mojokerto (“ JSM ”)	Surabaya-Mojokerto	24.3%	5.3%	(2.0%)
PT Jasamarga Pandaan Tol (“ JPT ”)	Gempol-Pandaan	22.9%	4.5%	(1.3%)
PT Jasamarga Semarang Batang (“ JSB ”)	Semarang-Batang	11.6%	(1.5%)	(7.7%)
PT Jasamarga Ngawi Kertosono Kediri (“ JNK ”)	Ngawi-Kertosono-Kediri	28.6%	(0.1%)	(4.0%)

Future revenue growth is expected to be primarily driven by stable traffic increases, standard tariff hikes to match inflation, as well as higher contribution of tariff hikes in alternate years due to the tariff hike mechanism implemented by the Target Group. Special tariff adjustments to compensate for additional capital expenditures and/or revenue losses resulting from government-initiated works are also expected to take place in the next two to three years, further driving revenue growth.

Gross profit

The Target Group's gross profit:

- (a) increased by 4.5% from IDR1,948,920 million (approximately equivalent to US\$118.8 million and HK\$926.9 million) to IDR2,036,200 million (approximately equivalent to US\$124.2 million and HK\$968.4 million) between the years ended 31 December 2021 and 31 December 2022 respectively;
- (b) increased by 43.9% from IDR2,036,200 million (approximately equivalent to US\$124.2 million and HK\$968.4 million) to IDR2,930,910 million (approximately equivalent to US\$178.7 million and HK\$1,394.0 million) between the years ended 31 December 2022 and 31 December 2023 respectively; and
- (c) increased by 98.6% from IDR485,918 million (approximately equivalent to US\$29.6 million and HK\$231.1 million) to IDR965,085 million (approximately equivalent to US\$58.8 million and HK\$459.0 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The increases in the Target Group's gross profit have been due to toll revenue increasing while toll & other operating expenses remained flat. This was achieved through the Target Group's cost optimization initiatives involving operations and maintenance. These included leveraging warranties provided by toll road construction contractors for the provision of certain maintenance services to select toll road sections at lower costs.

The increases in the Target Group's gross profit between the years ended 31 December 2022 and 31 December 2023 and between the three-month periods ended 31 March 2023 and 31 March 2024 were also driven by the consolidation of gross profit of JSB, JSN and JNK following the acquisition of controlling interest in these entities in July 2023.

General and administrative expenses

The Target Group's general and administrative expenses, comprised mostly of expenses relating to labour, office administration, donations, depreciation and amortization, repairs and maintenance, utilities, transport and travel, professional fees, and rent.

The Target Group's general and administrative expenses:

- (a) increased by 9.7% from IDR125,196 million (approximately equivalent to US\$7.6 million and HK\$59.5 million) to IDR137,305 million (approximately equivalent to US\$8.4 million and HK\$65.3 million) between the year ended 31 December 2021 and 31 December 2022 respectively;

- (b) increased by 16.0% from IDR137,305 million (approximately equivalent to US\$8.4 million and HK\$65.3 million) to IDR159,279 million (approximately equivalent to US\$9.7 million and HK\$75.8 million) between the year ended 31 December 2022 and 31 December 2023 respectively; and
- (c) increased by 33.0% from IDR34,770 million (approximately equivalent to US\$2.1 million and HK\$16.5 million) to IDR46,252 million (approximately equivalent to US\$2.8 million and HK\$22.0 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The Target Group employs consistent initiatives to optimize general and administrative expenses, aiming for a growth rate in general and administrative expenses of no more than the growth in inflation rate. In order to achieve this, the Target Group has adopted initiatives such as utilizing corporate expense card programs where drivers of official vehicles can pay for fuel using the corporate expense cards, which provide for preferential corporate rates, instead of paying out-of-pocket at regular rates, then submitting reimbursement claims.

The increases in the Target Group's general and administrative expenses between the years ended 31 December 2022 and 31 December 2023 and between the three-month periods ended 31 March 2023 and 31 March 2024 were also driven by the consolidation of general and administrative expenses incurred by JSB, JSN and JNK following the acquisition of controlling interest in these entities in July 2023. In particular, the consolidation of general and administrative expenses incurred by the three entities contributed IDR 10,991 million (approximately US\$0.7 million and HK\$5.2 million) to the general and administrative expenses for the three-month period ended 31 March 2024. Excluding this contribution, the Target Group's general and administrative expenses for the three-month period ended 31 March 2024 would have been IDR 35,261 million (approximately equivalent to US\$2.2 million and HK\$16.8 million), representing a 1.4% increase as compared to the general and administrative expenses for the three-month period ended 31 March 2023.

Profit from operations

The Target Group's profit from operations:

- (a) decreased by 0.3% from IDR1,980,333 million (approximately equivalent to US\$120.8 million and HK\$941.9 million) to IDR1,973,802 million (approximately equivalent to US\$120.4 million and HK\$938.8 million) between the years ended 31 December 2021 and 31 December 2022 respectively;
- (b) increased by 266.2% from IDR1,973,802 million (approximately equivalent to US\$120.4 million and HK\$938.8 million) to IDR7,228,853 million (approximately equivalent to US\$440.8 million and HK\$3,438.1 million) between the years ended 31 December 2022 and 31 December 2023 respectively; and

- (c) increased by 101.8% from IDR460,548 million (approximately equivalent to US\$28.1 million and HK\$219.0 million) to IDR929,175 million (approximately equivalent to US\$56.7 million and HK\$441.9 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The decrease in the Target Group's profit from operations between the years ended 31 December 2021 and 31 December 2022 was mainly due to a decline in the fair value gain on short-term investments.

The increase in the Target Group's profit from operations between the years ended 31 December 2022 and 31 December 2023 was mainly due to the gain on fair value of investment in joint ventures. In July 2023, the Target Group acquired a direct shareholding of 97.3% in PT Lintas Marga Jawa ("LMJ"). The main activity of LMJ is as a holding company for share investments in JSB, JSN and JNK. Pursuant to this acquisition, the Target Group remeasures its prior holdings in JSB, JSN and JNK at fair value, using an income approach method. The gain from the fair value revaluation was recognized in the Target Group's financial statements.

The increase in the Target Group's profit from operations between the three-month periods ended 31 March 2023 and 31 March 2024 corresponds to the increase in gross profit.

The Target Group's profit from operations (before fair value gain/loss on investments in joint ventures and short-term investments):

- (a) increased by 4.5% from IDR1,834,745 million (approximately equivalent to US\$111.9 million and HK\$872.6 million) to IDR1,917,752 million (approximately equivalent to US\$116.9 million and HK\$912.1 million) between the years ended 31 December 2021 and 31 December 2022 respectively;
- (b) increased by 46.7% from IDR1,917,752 million (approximately equivalent to US\$116.9 million and HK\$912.1 million) to IDR2,813,532 million (approximately equivalent to US\$171.6 million and HK\$1,338.1 million) between the years ended 31 December 2022 and 31 December 2023 respectively; and
- (c) increased by 101.8% from IDR460,548 million (approximately equivalent to US\$28.1 million and HK\$219.0 million) to IDR929,175 million (approximately equivalent to US\$56.7 million and HK\$441.9 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

Profit for the year/period

The Target Group's profit for the year/period:

- (a) increased by 109.8% from IDR661,056 million (approximately equivalent to US\$40.3 million and HK\$314.4 million) to IDR1,386,965 million (approximately equivalent to US\$84.6 million and HK\$659.7 million) between the year ended 31 December 2021 and 31 December 2022 respectively;
- (b) increased by 333.7% from IDR1,386,965 million (approximately equivalent to US\$84.6 million and HK\$659.7 million) to IDR6,014,723 million (approximately equivalent to US\$366.8 million and HK\$2,860.7 million) between the year ended 31 December 2022 and 31 December 2023 respectively; and
- (c) increased by 39.9% from IDR277,174 million (approximately equivalent to US\$16.9 million and HK\$131.8 million) to IDR387,802 million (approximately equivalent to US\$23.6 million and HK\$184.4 million) between the three-month periods ended 31 March 2023 and 31 March 2024 respectively.

The increase in the Target Group's profit for the year/period between the years ended 31 December 2021 and 31 December 2022 was due to reduced net finance expense, as well as the share in net profit of joint ventures resulting from the restructuring exercise in 2022.

The increases in the Target Group's profit for the year/period between the years ended 31 December 2022 and 31 December 2023, and between the three-month periods ended 31 March 2023 and 31 March 2024, were mainly due to the increase in its profit from operations, though this was partially offset by an increase in finance expenses accruing to interest-bearing bank borrowings.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Target Group financed its operations and working capital requirements primarily through a combination of excess cash of its operational business activities, borrowings and capital injection (as required).

Cash and cash equivalents

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024 the Target Group had cash and bank balances amounting to IDR375,467 million (approximately equivalent to US\$22.9 million and HK\$178.6 million), IDR947,602 million (approximately equivalent to US\$57.8 million and HK\$450.7 million), IDR1,183,224 million (approximately equivalent to US\$72.1 million and HK\$562.8 million) and IDR1,061,073 million (approximately equivalent to US\$64.7 million and HK\$504.7 million), respectively.

In addition, as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024 the Target Group had restricted funds amounting to IDR25,850 million (approximately equivalent to US\$1.6 million and HK\$12.3 million), IDR51,258 million (approximately equivalent to US\$3.1 million and HK\$24.4 million), IDR 693,283 million (approximately equivalent to US\$42.3 million and HK\$329.7 million) and IDR 842,608 million (approximately equivalent to US\$51.4 million and HK\$400.8 million), respectively, for the compliance of restricted fund covenants pertaining to bank borrowings from related parties, PT Bank Central Asia Tbk, PT CIMB Niaga Tbk, PT Bank DKI and other private banks.

All the cash and bank balances and restricted funds held by the Target Group were denominated in IDR.

Borrowings and credit facilities

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, the Target Group had total outstanding bank and related party loans (before deducting charges and arrangement fees) of IDR6,589,788 million (approximately equivalent to US\$401.8 million and HK\$3,134.2 million), IDR6,445,465 million (approximately equivalent to US\$393.0 million and HK\$3,065.5 million), IDR24,475,825 million (approximately equivalent to US\$1,492.4 million and HK\$11,640.9 million) and IDR24,066,926 million (approximately equivalent to US\$1,467.5 million and HK\$11,446.5 million), respectively.

All the outstanding borrowings were denominated in IDR.

As at 31 December 2021, the Target Group entered into long-term bank loan agreements with PT Bank Central Asia Tbk and PT Bank Mandiri (Persero) Tbk, with a combined outstanding balance (before deducting charges and arrangement fees) of IDR 6,331,298 million (approximately equivalent to US\$386.1 million and HK\$3,011.2 million). The long-term bank loan agreements are non-revolving.

As at 31 December 2022, the Target Group entered into long-term bank loan agreements with PT Bank Central Asia Tbk and PT Bank Mandiri (Persero) Tbk, with a combined outstanding balance (before deducting charges and arrangement fees) of IDR 6,290,498 million (approximately equivalent to US\$383.6 million and HK\$2,991.8 million). The long-term bank loan agreements are non-revolving.

As at 31 December 2023, the Target Group obtained short-term credit facilities from PT Bank Negara Indonesia (Persero) Tbk, PT Bank Central Asia Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Maybank Indonesia, PT Bank Syariah Indonesia and PT Bank Danamon Indonesia, with a combined outstanding (before deducting charges and arrangement fees) balance of IDR 1,750,000 million (approximately equivalent to US\$106.7 million and HK\$832.3 million) and unutilized balance of IDR 2,850,000 million (approximately equivalent to US\$173.8 million and HK\$1,355.5 million). The Target Group entered into long-term bank loan agreements with PT Bank Central Asia Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk, PT Bank

KEB Hana Indonesia, PT Bank CIMB Niaga Tbk, PT Bank Syariah Indonesia Tbk, with a combined outstanding balance (before deducting charges and arrangement fees) of IDR 22,682,825 million (approximately equivalent to US\$1,383.1 million and HK\$10,788.2 million). The long-term bank loan agreements are non-revolving.

As at 31 March 2024, the Target Group obtained short-term credit facilities from PT Bank Negara Indonesia (Persero) Tbk, PT Bank Central Asia Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Maybank Indonesia, PT Bank Syariah Indonesia and PT Bank Danamon Indonesia, with a combined outstanding balance (before deducting charges and arrangement fees) of IDR 1,525,000 million (approximately equivalent to US\$93.0 million and HK\$725.3 million) and unutilized balance of IDR 3,075,000 million (approximately equivalent to US\$187.5 million and HK\$1,462.5 million). The Target Group entered into long-term bank loan agreements with PT Bank Central Asia Tbk, PT Bank Mandiri (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk, PT Bank KEB Hana Indonesia, PT Bank CIMB Niaga Tbk, PT Bank Syariah Indonesia Tbk, with a combined outstanding balance (before deducting charges and arrangement fees) of IDR 22,521,426 million (approximately equivalent to US\$1,373.3 million and HK\$10,711.4 million).

The Target Group's weighted average interest rate on bank loans, for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, and the three-month period ended 31 March 2024, was 6.6%, 6.7%, 6.7% and 6.6% per annum, respectively. For the years ended 31 December 2021, 31 December 2022 and 31 December 2023, and the three-month period ended 31 March 2024, bank loans with fixed interest rates comprised 60%, 60%, 15% and 15% of total bank loans by outstanding amount (after deducting charges and arrangement fees), respectively. The remainder comprised bank loans with floating interest rates.

In connection with its bank borrowings, the Target Group is subject to the following financial ratio requirements:

- (a) Debt Equity Ratio of between 2.30x to 5.00x;
- (b) Minimum Interest Coverage Ratio of between 1.10x to 1.25x;
- (c) Minimum Debt Service Coverage Ratio of between 1.00x to 1.50x; and
- (d) Positive equity at all times.

The Target Group is not subject to any other covenants.

Apart from bank loans, in January 2021, JSM had entered into a related party loan agreement with JM and PT Astra Tol Nusantara (a 40.0%, 44.5% and 49% shareholder of TMJ, JSM and JPM, respectively), amounting to IDR258,490 million (approximately equivalent to US\$15.8 million and HK\$122.9 million). The loans were unsecured and repayable within 3 years. The interest rate is based on the reference rate of the syndicated loans of JSM at 6.75% plus 1% per annum. During the year ended 31 December 2023, the loan was fully repaid. In December 2022, JSM had also entered into a related party loan agreement with TMJ, amounting to IDR100,000 million (approximately equivalent to US\$6.1 million and HK\$47.6 million). The loans were unsecured and repayable within 3 years. The interest rate is fixed at 7.25% per annum. As at 31 December 2023 and 31 March 2024, the outstanding balance was IDR43,000 million (approximately equivalent to US\$2.6 million and HK\$20.5 million) and IDR20,500 million (approximately equivalent to US\$1.3 million and HK\$9.8 million), respectively.

Across related party and bank loans, based on contractual undiscounted cash flows, IDR 3,666,379 million (approximately equivalent to US\$223.6 million and HK\$1,743.8 million) is maturing within 1 year, IDR 11,415,664 million (approximately equivalent to US\$696.1 million and HK\$5,429.4 million) is maturing between 2 and 5 years, and IDR 22,393,625 million (approximately equivalent to US\$1,365.5 million and HK\$10,650.6 million) is maturing in more than 5 years, as at 31 March 2024. For the avoidance of doubt, the contractual undiscounted cash flows of these liabilities include the impact of future interest payable.

Other instruments

Apart from borrowings, the Target Group has also been using hedging instruments (interest rate swaps) to maintain an effective fixed rate for certain floating rate loans taken on by subsidiaries.

The Target Group did not employ any other credit facilities or instruments. The Target Group continues to adopt proactive and prudent treasury policies in its management of funding requirements. It closely monitors its liquidity and financial resources, with a view to minimise funding costs and enhance return on financial assets. Each toll road asset, upon commencement of each of the concession agreements, has historically been 70% and 30% funded with external debt and internal equity, respectively. Gradually, as the toll road assets begin to generate positive free cash flow, the external debt is reduced.

CHARGES ON ASSETS

The Target Group has investment credit loans secured by deeds of assignment of its toll road concession management rights. The collateral value is IDR 8,241,643 million (approximately equivalent to US\$502.5 million and HK\$3,919.8 million), IDR 8,164,126 million (approximately equivalent to US\$497.8 million and HK\$3,882.9 million), IDR 46,823,717 million (approximately equivalent to US\$2,855.1 million and HK\$22,269.8 million) and IDR 46,709,406 million (approximately equivalent to US\$2,848.1 million and HK\$22,215.4 million) as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, respectively.

GEARING RATIO

Gearing ratio (net borrowings, calculated as total borrowings (before deducting charges and arrangement fees) less cash and cash equivalents, divided by total equity, where total equity is calculated as total assets less total liabilities) of the Target Group was 38.3%, 30.9%, 75.3% and 73.5% as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024 respectively.

The increases in gearing ratio between the years ended 31 December 2022 and 31 December 2023, and between the three-month periods ended 31 March 2023 and 31 March 2024, were mainly due to the consolidation of JSB, JSN and JNK following the acquisition of controlling interest in these entities in July 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Significant investments held

Name	Principle activities	Ownership				Carrying value (IDR million)			
		31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Mar 2024	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Mar 2024
JPT	Toll road concession operator	40.0% (252,053,913 shares)	40.0% (252,053,913 shares)	40.0% (252,053,913 shares)	40.0% (252,053,913 shares)	405,861 (US\$24.7 million or HK\$193.0 million)	423,786 (US\$25.8 million or HK\$201.6 million)	446,536 (US\$27.2 million or HK\$212.4 million)	446,536 (US\$27.2 million or HK\$212.4 million)
TMJ	Toll road concession operator	50.9% (120,851,832 shares)	50.9% (120,851,832 shares)	50.9% (120,851,832 shares)	50.9% (120,851,832 shares)	405,408 (US\$24.7 million or HK\$192.8 million)	632,983 (US\$38.6 million or HK\$301.1 million)	867,353 (US\$52.9 million or HK\$412.5 million)	872,929 (US\$53.2 million or HK\$415.2 million)
JPM	Toll road concession operator	51.0% (906,770 shares)	51.0% (906,770 shares)	51.0% (906,770 shares)	51.0% (906,770 shares)	1,203,847 (US\$73.4 million or HK\$572.6 million)	1,137,661 (US\$69.4 million or HK\$541.1 million)	1,072,901 (US\$65.4 million or HK\$510.3 million)	1,072,901 (US\$65.4 million or HK\$510.3 million)
JJC	Toll road concession operator	40.0% (2,265,778 shares)	40.0% (2,265,778 shares)	40.0% (2,265,778 shares)	40.0% (2,265,778 shares)	1,915,407 (US\$116.8 million or HK\$911.0 million)	1,837,187 (US\$112.0 million or HK\$873.8 million)	1,590,840 (US\$97.0 million or HK\$756.6 million)	1,590,987 (US\$97.0 million or HK\$756.7 million)
JSN	Toll road concession operator	42.6% (72,035,758 shares)	42.6% (72,035,758 shares)	59.5% (101,411,745 shares)	59.5% (101,411,745 shares)	1,281,070 (US\$78.1 million or HK\$609.3 million)	1,347,486 (US\$82.2 million or HK\$640.9 million)	-	-
JNK	Toll road concession operator	45.0% (34,070,766 shares)	45.0% (34,070,766 shares)	59.6% (45,396,552 shares)	59.6% (45,396,552 shares)	552,201 (US\$33.7 million or HK\$262.6 million)	675,859 (US\$41.2 million or HK\$321.4 million)	-	-
JSB	Toll road concession operator	44.2% (1,846,112,128 shares)	44.2% (1,846,112,128 shares)	59.8% (2,516,618,640 shares)	59.8% (2,516,618,640 shares)	1,594,156 (US\$97.2 million or HK\$758.2 million)	1,563,984 (US\$95.4 million or HK\$743.8 million)	-	-

Name	Size relative to Target Group's total assets (Target Group's share of assets as a % of Target Group's total assets)				Target Group's share of total comprehensive income/(loss) (IDR million)			
	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Mar 2024	For the year ended 31 Dec 2021	For the year ended 31 Dec 2022	For the year ended 31 Dec 2023	For the 3-month period ended 31 Mar 2024
JPT	3.09%	2.83%	1.24%	1.25%	2,003 (US\$0.1 million or HK\$1.0 million)	17,473 (US\$1.1 million or HK\$8.3 million)	22,662 (US\$1.4 million or HK\$10.8 million)	4,020 (US\$0.2 million or HK\$1.9 million)
TMJ	12.51%	12.52%	5.30%	5.27%	50,285 (US\$3.1 million or HK\$23.9 million)	206,171 (US\$12.6 million or HK\$98.1 million)	234,287 (US\$14.3 million or HK\$111.4 million)	60,701 (US\$3.7 million or HK\$28.9 million)
JPM	13.06%	12.08%	4.98%	5.00%	(135,140) ((US\$8.2 million) or (HK\$64.3 million))	(81,430) ((US\$5.0 million) or (HK\$38.7 million))	(64,761) ((US\$3.9 million) or (HK\$30.8 million))	17,720 (US\$1.1 million or HK\$8.4 million)
JJC	25.15%	23.75%	9.67%	9.68%	(248,053) ((US\$15.1 million) or (HK\$118.0 million))	(156,776) ((US\$9.6 million) or (HK\$74.6 million))	(163,188) ((US\$10.0 million) or (HK\$77.6 million))	41,436 (US\$2.5 million or HK\$19.7 million)
JSN	18.63%	16.24%	-	-	93,139 (US\$5.7 million or HK\$44.3 million)	87,803 (US\$5.4 million or HK\$41.8 million)	-	-
JNK	8.57%	8.17%	-	-	(2,987) ((US\$0.2 million) or (HK\$1.4 million))	93,008 (US\$5.7 million or HK\$44.2 million)	-	-
JSB	22.82%	21.04%	-	-	79,542 (US\$4.9 million or HK\$37.8 million)	26,640 (US\$1.6 million or HK\$12.7 million)	-	-

As of 28 July 2023, JSN, JNK and JSB are classified as subsidiaries and are consolidated on the Target Group's financial statements.

The Target Group intends on retaining its shareholding in each of its significant investments, which hold the concession rights to the Target Group's toll road assets. The Target Group aims to continue operating these toll road assets efficiently, optimizing costs and capital expenditures, thereby generating sufficient free cash flow to be distributed as dividends.

Material acquisitions and disposals

In 2022, JM conducted a restructuring exercise wherein 4 toll road segments (Jakarta-Cikampek, Palimanan-Kanci, Semarang A, B, C, and Surabaya-Gempol), 2 subsidiaries (JSM and JGP), and 7 joint venture investments (JSB, TMJ, JPM, JNK, JSN, JPT, JJC) were spun-off and transferred to the Target Group. The aggregate consideration of IDR 18,112,187 million (approximately equivalent to US\$1,104.4 million and HK\$8,614.3 million) was satisfied through the issuance of 18,112,187,000 new shares in the JTT, at a par value of IDR 1,000 each. The principal activities of these subsidiaries and joint venture investments comprise the owning and operating of toll roads and the holding of toll road concessions.

In 2023, the Target Group acquired a direct shareholding of 97.3% in LMJ, bringing its effective direct and indirect shareholdings in JSB, JSN and JNK to 59.8%, 59.5% and 59.6%, respectively.

In the Reporting Period, the Target Group did not have any other material acquisitions and disposals of subsidiaries, associates, and joint ventures.

Moving forward, the Target Group is open to exploring potential acquisitions of other toll road segments along the Trans-Java Toll Road, if they present attractive opportunities with substantial potential returns.

Future plans for material investments

The Target Group intends to increase its shareholding in JPT and TMJ from 40.0% and 50.9% respectively, as at 31 March 2024, to 93.8% and 58.9%, respectively.

NEW BUSINESS PROSPECTS

Upon completion of the Transactions, the Target Group will continue to engage in the management, security and operation of the Trans-Java Toll Road Segments in Java, Indonesia.

The Target Group undertakes lane widening initiatives for its toll road segments from time to time, to increase capacity and accommodate for increasing traffic volumes. Lane widening was completed at select sections of the Jakarta-Cikampek toll road between 2021 and 2023, as well as at the Surabaya-Gempol toll road between 2022 and 2023.

The Target Group has planned for further lane widening for the Jakarta-Cikampek toll road between 2025 and 2026, the Palimanan-Kanci toll road between 2024 and 2026, the Semarang A, B, C toll road between 2025 and 2029, as well as the Surabaya-Gempol toll road in 2025. Additional lane widening works are planned to take place as and when the volume-to-capacity ratio of the toll roads achieve 0.8x.

Apart from the above, the Target Group has not defined any further new business prospects as at the Last Practicable Date.

EMPLOYMENT AND REMUNERATION POLICY

The Target Group had 248, 248, 293 and 288 employees, including permanent, temporary and assigned employees, as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, respectively. For the avoidance of doubt, the number of employees excludes employees of the Target Group's joint ventures.

The employees were remunerated based on their working performance and experience, overtime hours worked and religious allowances afforded, with consideration to the prevailing market conditions. Remuneration paid to employees include base salaries, performance bonuses, health benefits and a post-employment benefit plan. The Target Group does not have an employee stock option program in place.

The total remuneration paid to the Target Group's employees for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, and for the three-month periods ended 31 March 2023 and 31 March 2024, was IDR50,842 million (approximately equivalent to US\$3.1 million and HK\$24.2 million), IDR 58,101 million (approximately equivalent to US\$3.5 million and HK\$27.6 million), IDR 93,717 million (approximately equivalent to US\$5.7 million and HK\$44.6 million), IDR 24,870 million (approximately equivalent to US\$1.5 million and HK\$11.8 million) and IDR 33,301 million (approximately equivalent to US\$2.0 million and HK\$15.8 million), respectively.

The Target Group's outstanding long-term employee benefit liabilities as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, are IDR10,362 million (approximately equivalent to US\$0.6 million and HK\$4.9 million), IDR9,983 million (approximately equivalent to US\$0.6 million and HK\$4.7 million), IDR10,867 million (approximately equivalent to US\$0.7 million and HK\$5.2 million) and IDR10,639 million (approximately equivalent to US\$0.6 million and HK\$5.1 million), respectively.

The Target Group also has in place an employee training scheme. Under the scheme, employees have the opportunity to participate in leadership and managerial training programs, as well as role-specific training to enhance competencies required for their day-to-day responsibilities.

EXPOSURE TO FOREIGN EXCHANGE FLUCTUATIONS

Revenue, funding and most of the operating costs of the Group are denominated in the IDR currency and therefore the Group does not have significant exposure to fluctuations in foreign currency exchange rates and does not have any related hedges.

CONTINGENT LIABILITIES

As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024, the Target Group did not have any material contingent liabilities.

The following is the text of the Traffic Study Report received from SYSTRA Philippines Incorporated, an independent traffic consultant, in connection with traffic study on the Trans-Java Toll Road Segments in Java, Indonesia, for the purpose of incorporation in this circular.

1.0 INTRODUCTION

1.1 Introduction to Study

In October 2023 SYSTRA Philippines Incorporated (SPI, the “**Consultant**”) was appointed by Metro Pacific Tollways Corporation (MPTC) to carry out a traffic due diligence study related to the portfolio of segments and toll roads of the Trans-Java Toll Road network (the “**Trans-Java Toll Road Segments**”), which are listed in Table 1-1. The Trans Java Toll Road segments studied correspond to the toll roads operated by PT Jasamarga Transjawa Tol and its subsidiaries. This report sets out the development of independent traffic and revenue forecasts.

SYSTRA Philippines Incorporated (SPI) is a transportation system and infrastructure consulting and design firm with over 28 years of experience in mass transport projects in the Philippines. SPI serves as technical consultant/advisor to both government and private entities in undertaking transportation feasibility studies and providing other consultancy services, with the view of improving the overall transport system in the Philippines. SPI enjoys a unique wealth of experience in international transport projects thanks to its mother companies, the two French public transportation giants, SNCF and RATP.

The study was carried out with the support of our local partners PT. Mitra Pembangunan Jaya (“**MPJ**”). MPJ was founded in 2016 and is engaged in various consulting services in Indonesia, especially in the areas of transportation, infrastructure, socio-economic and urban planning analysis expertise.

1.2 Introduction to Project Roads

The Trans-Java Toll Road Segments have a total length of approximately 676 km. JM currently holds the concession rights of the Trans-Java Toll Road Segments, which has been in operation since 1983. The current concession periods of the Trans-Java Toll Road Segments range from 35 to 50 years and will expire between 2044 and 2066.

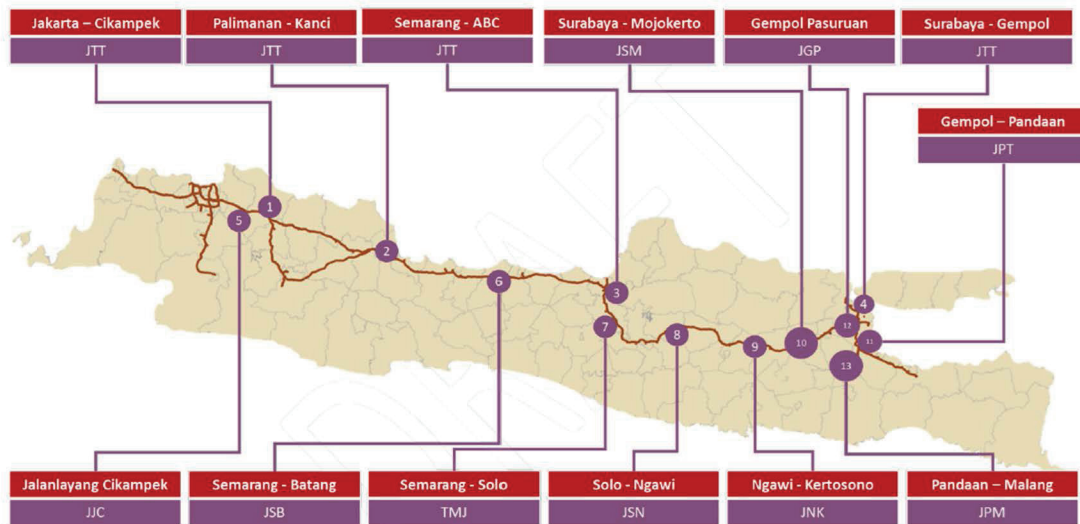


Figure 1-1. Location of 13 Trans Java Roads

Source: GIS BPJT Indonesian Toll Road Map (sigi.pu.go.id)

Table 1-1. The Trans Java Study Roads

NO	SECTION	OPERATOR	
	Main Section		
1	Jakarta – Cikampek (“ Japek ”)	JTT	Jasamarga Transjawa Tol
2	Palimanan – Kanci (“ Palikanci ”)	JTT	Jasamarga Transjawa Tol
3	Semarang ABC (“ Semarang ”)	JTT	Jasamarga Transjawa Tol
4	Surabaya – Gempol (“ Surgem ”)	JTT	Jasamarga Transjawa Tol
	Sections of Toll Road Subsidiaries		
5	Jalanlayang – Cikampek	JJC	Jasamarga Jalanlayang Cikampek
6	Semarang – Batang	JSB	Jasamarga Semarang Batang
7	Semarang – Solo	TMJ	Trans Marga Jateng
8	Solo – Ngawi	JSN	Jasamarga Solo Ngawi
9	Ngawi – Kertosono – Kediri	JNK	Jasamarga Ngawi Kertosono Kediri
10	Surabaya – Mojokerto	JSM	Jasamarga Surabaya Mojokerto
11	Gempol – Pandaan	JPT	Jasamarga Pandaan Tol
12	Gempol – Pasuruan	JGP	Jasamarga Gempol Pasuruan
13	Pandaan – Malang	JPM	Jasamarga Pandaan Malang

1.3 Summary of Pandemic Recovery

The study was based on a dataset up to and including October 2023. The table below presents the AADT from the pre-pandemic level in 2019 to 2023. For 2023 actual data is used to October with forecasted data for November and December. To derive a single AADT for each scheme, each sectional volume along a study road is weighted by the length of that section and then summed to give an overall weighted AADT figure across the asset as a whole. This weighted value is the AADT traffic level reported in the table below.

Table 1-2. Traffic Recovery to Pre-Pandemic Levels (2019)

ROAD	2019	2022		2023 FORECAST	
	AADT	AADT	% Recovery	AADT	% Recovery
JAPEK	133,992	114,910	86%	117,528	88%
JJC	0	70,472	n/a	63,708	n/a
Jakarta-Cikampek Corridor	133,992	185,382	138%	181,236	135%
Palimanan-Kanci	42,946	47,448	110%	46,087	107%
JSB	27,233	29,418	108%	28,960	106%
Semarang ABC	40,165	70,083	174%	72,130	180%
TMJ	29,029	33,598	116%	34,029	117%
JSN	15,559	19,834	127%	20,772	134%
JNK	14,470	18,386	127%	18,287	126%
JSM	33,082	36,063	109%	37,759	114%
Surabaya-Gempol	76,406	78,433	103%	81,221	106%
JPT	34,028	36,300	107%	37,787	111%
JPM*	26,793	26,841	100%	29,598	110%
JGP	17,056	20,092	118%	20,921	123%

* For consistency, the JPM data excludes the Pakis to Malang section which opened in 2020

In terms of weighted AADT, all the assets except for JAPEK have recovered to 2019 levels. The reason for this is the opening of JJC. JJC is an elevated highway running in the same corridor as JAPEK. The purpose of JJC is to increase the capacity along the corridor (particularly for through traffic). Traffic in the overall Jakarta-Cikampek corridor is higher in 2023 than 2019.

1.4 Report Structure

The remainder of this summary report is set out as follows:

- **Chapter 2** sets out the data collection, including traffic surveys undertaken;
- **Chapter 3** sets out the approach undertaken to develop the traffic forecasts including providing details of the Strategic Java Island Model as used in the study;
- **Chapter 4** presents the base case traffic forecasts and results of the high and low case sensitivity tests.

2.0 DATA COLLECTION & TRAFFIC SURVEY

A programme of traffic surveys and collection of other primary and secondary data was undertaken to ensure that the traffic model accurately reflected traffic conditions and that the forecasting assumptions were based on the latest available data and information.

2.1 Traffic Surveys

Traffic surveys were conducted at 25 locations along Trans Java main corridor and wider study area from the western part to eastern part of Java Island.

Traffic counts were carried out on both toll and arterial road sections (those parallel with the toll sections) to understand the total traffic in a corridor (screen line) and the capture rates of traffic on competing roads. The traffic model includes both Java toll and arterial road networks. The locations were selected to cover the main corridors to/from the key urban centres (Jakarta, Surabaya and Semarang). A combination of 24-hrs and 16-hrs of traffic counting duration on each location was designed to get efficient survey implementation.

The surveys were carried out over four (4) days: Sunday, Tuesday Wednesday, and Thursday (from 15 to 19 October 2023).



Figure 2-1. Location of Survey Traffic Counting

2.2 Other Traffic Data

In addition to the survey, other traffic data was collected within the study area up to October 2023. This included traffic data for the toll expressway data and published traffic counts on arterial roads. Toll gate data was also collected for the integrated closed tolling system on the Transjava Toll Expressway System – the data set collected was a monthly record covering 2022 and 2023 (to October). This data is of particular value since it records the entry and exit of traffic into the Transjava System – providing invaluable data on travel patterns.

2.3 Socio Economic and other Data Collection

Socio-economic data collected for the study included:

- Population data from the Indonesian Central Statistical Bureau (BPS), 2010 – 2022
- National GDP data from the Central Government Financial Statement 2017-2022 and National GDP and GRDP data from Indonesian Central Statistical Bureau 2015 – 2022)
- Vehicle Ownership data from the Indonesian Central Statistical Bureau 2015 – 2022

Other key data sources included:

- Rencana Pembangunan Jangka Menengah Nasional (RPJMN) 2020-2024
- Peraturan Pemerintah Republik Indonesia No 13 Tahun 2017 tentang Perubahan Atas Peraturan Pemerintah Nomor 26 tahun 2008 tentang Rencana Tata Ruang Wilayah Nasional (RTRWN)
- Laporan Komite Percepatan Penyediaan Infrastruktur Prioritas (KPPIP) Semester 1 tahun 2022 tentang Proyek Strategis Nasional (PSN).
- Laporan Komite Percepatan Penyediaan Infrastruktur Prioritas (KPPIP) Semester 2 tahun 2022 tentang Proyek Strategis Nasional (PSN).
- Produk Domestik Regional Bruto Per Kapita (Seri 2010)
- Indonesia Public Expenditure Review, Chapter 9 National Roads. By World Bank's 2020 Public Expenditure Review for Indonesia.
- Informasi Anggaran Pendapatan dan Belanja Negara (APBN) 2023
- Jumlah Kendaraan Bermotor Menurut Provinsi dan Jenis Kendaraan (unit) Trans Jawa
- Jumlah Penduduk Hasil Proyeksi Menurut Provinsi dan Jenis Kelamin
- Jumlah Penduduk Menurut Provinsi di Indonesia
- Laporan Hasil Pemeriksaan Atas Laporan Keuangan Pemerintah Pusat Tahun 2020 oleh Badan Pemeriksa Keuangan (BPK)
- Laporan Hasil Pemeriksaan Atas Laporan Keuangan Pemerintah Pusat Tahun 2021 oleh Badan Pemeriksa Keuangan (BPK)
- Laporan Keuangan Pemerintah Pusat (LKPP) tahun 2022
- Laporan Keuangan Pemerintah Pusat (LKPP) tahun 2017
- Laporan Keuangan Pemerintah Pusat (LKPP) tahun 2019

- Produk Domestik Regional Bruto Provinsi-Provinsi di Indonesia Menurut Lapangan Usaha tahun 2018-2022
- Produk Domestik Regional Bruto Provinsi-Provinsi di Indonesia Menurut Lapangan Usaha tahun 2015-2019
- Ringkasan Eksekutif Visi Indonesia 2045

3.0 FORECASTING APPROACH

3.1 Introduction

The traffic and revenue forecasts have been produced by following transport planning best practice. In particular, this incorporated the use of the Strategic Java Island Model an established traffic model covering the whole of Java. This chapter sets out the details of the technical approach adopted and basis for key assumptions made. Section 3.2 provides an overview of the transport model used while Section 3.4 introduces the 2023 Base Year Model. Finally, Section 3.3 provides an overview of the overall modelling process and the basis of forecasting assumptions made.

3.2 The Strategic Java Island Model

This section introduces the Strategic Java Island Model (“**the model**”). The model uses transport planning software, CUBE version 6.45, a mobility simulation tool under the license of Bentley System. The Strategic Java Island Model has been developed over many years using many data sources including:

- The Java Arterial Road Network Study (JARNS) in 2001 by the International Bank for Reconstruction and Development.
- Transjava Expressway Study in 2007 by the World Bank to support the Ministry of Public Works.
- The Improved Planning National Road Development Study Phase 1 and Phase 2 by The Indonesia Infrastructure Initiative (INDII) – AUSAID in 2014-2018.
- The Road Network Planning and Programming (RNPP) Study by Kemitraan Indonesia dan Australia untuk Infrastuktur (KIAT) by DFAT Australia Government to update the traffic model in 2018-2020.

Overall, The Strategic Java Island Model remains the most comprehensive basis for traffic forecasts along the Transjava corridor. An overview of the main model components is set out in the sections below.

3.2.1 Traffic Zoning System

The model zoning system is consistent with administrative areas down to the sub-district and/or kelurahan level. The zoning system consists of 423 traffic zones including two (2) external zones for Sumatra and Bali. The zones were mapped using the combination of Kecamatan boundary mapping.

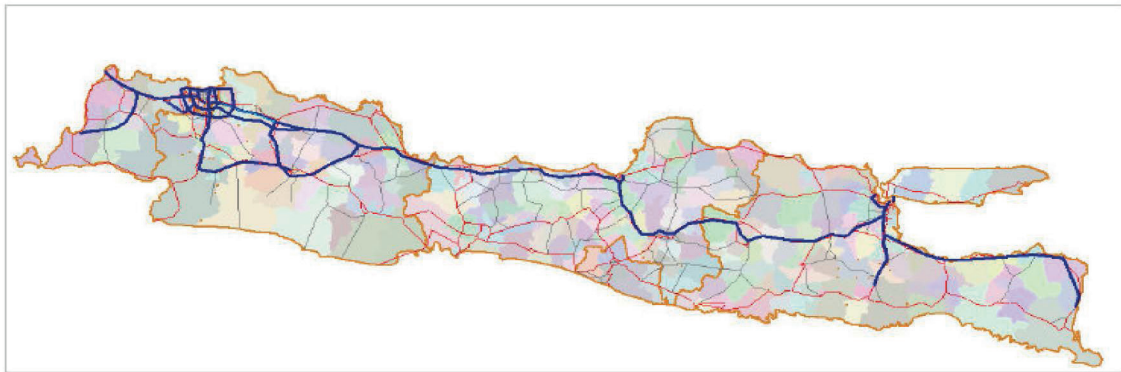


Figure 3-1. Zoning System for Strategic Java Island Model

3.2.2 Model Road Network

The model contains definitions of the road network for the whole of Java for both existing and future planned conditions. In addition to the toll road network the model covers primary and secondary arterial road network, primary and secondary collectors, and important local roads.

Physical data for each road is taken from various related sources, especially from the SITRAMP study (Study on Integrated Transportation Master Plan for Jabodetabek, JICA) and from the road condition surveys.

Road segment capacity and free flow speed are calculated based on the “Indonesian Road Capacity Manual” based primarily on lane width, roadside condition, road shoulder width, and the number of non-motorized vehicles using the road.



Figure 3-2. Existing Roll Road Network Strategic Java Island Model

3.3 The Base Year Model

The 2023 model was updated to ensure an accurate definition of the current year highway network for all roads to provincial level including:

- Existing road capacities/number of lanes
- Travel speeds (journey times)
- Current toll rates

Key updates to the road network made in the study are as follows:

- The Cisumdawu toll road Section 1 and 2 which started operation on 2022
- The remaining section of the Cisumdawu connected to Cipali in Dawuan as opened in 2023
- The Sayung-Demak Section 2 connected to Semarang arterial road in 2023
- The Bogor-Ciawi-Sukabumi section connected to arterial road at Parung interchange in 2023.

The demand matrices were updated using the 2023 traffic surveys and other traffic data collected as set out in Chapter 2. In particular, the use of the closed system toll gate data (entry and exit points) was directly incorporated into the travel demand matrices.

The results summary of the model calibration as shown in Figure 3-3 below. A key aspect of the calibration is to compare observed traffic with the results of the model traffic assignment. These comparisons are shown in below. The R square of 0.9546 is acceptable as is the overall GeH Value. GeH is typically used to represents goodness-of-fit of a model. It takes into account both the absolute difference and the percentage difference between the modelled and the observed flows. The threshold of GeH is as shown in the orange-colored line.

Overall, the model reached an acceptable level of fit to existing traffic counts and is a reasonable foundation for the traffic forecasting process.

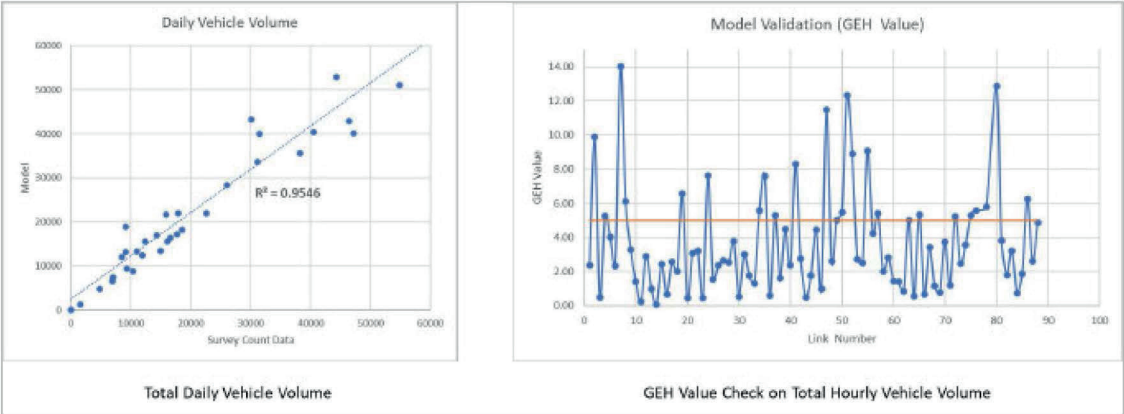


Figure 3-3. Model Calibration Results

3.4 Forecasting Process and Assumptions Made Thereunder

The forecasting process followed the standard 4-stage modelling approach:

1. Trip Generation – Growth in demand for travel
2. Trip Distribution –Origin and Destination of trips (OD pairs)
3. Modal Split –Shift to/from other modes of travel
4. Traffic Assignment – Route choice for traffic

Trip Generation Model

The Strategic Java Island Model has an internal trip generation model based on input socio-economic drivers, namely population, GRDP and vehicle ownership which has been developed over several studies. Existing relationships between traffic growth and socio-economic drivers were updated using the 2023 calibrated model. Future projections of population, GDP and vehicle ownership were updated based on the most appropriate available sources:

- The projected population of Indonesia 2010-2035 as compiled by BPS. Within the model, population is distributed to Kacamatan (sub-district) level in line with the zoning system and based on the dis-aggregated data from BPS (to provincial and kabupaten level).
- Consultant's estimate of GDP growth is based on economic projections by OECD/ World Bank Study (2023). The distribution of GDP growth is based on The National Spatial Plan, National Medium-Term Development Plan, and National Strategic Plan (PSN)
- Vehicle ownership projections based on the INDII Study (2018) which produced passenger car projection from 2015 to 2045 re-based using the latest BPS data for 2023



Figure 3-4. Trip Generation by Traffic Zone in 2023



Figure 3-5. Forecasted Trip Generation by Traffic Zone in 2035

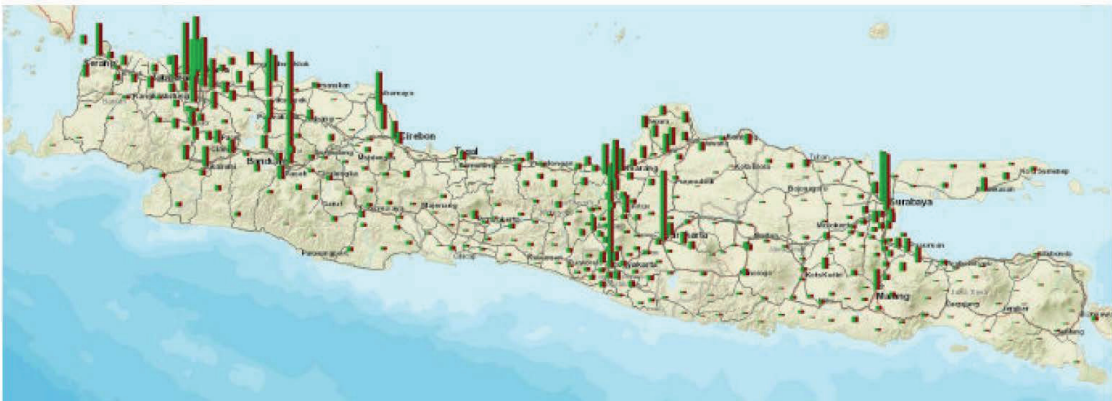


Figure 3-6. Forecasted Trip Generation by Traffic Zone in 2045

Greater detail on the assumptions for population, GDP and vehicle ownership are set out in Chapter 4.

Trip Distribution Model

At the trip distribution stage, the OD (Origin-Destination) trip matrix is produced – this involves matching the generated trips and attracted trips to create OD pairs. This is undertaken internally within the CUBE software using the default FRATAR method.

Modal Split Assumption

In the short to medium term significant modal shift from private road travel is unlikely – and indeed will be further encouraged by the ongoing implementation of the Trans Java corridor and wider expressway network on Java.

The Jakarta to Bandung High Speed Rail (HSR) has now opened and is considered within the forecasts. There are plans for further rail upgrade, including high-speed rail (HSR), however, these are not fully committed projects at this point. It is also expected that HSR would compete more directly with air travel than the toll road.

It is assumed that there is a flat (unchanged) modal share from 2023-2035. From 2035 it is assumed that there will be a slow trend towards public transport use most likely due to rail improvement such as the proposed Jakarta-Surabaya HSR.

Trip Assignment Assumptions

Estimating the route choice for traffic trips is a primary function of the (CUBE) Strategic Java Island Model. Key assumptions were made in accordance with the appropriate technical guidelines and sources:

- Road capacity and speed/flow assumptions are consistent with the Highway Capacity Manual (HCM) and established practice in Java;
- Vehicle operating cost (VOC) and value of time (VoT) assumptions follow the Road Network Planning and Programming Study in (2018-2020);
- The assumed development of the Java Road network follows the National Road Medium Term & Long-Term Development Plan (Directorate of Highway, Ministry of Public Works).

4.0 ELABORATION ON KEY ASSUMPTIONS

4.1 Population Projection

Table 4-1. Population Growth by Province in Java Island 2022-2035

Province	Period				
	2022-25	2025-30	2030-35	2035-40	2040-45
DKI Jakarta	0.6661	0.6712	0.6754	0.6787	0.6810
Jawa Barat	1.3342	1.3526	1.3611	1.3676	1.3724
Jawa Tengah	0.8175	0.8238	0.8289	0.8329	0.8358
DI Yogyakarta	1.4532	1.4645	1.4737	1.4807	1.4859
Jawa Timur	0.6863	0.6916	0.6959	0.6992	0.7017
Banten	1.6753	1.6883	1.6988	1.7070	1.7129

Source: Indonesia Central Statistics Bureau, 2022

Within the model population is distributed to kecamatan (sub-district) level in line with the zoning system and based on the dis-aggregated data from BPS (to provincial and kabupaten level).

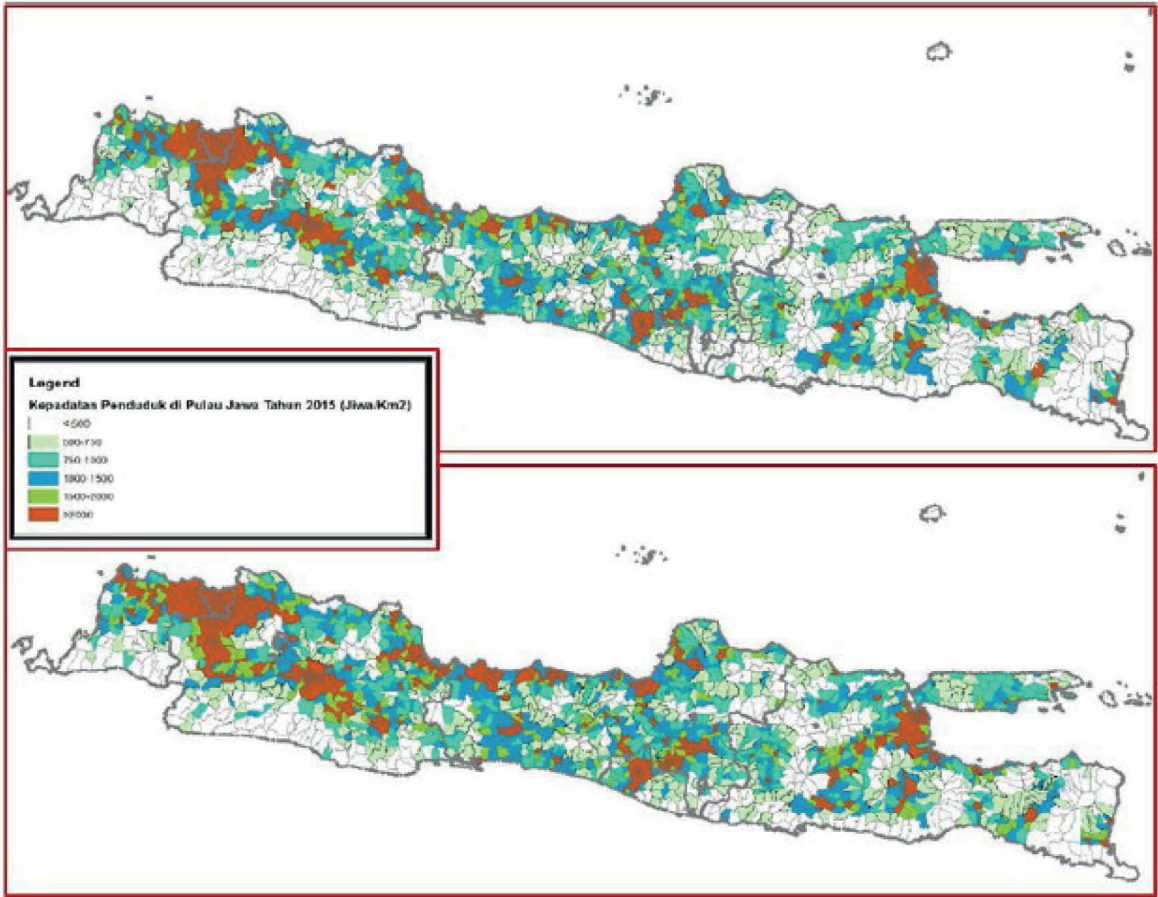


Figure 4-1. Density of Population in Java Island in 2015

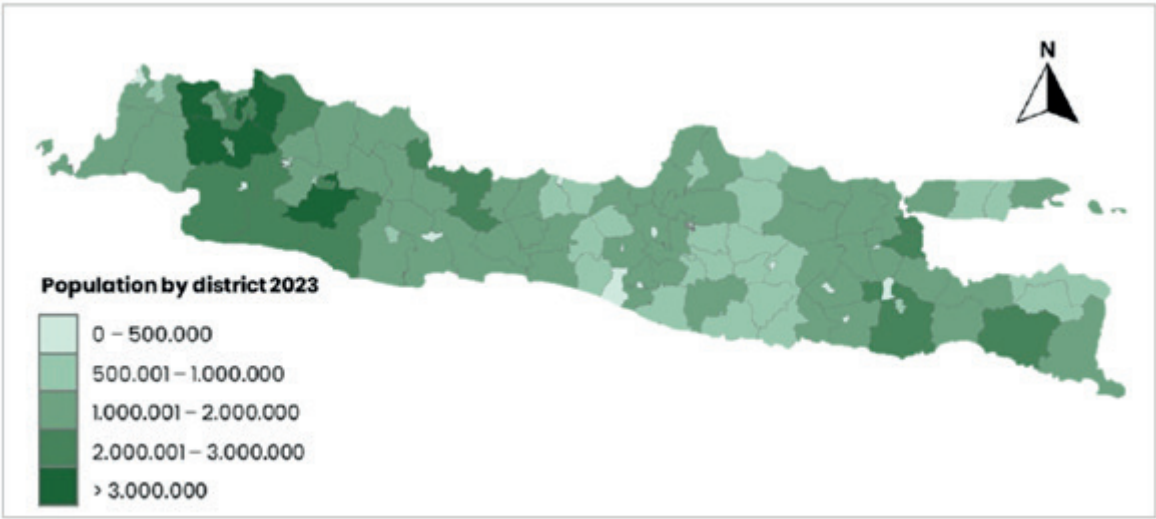


Figure 4-2. Population by District 2023

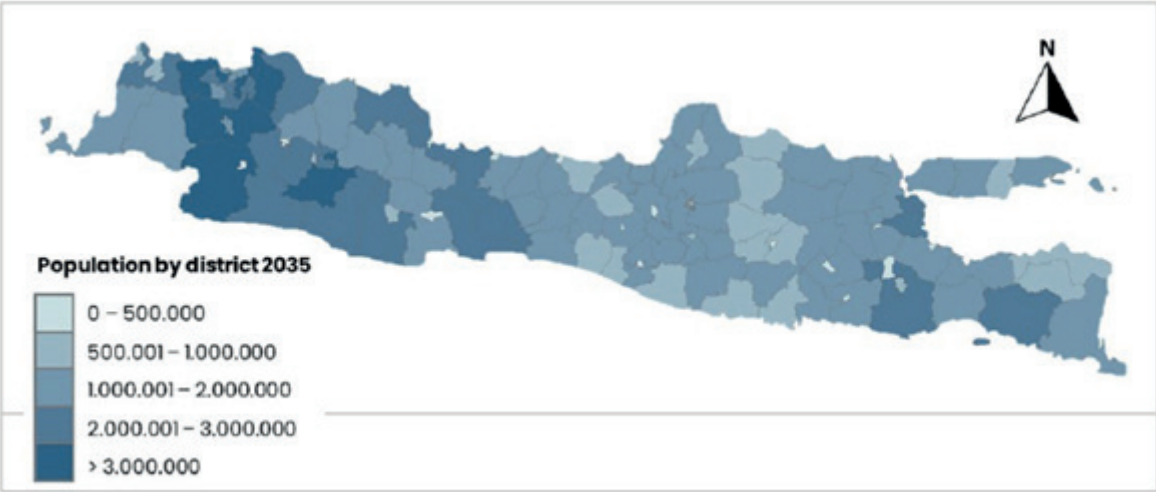


Figure 4-3. Population by District 2035

4.2 GDP and Economic Growth

The study included producing updated projections of economic growth. The table below presents the Consultant's projection of Indonesia's economic growth.

Table 4-2. Indonesia Economic Growth Projection in 2024-2060

Year	Economic Growth Projection
2024	5.30%
2025	5.25%
2026	5.20%
2027	5.15%
2028	5.10%
2029	5.05%
2030	5.00%
2031	4.90%
2032	4.80%
2033	4.70%
2034	4.60%
2035	4.50%
2036	4.45%
2037	4.35%
2038-2060	4.25%

4.3 Vehicle Ownership

Passenger Vehicles

The basis for passenger car ownership trends is the INDII Study in 2014-2018 which produced passenger car projection from 2015 to 2045. Since the INDII study is now quite dated, the projections were re-based using actual data on vehicle ownership sourced from BPS to produce the Consultant's assumption.

Table 4-3. Passenger Car Projection 2015-2045

Province	Passenger Car Projection						
	2015	2020	2025	2030	2035	2040	2045
31 DKI Jakarta	1,805,894	2,576,827	3,602,402	5,141,024	6,151,246	7,640,041	8,776,547
32 Jawa Barat	1,232,583	1,510,114	1,999,768	2,781,781	3,743,817	4,836,088	5,980,037
33 Jawa Tengah	834,899	1,035,300	1,374,703	1,944,104	2,677,774	3,547,375	4,494,673
34 DI Yogyakarta	89,919	107,612	133,054	169,200	209,219	251,006	292,058
35 Jawa Timur	1,250,749	1,619,376	2,283,946	3,430,751	4,920,656	6,668,280	8,531,118
36 Banten	358,730	458,240	661,140	1,015,744	1,488,487	2,054,576	2,666,818

Source: Consultant's Assumption (Based on INDII Study and BPS data)

Commercial Vehicles

The volume of freight is strongly influenced by economic factors. The higher the economic level of a region, the greater the demand of the region for commercial transportation needs. On this basis, the Consultant uses the elasticity of GDP growth to project the growth of goods vehicles (LGV, MGW and HGV).

Vehicle growth trends follow the growth of revenue per capita. It is predicted that in 2023 GDP per capita Indonesia reaches US\$9,000. The increase in GDP per capita encourages an increase in vehicle growth. Following are the results of vehicle ownership forecasts until 2035 which are juxtaposed with GDP per capita.

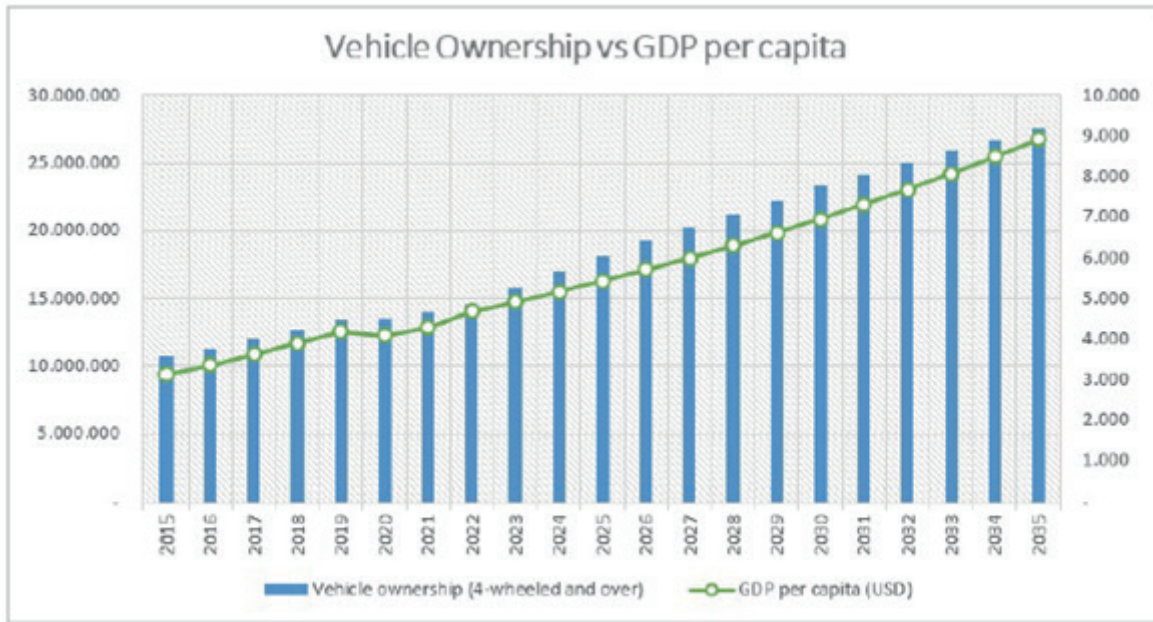


Figure 4-4. Vehicle Ownership vs GDP per Capita

The vehicle ownership in the picture above is a combination of private vehicles, buses and trucks forecasted by re-basing the INDII Study (2014-2018).

4.4 Trip Generation/Distribution Model

Generated trips are estimated firstly at the overall model level (Java) based on input national GDP, population and vehicle ownership as discussed above.

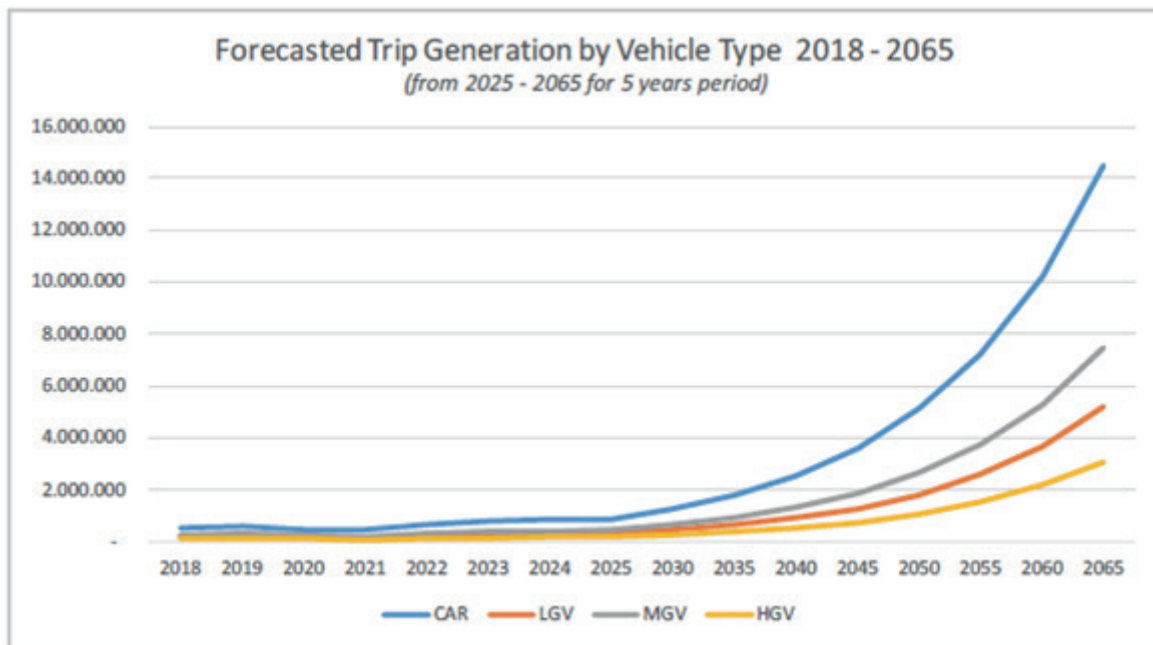


Figure 4-5. Forecasted Trip Generation by Vehicle Type 2018-2065

Growth is then distributed at a provincial level based on the provincial level population and GRDP (based on the national assumption).

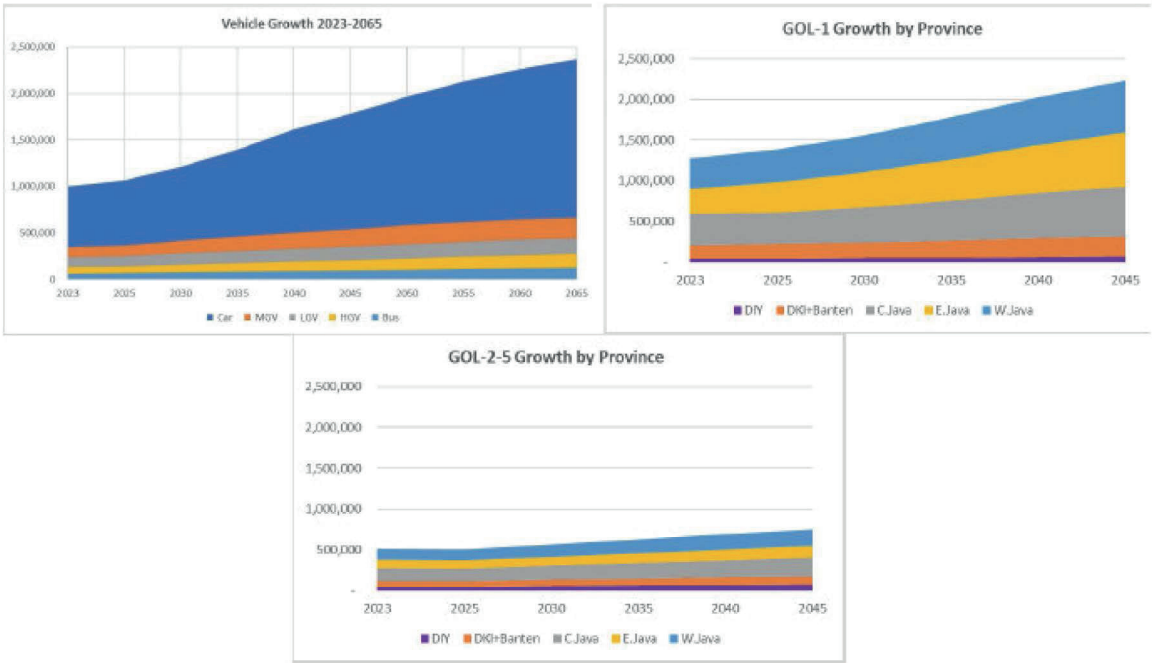


Figure 4-6. Generation of OD Matrix Growth Factors

Overall traffic growth is capped at the level produced by the trip generation model at the provincial level to ensure overall trip generation is realistic. However, this provincial growth is not evenly distributed across all model zones. The overall provincial traffic growth is distributed to a zonal level based on the derived population (sub-district) and GDP (district).

As such, the Strategic Java Island Model produces matrix growth factors (243 x 243) for all future modelling periods which are applied to the calibrated base year matrices to produce the future year matrices.

4.5 Road Network Development

The assumed development of Trans Java Network follows the National Road Medium Term & Long-Term Development Plan (Directorate of Highway, Ministry of Public Works). The assumed completion by modelling/forecasting period is shown in the following table.

Table 4-4. Toll Road Network Development in Java 2023-2070

Section	2023	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
Jakarta - Merak Corridor											
Jakarta - Tangerang											
Tangerang - Merak											
Serang - Panimbang 1											
Serang - Panimbang 2,3											
Jakarta-Bogor-Sukabumi Corridor											
JAGORAWI											
BOCIMI 1,2											
BOCIMI 3											
Jakarta - Cikampek Corridor											
JAPEK*											
JAPEK Elevated*											
JAPEK Selatan 1											
Cipularang											
JAPEK Selatan 2, 3											
Cikampek - Cirebon Corridor											
Cikampek - Palimanan											
Palimanan - Kanci*											
Kanci - Pejagan											
Cisumdawu											

Section	2023	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
Cirebon – Semarang Corridor											
Pejagan – Pemalang											
Pemalang – Batang											
Batang – Semarang*											
Semarang ABC*											
Gedebage-Tasikmalaya-Ciamis 1											
Gedebage-Tasikmalaya-Ciamis 2, 3											
Gedebage-Tasikmalaya-Ciamis 4											
Tegal – Cilacap 1											
Tegal – Cilacap 2											
Semarang – Solo Corridor											
Semarang – Solo*											
Solo – Yogyakarta											
Bawen – Yogyakarta											
Semarang – Surabaya Corridor											
Solo – Ngawi*											
Ngawi – Kertosono*											
Kertosono Mojokerto											
Mojokerto – Surabaya*											
Krian – Legundi – Gresik											
Semarang – Demak											
Kertosono – Kediri*											
Demak – Tuban (2026)											
Tuban – Gresik (2028)											
Surabaya – Malang Corridor											
Surabaya – Gempol*											
Gempol – Pandaan*											
Pandaan Malang*											
Surabaya – Banyuwangi Corridor											
Gempol – Pasuruan*											
Pasuruan – Probolinggo											
Probolinggo – Situbondo											
Situbondo – Banyuwangi											

* Assets held by the Target Company

The major assumed arterial road network improvements in Java Island in the updated model consist of:

- Improvement to existing sections for the network Pantura (Pantai Utara) Arterial Network. The Pantura Arterial are completed with 2x2 lane;
- Improvement to existing sections for the and completion of missing links for the Pansela (Pantai Selatan) Arterial Road. Where the Pansela Arterial Road will be completed in 2025 as single lane carriageway.

4.6 Capacity and Road Widening

Each road link in the transport model has an assumed capacity based on the road type and terrain. As the road approaches capacity link speeds slow to reflect increasing congestion (speed/flow curve) and as a result alternative routes will become more attractive. This generally results in a slowing of traffic growth on congested roads which is reflected in the forecasts.

Daily Planning Capacity = Hourly Lane Capacity/Peak-Hour Factor (at planning capacity)* number of lanes

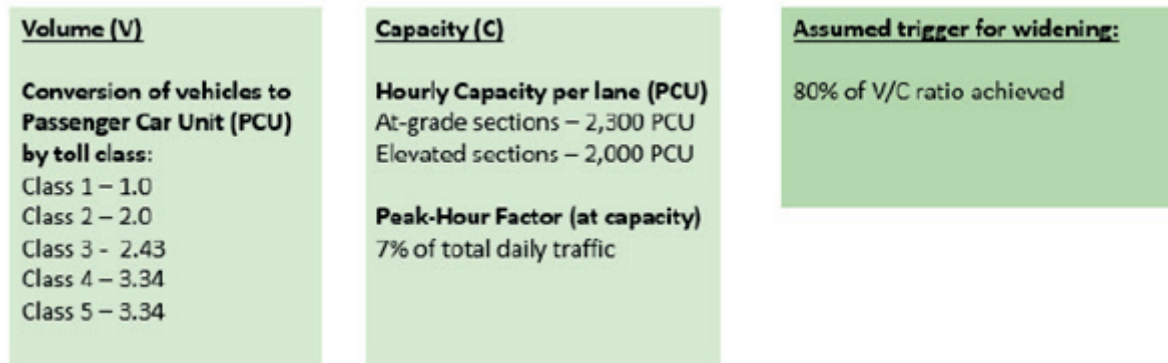


Figure 4-7. Toll Road Daily Planning Capacity and Widening Assumptions

For the Trans Java study, the traffic volumes on each road have been capped at 100% of the calculated planning capacity.

5.0 FORECAST RESULTS

5.1 Base Case Forecast

The base case is set to be a realistic but conservative assessment of traffic levels on each study road. A conservative approach is generally regarded as best practice for forecasting work given the levels of uncertainty and the strong historical tendency of traffic forecasts to underperform due to optimism bias (relating to assuming planned or envisaged future conditions). The table below summarizes the traffic forecast for each of the project roads based on the forecasting approach and base case key assumptions.

Table 5-1. Summary Table of Annual Average Daily Traffic (AADT, Vehicles) Base Case

	2022	2023	2024	2025	2030	2040	2050	2060
TMJ-BASE CASE	33.598	34.034	35.464	37.431	48.942	73.184	101.515	119.945
JPM-BASE CASE	25.407	26.474	27.798	29.479	41.414	69.553	101.113	137.232
JJC-BASE CASE	70.472	63.707	64.790	66.737	78.000	89.577	89.577	89.577
JSN-BASE CASE	19.834	20.766	21.804	22.960	29.581	45.088	64.382	89.268
JGP-BASE CASE	20.092	20.916	22.067	23.257	29.874	46.458	71.853	106.639
JSM-BASE CASE	36.063	38.003	39.523	41.517	55.783	94.160	147.987	153.917
JPT-BASE CASE	36.300	37.789	39.678	41.720	52.426	70.416	93.511	123.824
JSB-BASE CASE	29.418	28.947	30.105	31.778	42.206	63.652	82.789	106.043
Japek-BASE CASE	114.910	117.553	120.962	124.174	142.753	176.399	192.693	198.707
Palikanci-BASE CASE	47.448	46.072	48.146	50.483	64.090	88.175	115.245	146.606
Semarang-BASE CASE	70.083	72.116	74.423	77.287	93.573	116.363	128.341	136.104
Surgem-BASE CASE	78.433	80.680	83.826	87.385	110.073	129.155	143.527	149.938
JNK-BASE CASE	18.386	18.294	19.099	19.967	21.308	31.805	43.745	57.570

The corresponding compound annual growth rates (CAGR) for the forecasting periods (generally 5-year time frames) are shown in the table below. The overall CAGR for each road for the period 2022-2042 is also shown.

The 2023-2025 period is heavily influenced by actual traffic (to October 2023) and the actual growth trend moving into 2024. JJC is the only toll section that has negative CAGR due to the actual reduced traffic in 2023.

For the period 2026-2030, there is upturn in CAGR in this period for most of the roads – due to the assumed profile of economic growth in the Trans Java corridor. Typically, the resulting traffic growth rates are higher on the newer roads with lower traffic levels – the highest growth rates are on JPM, JSM and JSB. Of course, the picture is different if the Consultant considers absolute traffic increases – for 2025 to 2030 the greatest increases in traffic occur on Surgem, Japek and Semarang.

Beyond 2030, the pattern of growth is a typical declining trend. The rate of decline is specific to each road and is dependent on modelled factors but is typically closely related to the level of maturity of each road and the level of impact of congestion (capacity) in restraining further traffic growth (the ongoing attractiveness of the route).

Table 5-2. CAGR Average Daily Traffic Base Case

	2023-2025	2026-2030	2031-2035	2036-2040	2022-2042
TMJ-BASE CASE	3.67%	5.51%	4.49%	3.50%	4.31%
JPM-BASE CASE	5.08%	7.00%	5.86%	4.49%	5.56%
JJC-BASE CASE	-1.80%	3.18%	2.75%	0.00%	1.21%
JSN-BASE CASE	5.00%	5.16%	4.46%	4.02%	4.58%
JGP-BASE CASE	5.00%	5.10%	4.56%	4.42%	4.73%
JSM-BASE CASE	4.81%	6.08%	5.57%	5.04%	5.41%
JPT-BASE CASE	4.75%	4.60%	3.02%	2.87%	3.66%
JSB-BASE CASE	2.61%	5.85%	4.74%	3.35%	4.22%
Japek-BASE CASE	2.62%	2.86%	2.45%	1.65%	2.31%
Palikanci-BASE CASE	2.09%	4.83%	3.39%	3.00%	3.44%
Semarang-BASE CASE	3.32%	3.90%	2.12%	1.97%	2.76%
Surgem-BASE CASE	3.67%	4.76%	1.79%	1.10%	2.64%
JNK-BASE CASE	2.79%	4.97%	4.33%	3.71%	3.13%

5.1.1 Sensitivity Analysis

High and low case forecasts were produced to represent an overall range of the reasonable outcome of forecast traffic levels – in effect testing the sensitivity of the results to changes in the assumed future scenario. The high and low case scenarios were based on varying the base case assumptions for key demand drivers based on the Consultant’s professional judgement:

- High and Low Case Corridor Development (population and economic growth)
 - o As set out in the study methodology the key driver of increased traffic movements along the Transjava corridor is the increase in population and economic activity along the corridor itself. High and low case development profiles were established based around the base case profile for population and regional GDP growth. Overall, this resulted in an adjustment of +/- 10-20% per annum to the base case annual trip generation growth rates.
- Induced Demand Impact (high case only)
 - o With new significant infrastructure (for instance the Transjava expressway) or capacity improvements, it can be argued that additional (shorter-term) traffic may be induced or created due to the road infrastructure. The additional traffic may be directly due to improved connectivity and travel time savings or other cost savings – at a level above that of the overall economic and population growth trends (which will take time to be reflected in the model) – particularly where demand may be currently suppressed due to excessive travel times.
 - o This factor is not included in the base forecast since it is difficult to distinguish additional (shorter-term) traffic from population & economic growth generated traffic. At the same time, such shorter– term traffic is very uncertain in terms of its scale.
 - o A study conducted in 2016 by The Indonesia Infrastructure Initiative on the Java toll road network suggests that the additional growth from induced traffic is no more than 1.9% per annum and decreasing until the fifteenth year. This was used as a reference point for this scenario test though more conservative assumption was made by the Consultant.
 - o Additional growth from induced traffic is applied by the Consultant to all nine (9) road sections for those which have year of operation less than 15 years – Japek, Palikanci, Surgem, and Semarang which have more than 20 years of operation were excluded.

- Additional Land Development (high case only)
 - o Land development is already considered in the base case but not for specific developments, rather by assumption around corridor economic growth, which includes land development. This is considered the best practice approach. However, it is acknowledged that major land developments may result in increased traffic growth greater than that assumed by the corridor approach, locally for specific roads.
 - o In producing the land development upside case the Consultant has taken independent view on the level of commitment of the development; the potential scale of the development (including phasing) and the potential timeline for implementation and trip generation – the Consultant determines the major impact to be on JSB (Batang Industrial Estate) and PALIKANCI (Development of Patimban International Port and a new Industrial Area in Kabupaten Subang.
- Increased highway capacity (high case only)
 - o In the high case the planned highway capacity of expressways was increased on a road by road basis based on potential to exceed the planned highway capacity as set out in the base case. The adjusted increase in capacity ranged from 0% to 15%.

The results of the high and low cases are presented, and compared to the base case with respect to CAGR, in Tables 5-3, 5-4 and 5-5 below.

Table 5-3. Summary Table of Annual Average Daily Traffic (AADT, Vehicles) Low Case

Low Case	2022	2023	2024	2025	2030	2040	2050	2060
TMJ	33,598	34,034	35,464	36,936	44,614	62,027	85,198	114,161
JPM	25,407	26,474	27,798	29,132	36,304	53,430	77,133	109,225
JJC	70,472	63,707	64,790	65,891	71,404	82,623	91,158	91,158
JSN	19,834	20,766	21,804	22,840	28,395	40,834	55,143	70,243
JGP	20,092	20,916	22,067	23,104	28,654	42,110	61,647	89,858
JSM	36,063	38,003	39,523	41,005	48,936	67,136	90,714	118,803
JPT	36,300	37,789	39,678	41,662	51,766	67,865	88,196	113,949
JSB	29,418	28,947	30,105	31,234	37,276	50,436	65,036	79,863
Japek	114,910	117,553	120,962	124,470	139,867	170,874	190,152	197,037
Palikanci	47,448	46,072	48,146	50,168	59,987	80,774	103,649	126,656
Semarang	70,083	72,116	74,423	76,619	87,963	107,383	124,733	131,776
Surgem	78,433	80,680	83,826	87,012	103,191	122,309	131,763	141,979
JNK	18,386	18,294	19,099	19,891	20,175	27,456	34,762	40,892

Table 5-4. Summary Table of Annual Average Daily Traffic (AADT, Vehicles) High Case

High Case	2022	2023	2024	2025	2030	2040	2050	2060
TMJ	33,598	34,034	36,128	38,854	54,901	89,436	124,184	146,207
JPM	25,407	26,474	28,314	30,836	47,010	85,918	125,506	175,902
JJC	70,472	63,707	65,586	68,410	85,980	110,625	111,893	114,187
JSN	19,834	20,766	22,064	23,520	34,862	60,064	86,180	141,999
JGP	20,092	20,916	22,474	24,136	36,399	68,928	107,118	177,023
JSM	36,063	38,003	39,998	42,536	61,337	113,144	178,717	203,090
JPT	36,300	37,789	40,151	43,210	61,584	99,023	131,528	181,103
JSB	29,418	28,947	31,608	34,157	53,221	101,062	132,088	179,929
Japek	114,910	117,553	122,137	126,663	154,757	202,788	218,687	226,686
Palikanci	47,448	46,072	49,481	53,259	75,118	125,024	162,963	185,613
Semarang	70,083	72,116	75,145	78,825	101,364	135,425	150,420	165,290
Surgem	78,433	80,680	84,633	89,115	119,168	158,653	178,913	190,087
JNK	18,386	18,294	19,455	20,729	27,258	47,691	65,911	96,126

Table 5-5. CAGR Average Daily Traffic Low, Base and High Cases

Assets	CAGR 2022-2042		
	Base Case	Low Case	High Case
Japek + JJC1,2	2.4%	1.7%	5.6%
Palikanci	3.4%	3.0%	5.3%
Semarang ABC	2.8%	2.4%	3.5%
Surgem	2.6%	2.3%	3.7%
JSB	4.2%	3.0%	6.7%
JSN	4.6%	4.0%	6.1%
TMJ	4.3%	3.4%	5.4%
JGP	4.7%	4.2%	6.8%
JNK	3.1%	2.3%	5.3%
JSM	5.4%	3.5%	6.4%
JPT	3.7%	3.5%	5.5%
JPM	5.6%	4.2%	6.7%

List of Abbreviations

ABBREVIATIONS	DEFINITION
AADT	Average Annual Daily Traffic
ABC	Section Semarang Urban Tollroad
ADT	Annual Daily Traffic
AGR	Annual Growth Rate
APJT	Anak Perusahaan Jalan Tol
ATTN	Asal Tujuan Transportasi Nasional
BPS	Badan Pusat Statistik
CAGR	Compounded Annual Growth Rate
CIPALI	Cikopo-Palimanan
CISUMDAWU	Cileunyi-Sumedang-Dawuan
COVID-19	Corona Virus Disease 2019
DKI	Daerah Khusus Ibukota
GDP	Gross Domestic Product
GeH	Geoffrey E. Havers Statistic Formula
GIS	Geographical Information System
GRDP	Gross Regional Domestic Product
HGV	Heavy Goods Vehicle
HSBC	Hongkong and Shanghai Banking Corporation
IHCM	Indonesian Highway Capacity Manual
IMF	International Monetary Fund
INDII	Indonesia Infrastructure Initiative
JAPEK	Jakarta-Cikampek
JARN	Java Arterial Road Network
JARNS	Java Arterial Road Network Study
JGP	Jasamarga Gempol Pasuruan
JICA	Japan International Cooperation Agency

ABBREVIATIONS	DEFINITION
JJC	Jasamarga Jalanlayang Cikampek
JM	Jasa Marga
JNK	Jasamarga Ngawi Kertosono Kediri
JPM	Jasamarga Pandaan Malang
JPO	Jembatan Penyebrangan Orang
JPT	Jasamarga Pandaan Tol
JSB	Jasamarga Semarang Batang
JSM	Jasamarga Surabaya Mojokerto
JSN	Jasamarga Solo Ngawi
JTT	Jasamarga TransJava Toll
KIAT	Kemitraan Indonesia-Australia untuk Infrastruktur
KIIC	Karawang Internasional Industrial City
KIT	Kawasan Industri Terpadu
KLBM	Krian-Legundi-Bunder-Manyar Tollroad
LGV	Light Goods Vehicle
MGV	Medium Goods Vehicle
MKJI	Manual Kapasitas Jalan Indonesia
MLFF	Multi Lane Free Flow
MP3EI	Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia
MPTC	Metro Pacific Tollways Corporation
OD	Origin-Destination
OECD	Organisation for Economic Cooperation and Development
PALIKANCI	Palimanan-Kanci
PCU	Passenger Car Unit
PHF	Peak-Hour Factor
PKJI	Pedoman Kapasitas Jalan Indonesia

ABBREVIATIONS	DEFINITION
PPJT	Perjanjian Perusahaan Jalan Tol
PSN	Plan, and National Strategic Plan
PT	Perseroan Terbatas
RFP	Request for Proposal
RNPP	Road Network Planning and Programming
RPJMN	Rencana Pembangunan Jangka Menengah Nasional
RTRW	Rencana Tata Ruang Wilayah
SERR	Surabaya Eastern Ring Road
SME	Subject Matter Expert
SURGEM	Surabaya-Gempol
TMJ	Trans Marga Jateng
UNDP	United Nations Development Programme
VDR	Virtual Data Room
VOC	vehicle operating cost
VOT	Value of Time
WFE	Work from Everywhere
YoY	Year on Year
YTD	Year to Date

The following is the text of a report received from RHL Appraisal Limited, an independent business valuer, in connection with the Valuation, for the purpose of incorporation in this circular.



Ref. No.: BV/FI/O/7668/24

Date: 7 August 2024

The Board of Directors
First Pacific Company Limited
24/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Re: Business Valuation of 24.50% Equity Interest of PT Jasamarga Transjawa Tol as at 31 December 2023

In accordance with the instructions of **First Pacific Company Limited** (the “Client”), we **RHL Appraisal Limited** (“RHL”) have undertaken a valuation to determine the market value of **24.50% equity interest** (the “Interest”) of **PT Jasamarga Transjawa Tol** (the “Target Company”) as at **31 December 2023** (the “Valuation Date”) regarding the proposed acquisition of the Interest of the Target Company.

Introduction

This report has been prepared in accordance with instructions from the Client to determine the market value of the Interest as at the Valuation Date. This report outlines our latest findings and valuation conclusion.

The report was issued on 28 June 2024, but RHL has made subsequent elaboration on the CAPM with reference to public comparable companies for the deduction of the cost of equity of the Target Company, its subsidiaries, associates and joint ventures.

Background of the Target Company

PT Jasamarga Transjawa Tol is a limited liability company incorporated under the laws of the Republic of Indonesia in June 2017, and is principally engaged in the management, security and operation of the Trans-Java Toll Road Segments in Java, Indonesia with a total length of approximately 676 km. **PT Jasa Marga (Persero) Tbk (“JM”)** currently holds the concession rights of the Trans-Java Toll Road Segments, which has been in operation since 1983. The current concession periods of the Trans-Java Toll Road Segments range from 35 to 50 years and will expire between 2044 and 2066.

As at the Valuation Date, the Target Company is owned by JM and **Koperasi Konsumen Karyawan Jalin Margasejahtera (“KKJM”)** as to 99.0% and 1.0%, respectively. KKJM is an employee co-operative wholly owned by employees of JM.

As of the Valuation Date, the Target Company directly or indirectly manages 13 out of 19 sections of the Trans-Java Toll Road, which runs from Merak at the northwestern end of Java, to Banyuwangi at the eastern end of Java in Indonesia. Details of the Target Company’s Trans-Java Toll Road Segments as of the Valuation Date are as follows:

Table 1: The Trans-Java Toll Road Segments

No	Section	Operator	Target Company’s Equity Interest
1	Jakarta – Cikampek	Target Company (Japek)	100.00%
2	Palimanan – Kanci	Target Company (Palikanci)	100.00%
3	Semarang ABC	Target Company (Semarang)	100.00%
4	Surabaya – Gempol	Target Company (Surgem)	100.00%
5	Jalanlayang – Cikampek	PT Jasamarga Jalanlayang Cikampek (JJC)	40.00%
6	Semarang – Batang	PT Jasamarga Semarang Batang (JSB)	59.80%
7	Semarang – Solo	PT Trans Marga Jateng (TMJ)	50.91%
8	Solo – Ngawi	PT Jasamarga Solo Ngawi (JSN)	59.53%
9	Ngawi – Kertosono – Kediri	PT Jasamarga Ngawi Kertosono Kediri (JNK)	59.60%
10	Surabaya – Mojokerto	PT Jasamarga Surabaya Mojojerto (JSM)	55.51%
11	Gempol – Pandaan	PT Jasamarga Pandaan Tol (JPT)	40.00%
12	Gempol – Pasuruan	PT Jasamarga Gempol Pasuruan (JGP)	99.35%
13	Pandaan – Malang	PT Jasamarga Pandaan Malang (JPM)	51.00%

Source: Target Company

Figure 1: Location of Trans-Java Toll Road Segments



Source: GIS BPJT Indonesian Toll Road Map (sigi.pu.go.id)

Purpose of Valuation

The purpose of this valuation is to express an independent opinion on the market value of the Interest as at the Valuation Date solely for the use for the purpose for reference and publication in a circular and dispatch in the website of Hong Kong Stock Exchange for public use by the management of the Client regarding the proposed acquisition of approximately 24.50% of equity interest of the Target Company.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “*the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion*”

Basis of Opinion

The valuation procedure includes review of the financial and economic condition of the subject business, an assessment of key assumptions, estimates, and representations made by **the management of the Client** (the “MC”) and **the management of Target Company** (the “MTC”) (together the “**Management**”). All matters essential to the proper understanding of the valuation are disclosed in the valuation report.

The following factors also form a considerable part of our basis of opinion:

- The business nature of the Target Company;
- Consideration and analysis on the micro-economic and macro-economic factors;
- Assumptions on the market and on the subject business that are considered to be fair and reasonable;
- Assessment on the leverage and liquidity of the subject business.

In arriving at our opinion, we have assumed and relied extensively upon the accuracy and completeness of the information provided to us by the Management such as financial statements, documents, oral conversation through correspondences.

We also conducted research using various sources including governmental statistical releases and other publications to verify the information provided and we have no reason to doubt the accuracy of the data and information.

Our opinion is based upon economic, market, financial and other conditions as they exist and can be evaluated on the date of this report and we assume no responsibility to update or revise our opinion based on events or circumstances occurring after the date of this report. In reaching our opinion, we have made assumptions with respect to such economic, market, financial and other conditions and other matters, many of which are highly uncertain and beyond our control or the control of any party involved in this valuation exercise.

We have planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject business. We believe that our valuation provides a reasonable basis for our opinion.

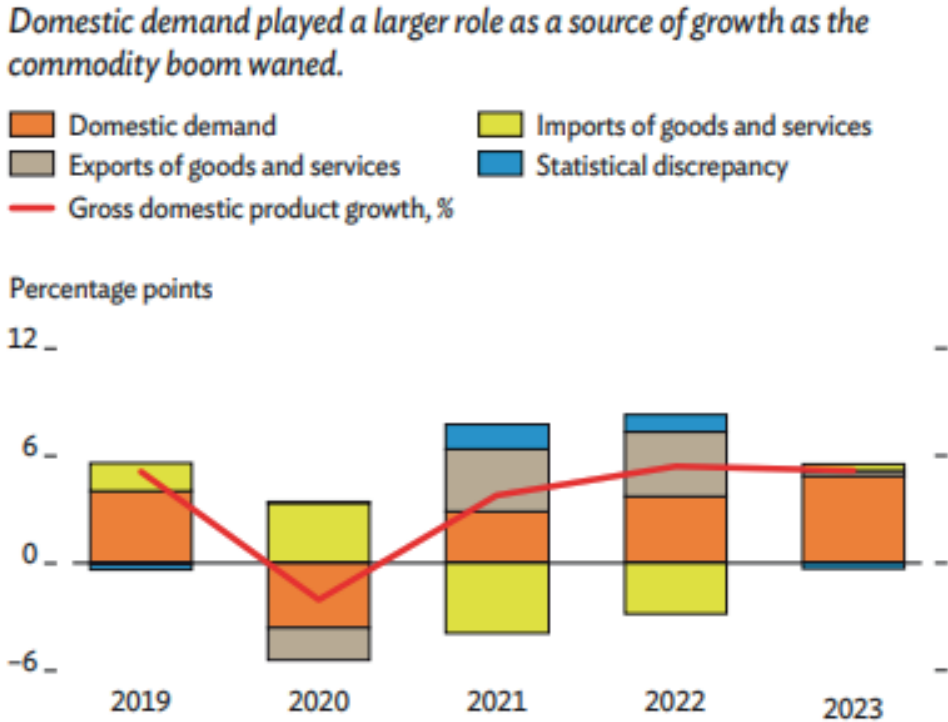
Economic and Industry Overview

Economic Overview of Indonesia

Indonesia is a diverse archipelago nation of more than 300 ethnic groups. Today, Indonesia is the largest economy in Southeast Asia, the world’s fourth most populous nation and 10th largest economy in terms of purchasing power parity.¹

As the commodity boom faded in 2023, domestic demand became a more significant driver of economic growth in Indonesia. GDP growth moderated to 5.0% in 2023, down from 5.3% in 2022 when the economy rebounded after the easing of pandemic restrictions and resumption of activities. Robust private consumption and stronger public investment were the primary growth engines in 2023. Domestic demand contributed 4.8 percentage points to GDP growth, slightly above its pre-COVID-19 average contribution of 4.7 percentage points during 2015-2019².

Figure 2: Demand-Side Contribution to Growth



Source: Haver Analytics; Asian Development Outlook (ADO) April 2024: Indonesia

¹ <https://www.worldbank.org/en/country/indonesia/overview>

² Asian Development Outlook (ADO) April 2024: Indonesia, by Asian Development Bank

Private consumption, which accounts for 54% of Indonesia's GDP, grew by 4.9% in 2023, a slight decrease from 5.0% growth in 2022. This slowdown was due to reduced spending on leisure, travel, accommodation, and restaurants compared to the high base set in 2022. However, spending on durable goods increased slightly more than in 2022, supported by improved purchasing power and pre-election buying. While growth in services was significantly above 2019 levels, the increase in durable goods purchases remained lower, suggesting a shift in post-pandemic consumer spending patterns. Consumption by non-profit institutions saw strong 18.1% growth as activity ramped up ahead of the 2024 elections. Government consumption increased by 2.9% in 2023, rebounding from a contraction in 2022.²

Increased public spending on infrastructure drove investment growth in 2023. Fixed capital formation rose by a robust 5.8%, significantly higher than the 4.0% growth in 2022. The construction sector rebounded strongly, accounting for around half of the investment growth as the government accelerated priority infrastructure projects and development of the New Capital City to meet targets before the end of its term in 2024. However, investment in machinery and equipment grew at a much slower pace of 3.1% in 2023, down from 22.4% in the previous year. This deceleration was partly due to businesses adopting a wait-and-see approach ahead of the 2024 elections. Overall, total investment including changes in inventories contributed a substantial 1.9 percentage points to GDP growth in 2023.²

Despite weak global demand causing real export growth of goods and services to slow to just 1.1% in 2023, down from double-digit growth in the prior two years, net exports contributed positively by 0.7 percentage point to Indonesia's GDP growth for the year. This was due to an even sharper decline in real imports, which fell by 1.6%. While the revival in foreign tourism boosted real services exports by an impressive nearly 40% in 2023, the overall sluggish export performance was outweighed by the larger contraction in imports. As a result, the fall in imports exceeded the slowdown in exports, allowing net exports to contribute 0.7 percentage points to Indonesia's GDP growth for the year.²

Domestic demand, fueled by robust private consumption, public infrastructure spending, and a gradual improvement in investment, is expected to drive economic growth and offset the weaker contribution from net exports over the forecast period. This domestic demand strength should help sustain Indonesia's GDP growth, which is projected to expand at a rate of 5.0% in both 2024 and 2025 according to estimates by Asian Development Bank.²

Figure 3: GDP Growth of Indonesia (2017-2025F)



Source: Thomson Reuters Eikon; Asian Development Bank estimates

Economic Overview of Java

Java Island is the most populated region in Indonesia, which is the home to 55.9% of Indonesia’s total population. Java Island is also the largest contributor to Indonesia’s economy, which accounted to 57.05% national GDP in 2023.³

Java Island has the highest car ownership in Indonesia. Ownership of private cars reached 15.59 million units in 2019, of which the top 3 provinces with the highest number of cars are in Java Island: West Java Province with 3.62 million units, DKI Jakarta with 3.31 million units, and East Java with 1.85 million units. These three provinces already accounted for 56.3% private car ownership in Indonesia in 2019.⁴

³ Indonesia’s Economy Grows 5.05 Percent in 2023 Amid Global Challenges by Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 6 February 2024

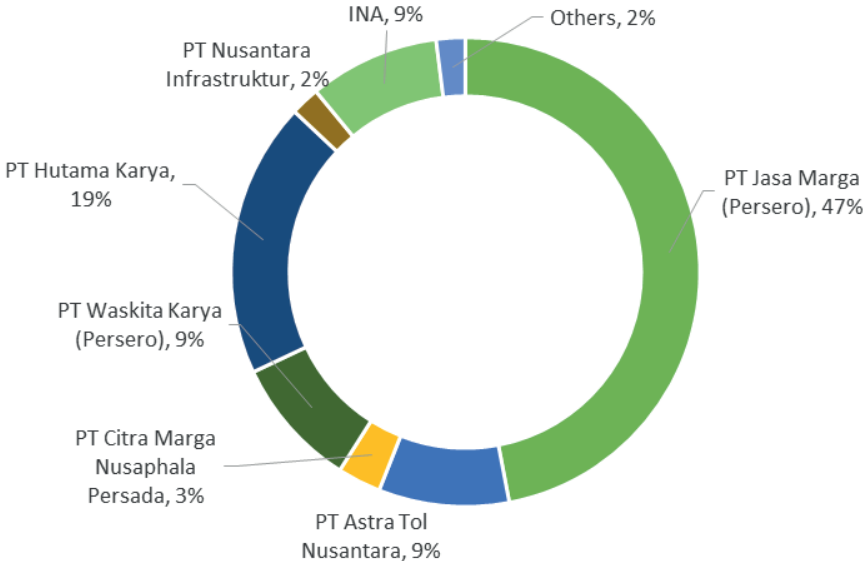
⁴ Private car ownership in Indonesia: Affecting factors and policy strategies by Imam Sefriyadi, I Gusti Ayu Andani, Alexander Raditya, Prawira F. Belgiawan, Nila A. Windasari

Industry Overview

History of toll roads in Indonesia began in 1987 with the first toll road, Jagorawi with length of 59km, which connects Jakarta, Bogor, and Ciawi. Starting in 1987, private investment began to participate in the investment in development and management of expressway as toll road operators formed partnerships with PT Jasa Marga (Persero) Tbk, an Indonesian state owned company. According to Badan Pengatur Jalan Tol (Indonesia Toll Road Authority), total operating mileage of toll road in Indonesia is 2,760km as at August 2023.⁵ Trans-Java Toll Road, which the Target Company directly or indirectly manages 13 out of 19 sections, is the longest toll road network in terms of operating mileage, accounted for approximately 24% of the total operating mileage in Indonesia.

The largest player in the Indonesian toll road industry is PT Jasa Marga (Persero) Tbk with accumulated toll road in operation of around 1,264 km as at 31 December 2023, accounted for 47% market share in the industry in term of operating mileage. The 5-year CAGR of toll revenue collected from toll roads operated by PT Jasa Marga (Persero) Tbk was 9.1% between 2018 and 2023.⁶

Figure 4: Market Share of Indonesian Toll Road Operators by Operating Mileage as of 31 December 2023

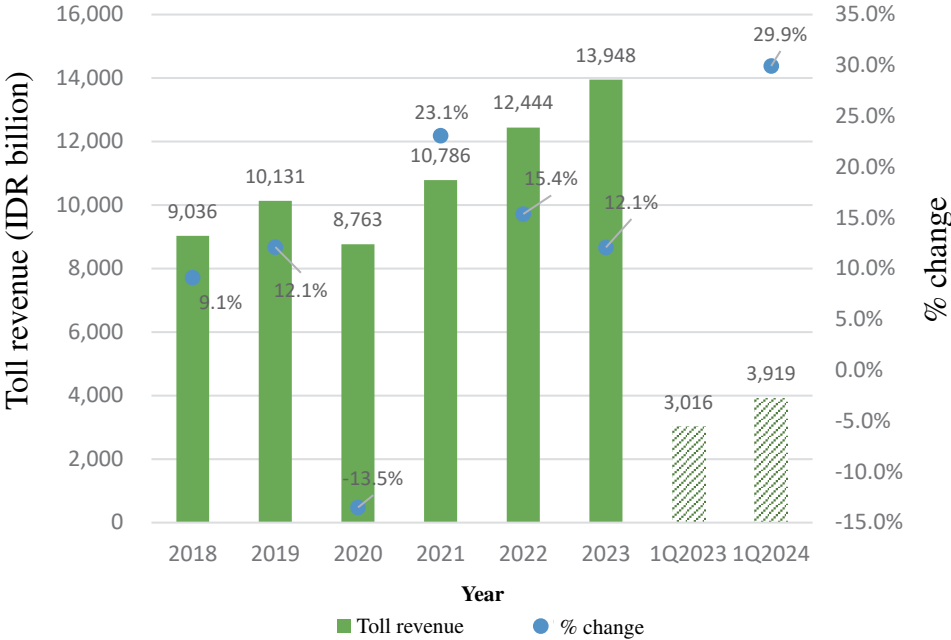


Source: JSRM Update 2024 Corporate Presentation, March 2024

⁵ Panjang Tol di RI 2.760 Km, Segini yang Dibangun Jokowi, detikFinance, 21 August 2023

⁶ JSRM Update 2024 Corporate Presentation, March 2024

Figure 5: Toll Revenue of PT Jasa Marga (2018 – 1Q2024)



Source: JSMR Update 2024 Corporate Presentation, March 2024

As stated in the road law in Indonesia, toll road tariff will be adjusted every 2 years based on accumulated regional inflation.

Sources of Information

In conducting the valuation, we have considered, reviewed and relied upon the following key information provided by the Management and other pertinent data concerning the Target Company which includes but not limited to the following:

- Transaction information related to the acquisition of the Interest provided by the MC;
- Copy of audited consolidated financial statements of the Target Company for the year ended 31 December 2021, 2022, and 2023 provided by the MTC;
- Copy of audited consolidated financial statements of the subsidiaries, associates and joint ventures including JJC, JSB, TMJ, JSN, JNK, JSM, JPT, JGP and JPM for the year ended 31 December 2021, 2022, and 2023 provided by the MTC;
- Summary of concession agreements provided by the MTC;
- Copy of Traffic Study Report (the “Traffic Report”) by SYSTRA Philippines Incorporated (the “Traffic Consultant”) date 28 June 2024 provided by MC;

- Copy of financial projections (the “**Projections**”) of the Target Company, its subsidiaries, associates and joint ventures from 1 January 2024 till the end of the concession periods of toll roads owned by each entity provided by the Management;
- Background information of the Target Company, its subsidiaries, associates and joint ventures provided by the MTC;
- Discussions with and representations made by the MC;
- Bloomberg;
- 2022 Edition Stout Restricted Stock Study Companion Guide;
- Control Premium & Discount for Lack of Marketability, Issue 1 – February 2024, Moore Hong Kong;
- CRSP Deciles Study 2022;
- Country and Equity Risk Premiums dated 1 July 2023 by Aswath Damodaran.

Approach and Methodology

The market value of the Interest is conducted by one or more of the three generally accepted valuation approaches: asset approach, market approach and income approach.

Asset Approach

A means of estimating the value of a business and/or equity interest using methods based on the market value of individual business assets less liabilities. It is founded on the principle of substitution, i.e. an asset is worth no more than it would cost to replace all of its constituent parts.

Market Approach

Market Approach considers prices recently paid for similar related to the subject company’s major business industry, with adjustments made to the indicated market prices to reflect condition and utility of the appraised business relative to the market comparatives.

In general there are two methods under the market approach, namely the guideline merged and acquired company methods and the guideline publicly traded company method. Guideline merged and acquired company method is based on acquisitions and sales of entire companies, divisions or certain equity interests of either publicly traded or private companies. Guideline publicly traded company method is based on the adoption of multiples that are drawn from companies traded in major stock exchanges to the fundamental data of the subject company. Depending on the nature of the underlying business and other company specific conditions, various multiples may be used to evaluate the business ownership interests.

Income Approach

This approach focuses on the economic benefits generated by the income producing capability of an enterprise. The underlying theory of this approach is that the value of an enterprise can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Determination of the Valuation Approach

Among the three approaches, we consider that Income Approach is more appropriate for valuing the Target Company, its subsidiaries, associates and joint ventures.

Asset Approach and market approach might not be able to capture the future economic benefits contributed by the subject assets and from the business operation easily. Market approach is not appropriate to the Target Company since the concession periods of the toll road assets held directly or indirectly by the Target Company are different to the industry's comparable companies. Income approach is able to take into account of the future economic prospect of the Target Company reflected in the financial projections of toll road assets held by its subsidiaries, associates and joint ventures provided by the Management.

Based on the above considerations, we have therefore adopted the Income Approach by discounting free cash flow of the Target Company in determining our opinion of value as reasonable future projections of the Target Company, its subsidiaries, associates and joint ventures could be estimated on the basis of economy and industry outlook, historical financial and operation results. Minority interests of subsidiaries derived from the Income Approach will be deducted as non-operating liabilities of the valuation of the Target Company. Equity interests in investments in associates and joint ventures derived from the Income Approach will be added as the non-operating assets in the valuation of the Target Company.

Projections

Projections for the period from 1 January 2024 till the end of concession periods of toll road assets held by the Target Company, its subsidiaries, associates and joint ventures were provided and prepared by the Management. We have reviewed the calculation and had discussion with the MC regarding the assumptions and basis of the Projections as below:

Revenue:

The projected revenue is the toll revenue generated from the toll charges imposed on vehicles using the Trans-Java Toll Road Segments and other revenue such as land rent and other management services.

Overall traffic flow and revenue forecasting study was conducted by the Traffic Consultant through a series of technical task, including data collection, base year traffic analyses, traffic modeling, socio-economic assessments and traffic/revenue analysis. The Traffic Consultant has developed a comprehensive economic and traffic forecasting model that enable reliable forecasting of future traffic and revenue information on each section of Trans-Java Toll Road Segments. The model comprises the following core components:

- Matrices of travel demand (comprising origin and destination of trips) for a base year and then future forecasting years.
- A geographical representation of the road network again for base year and future modelling years (both arterial and toll roads) to represent the total road network system in Java Island.

Traffic forecast of Base Case in the Traffic Report was adopted in the Projections. The annual average daily traffic volume estimated by the Traffic Consultant are summarized in the table below:

(in vehicle per day)

	2024	2025	2030	2040	2050	2060
Japek	120,962	124,174	142,753	176,399		
Palikanci	48,146	50,483	64,090	88,175		
Semarang	74,423	77,287	93,573	116,363		
Surgem	83,826	87,385	110,073	129,155		
JJC	64,790	66,737	78,000	89,577	89,577	89,577
JSB	30,105	31,778	42,206	63,652	82,789	106,043
TMJ	35,464	37,431	48,942	73,184	101,515	119,945
JSN	21,804	22,960	29,581	45,088	64,382	89,268
JNK	19,099	19,967	21,308	31,805	43,745	57,570
JSM	39,523	41,517	55,783	94,160	143,001 ^a	
JPT	39,678	41,720	52,426	70,416	90,874 ^a	
JGP	22,067	23,257	29,874	46,458	71,853	106,639
JPM	27,798	29,479	41,414	69,553	101,113	

^a Estimated annual average daily traffic volume in 2049 when the concession ends.

Key descriptions of toll revenue forecast adopted in the Projection are as follows:

- Special tariff adjustment of certain sections is as below:

Toll Road Section	Special Tariff Adjustment
JSN	+25.0% in 2026
JSM	+7.5% in 2024
JPT	+7.5% in 2024
Jakarta – Cikampek	+35.5% in 2024; +19.0% in 2026

- Normal tariff adjustment: +7.0% every two years starting from the year listed in the table below:

Toll Road Section	Year of Normal Tariff Adjustment Begins
TMJ	2025
JPM	2025
JJC	2025
JSN	2028
JGP	2025
JSM	2026
JPT	2026
JSB	2028
JNK	2025
Jakarta – Cikampek	2028
Palimanan – Kanci	2025
Semarang ABC	2025
Surabaya – Gempol	2025

- Road capacity: The base capacity is 2,300 pcu/hr/lane for at-grade roads and 2,000 pcu/hr/lane for elevated sections;
- Capacity Expansion: To start expansion from 2x2 lanes to 2x3 or 2x4 lanes when volume-to-capacity ratio of a road section reaches 1.0;

- The end of concession period of each section is as below:

Toll Road Section	End of Concession Period
TMJ	14 June 2060
JPM	10 January 2052
JJC	5 July 2062
JSN	1 June 2066
JGP	13 March 2063
JSM	17 April 2049
JPT	2 October 2049
JSB	21 July 2066
JNK	25 May 2066
Jakarta – Cikampek	31 December 2044
Palimanan – Kanci	31 December 2044
Semarang ABC	31 December 2044
Surabaya – Gempol	31 December 2044

Estimated toll revenue based on the above assumptions are summarized in the table as below:

(in billion Indonesian Rupiah)

	2024	2025	2030	2040	2050	2060
Japek	1,709.2	1,871.4	2,889.2	5,037.1		
Palikanci	283.4	304.5	459.4	895.9		
Semarang	240.7	271.7	392.7	718.8		
Surgem	1,065.6	1,125.7	1,700.5	2,922.1		
JJC	1,267.5	1,387.7	2,142.5	3,735.3	6,111.2	9,914.1
JSB	1,346.5	1,417.4	2,640.4	5,594.0	10,191.8	18,352.0
TMJ	1,204.3	1,275.4	2,022.1	4,267.7	8,267.6	6,283.7 ^a
JSN	1,171.2	1,173.2	2,066.3	4,429.6	8,848.2	17,258.2
JNK	735.7	788.2	1,258.2	2,641.0	5,087.5	9,419.0
JSM	680.3	721.4	1,176.9	2,793.4	1,643.1 ^b	
JPT	203.3	214.5	335.6	625.5	806.2 ^c	
JGP	422.8	455.3	703.2	1,530.3	3,316.7	6,911.9
JPM	374.1	420.9	673.0	1,605.3	3,254.2	

^a Concession ends on 14 June 2060

^b Concession ends on 17 April 2049

^c Concession ends on 2 October 2049

Cost of Revenue:

Cost of Revenue includes operating and maintenance expense, land usage taxes, provision of overlay, depreciation and amortization expense. The MC expected gross margin of the Target Company on a consolidated basis will gradually expand from 70.5% in 2024 to 90.6% in 2066. As at 31 December 2023, the gross margin was 58.8%.

General and Administrative (the “G&A”) Expenses:

All other expenses, excluding cost of sales and financial charges are classified as general and administrative expenses. The MC assumed the increase in G&A expenses of 6.0 – 7.0% p.a. is approximately in line with the 15-year average inflation rate (pre-pandemic) between 2004 and 2018.

Estimated EBITDA margin based on the above assumptions are summarized in the table as below:

	2024	2025	2030	2040	2050	2060
Four roads owned by JTT ^a	82.8%	83.8%	87.4%	89.6%		
JJC	88.4%	88.8%	89.2%	90.0%	90.8%	90.1%
JSB	91.6%	91.7%	94.6%	69.8%	96.1%	92.3%
TMJ	90.0%	88.5%	83.1%	93.4%	92.5%	95.1%
JSN	92.5%	92.5%	93.6%	95.4%	94.5%	96.8%
JNK	72.1%	72.5%	77.2%	84.9%	79.4%	89.0%
JSM	80.8%	81.2%	90.6%	89.6%	94.6% ^b	
JPT	72.5%	73.2%	86.7%	82.6%	81.8% ^b	
JGP	83.1%	78.3%	73.8%	88.3%	91.7%	89.2%
JPM	72.2%	74.7%	90.7%	88.2%	86.6%	
JTT consolidated	82.3%	83.6%	85.0%	83.3%	92.0%	92.8%

^a The four road directly owned by JTT includes Japek, Palikanca, Semarang and Surgem

^b Concessions end in 2049

Capital Expenditure:

As advised by the MC, capital expenditure comprises of maintenance capex, expansion capex, and overlay capex for maintenance. Maintenance capex will be disbursed each year for maintenance of each toll road with the amount spent depends on the maintenance schedule and budget by the MC. Expansion capex is allocated for 2x3 lanes or 2x4 lanes expansion projects of each toll road volume-to-capacity ratio of a road section reaches 1.0. Overlay capex for maintenance includes slab reconstruction that budgeted for each year will be allocated for 5 years.

The estimated range of capital expenditure based on the above assumptions are summarized in the table as below:

	Capital Expenditure (in billion Indonesia Rupiah)
Four roads owned by JTT	88.8 – 1,878.9
JJC	7.4 – 1,089.0
JSB	12.4 – 3,493.0
TMJ	26.9 – 1,882.5
JSN	13.6 – 9,677.5
JNK	23.4 – 3,672.1
JSM	6.5 – 1,519.3
JPT	3.2 – 1,071.4
JGP	9.1 – 2,440.5
JPM	5.6 – 1,640.7

Net Working Capital:

The MC estimated the net working capital based on the Target Company's historical average (from 1 January 2021 to 31 December 2023) of turnover days of trade and other receivables, prepaid expenses, prepaid taxes, trade and other payables, contractors payable, taxes payable, accrued expenses, and provision of overlay.

Free cash flow that was used to calculate the net present value was computed by the following formula:

Net profit + depreciation & amortization expenses + finance cost (after tax) – capital expenditure – change in working capital

Estimated free cash flow based on the above assumptions are summarized in the table as below:

(in billion Indonesian Rupiah)

	2024	2025	2030	2040	2050	2060
JTT (consolidated)	3,086.2	1,924.0	7,906.5	15,888.8	20,385.2	29,143.4
JJC	989.9	1,100.6	1,309.1	2,565.1	4,525.6	7,148.9
JSB	885.2	1,024.5	1,996.9	3,241.3	7,765.7	13,651.2
TMJ	853.4	881.1	1,299.2	3,086.4	6,043.5	4,093.9
JSN	712.3	840.3	1,517.3	3,276.0	6,628.6	5,042.7
JNK	364.0	-2,636.8	607.2	1,598.6	3,170.4	6,596.6
JSM	448.0	224.2	836.5	1,672.9	852.2 ^a	
JPT	144.7	121.7	230.4	449.8	-471.8 ^a	
JGP	294.3	260.9	59.5	1,040.2	2,398.0	3,466.1
JPM	256.3	-45.9	472.1	-75.2	2,422.8	

^a Concessions end in 2049

Determination of Discount Rate

Discount rate is applied for calculation of the present value of cash flows. We can obtain the cost of equity of the Target Company, subsidiaries, associates and joint ventures with reference to the public comparable companies, based on the **Capital Asset Pricing Model** (hereinafter referred to as “CAPM”) using beta of its proxies.

The CAPM only measures the systematic risk component, however, disregards the unsystematic risk component. To compensate for the unsystematic risk of the investment, we have included other risk adjustments such as size risk premium and company specific risk.

The computation of the estimated cost of equity is shown as follows:

$$K_e = R_f + \beta_{eg} \times ERP + SP + CSR$$

where K_e = return of geared equity

R_f = risk free return

β_{eg} = geared equity beta

ERP = equity risk premium

SP = size premium

CSR = company specific risk

Then we calculated the **Weighted Average Cost of Capital** (hereinafter referred to as “WACC”) by weighting the rate of returns required by equity and debt holders using the proportions of the firm’s value attributed from each source of capital (equity and debt).

$$WACC = K_e \times W_e + K_d \times (1 - T) \times W_d$$

where K_e = cost of equity

K_d = cost of debt

W_e = percentage of equity to total capital

W_d = percentage of debt to total capital

T = tax rate

The following criteria have been adopted for the selection of comparable companies:

- Public listing location in the stock exchanges in southeast Asia as at the Valuation Date;
- Publicly listed in more than three years prior to the Valuation Date;
- Principal place of business based in southeast Asia; and
- Major revenue generated from toll road business

Based on the above searching criteria, on the best effort basis, the exhaustive list of selected comparable companies which are engaged in the similar business include:

(a) PT Jasa Marga (Persero) Tbk (Bloomberg stock code: JMSR IJ)

PT Jasa Marga (Persero) Tbk. Operates the Indonesian highway system. The Company collects tolls, maintains the road surfaces, and offers towing and ambulance services.

(b) PT Citra Marga Nusaphala Persada Tbk (Bloomberg stock code: CMNP IJ)

PT Citra Marga Nusaphala Persada Tbk constructs, operates, and manages toll highways systems. The Company derives its revenue primarily from toll gate proceeds, project management fees, and related services.

(c) Don Muang Tollway Public Co Ltd (Bloomberg stock code: DMT TB)

Don Muang Tollway Public Co Ltd provides specialty technology equipment. The Company offers elevated toll road and traffic management solutions. Don Muang Tollway serves customers in Thailand.

(d) WCE Holdings Berhad (Bloomberg stock code: WCE MK)

WCE Holdings Berhad operates as a holding company. The Company, through its subsidiaries, designs, constructs, and develop west-coast expressway projects. WCE Holdings serves customers in Malaysia.

Taking account of the above, we suggested an appropriate weighted average cost of capital of the Target Company, its subsidiaries, associates and joint ventures as at the Valuation Date were determined as below:

Entity	Classification	WACC ¹
PT Jasamarga Transjawa Tol (Target Company)	N.A.	10.90%
PT Jasamarga Gempol Pasuran (JGP)	Subsidiary	13.10%
PT Jasamarga Surabaya Mojokerto (JSM)	Subsidiary	12.90%
PT Jasamarga Semarang Batang (JSB)	Subsidiary	12.50%
PT Jasamarga Solo Ngawi (JSN)	Subsidiary	11.20%
PT Jasamarga Ngawi Kertosono Kediri (JNK)	Subsidiary	11.40%
PT Trans Marga Jateng (TMJ)	JV	10.90%
PT Jasamarga Pandaan Malang (JPM)	JV	13.90%
PT Jasamarga Jalanlayang Cikampek (JJC)	Associate/JV	13.80%
PT Jasamarga Pandaan Tol (JPT)	Associate/JV	12.60%

¹ Referenced to item 14-23 in the General Assumptions section

Discount for Lack of Marketability

Discount for lack of marketability (“**DLOM**”) is normally applied to valuation of non-publicly traded company. Marketability discount reflects the ability of converting shares into immediate cash. Compared to publicly listed companies, private companies do not have a known market price and there exist no public market for trading of shares. Therefore, a privately held company is theoretically worth less than a public company with the same business, given other things being the same.

Taking account of the above, the lack of marketability of 20.5% was applied in the valuation of equity value of the Target Company and also its subsidiaries, associates and joint ventures based on the average discount in 2022 Edition Stout Restricted Stock Study.

Discount for lack of control

Discount for lack of control (“**DLOC**”) is normally applied to valuation of non-controlling interest of a company. Discount for lack of control is the amount or percentage deducted from the pro rata share of value of 100% of an equity interest in a business to reflect the absence of some or all of the powers of control. Having control of a company involves the ability to: appoint management, set management compensation, determine strategy and policies, acquire or sell assets, acquire other companies, liquidate or recapitalize the company, buy or sell treasury stock, declare and pay dividends, and amend articles of incorporation and bylaws. As such, non-controlling interests are worth less than a controlling interest because they do not have these abilities.

Taking account of the above, a discount for lack of control of 18.90% as at the Valuation Date is applied in the valuation of the Interest and also in the valuation of the minority interests in subsidiaries and investments in associates and joint ventures when applicable based on the control premium average in Control Premium & Discount for Lack of Marketability Study, Issue 1 – February 2024 by Moore Hong Kong. The minority discount is then calculated from the control premium average by the following formula:

$$1 - 1/(1+\text{control premium})$$

Calculation

Based on the above parameters and inputs, the calculation of this valuation is presented as follows:

Market value of minority interest of subsidiaries:

1. Market value of 0.65% minority interest of JGP

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	4,539
(2)	Add: Cash & cash equivalents	82
(3)	Restricted funds	42
(4)	Less: Short-term bank loan	66
(5)	Long-term bank loan	2,281
(6)	Derivative liability	67
(7)	100% equity value before DLOM	2,250
	=(1)+(2)+(3)-(4)-(5)-(6)	
(8)	DLOM	461
	=(7) x 20.50%	
(9)	100% equity value after DLOM	1,788
	=(7) – (8)	
(10)	0.65% equity value after DLOM	11
	=(9) x 0.65%	
(11)	DLOC	2
	=(10) x 18.90%	
(12)	0.65% equity value after DLOM & DLOC	9
	=(10) – (11)	

2. Market value of 44.49% minority interest of JSM

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	6,980
(2)	Add: Cash & cash equivalents	77
(3)	Restricted funds	40
(4)	Less: Short-term bank loan	120
(5)	Long-term bank loan	3,592
(6)	Loan to related parties	43
(7)	100% equity value before DLOM	=(1)+(2)+(3)-(4)-(5)-(6) 3,342
(8)	DLOM	=(7) x 20.50% 685
(9)	100% equity value after DLOM	=(7) – (8) 2,657
(10)	44.49% equity value after DLOM	=(9) x 44.49% 1,182
(11)	DLOC	=(10) x 18.90% 223
(12)	44.49% equity value after DLOM & DLOC	=(10) – (11) 959

3. Market value of 40.20% minority interest of JSB

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	19,332
(2)	Add: Cash & cash equivalents	142
(3)	Restricted funds	295
(4)	Derivative assets	13
(5)	Less: Short-term bank loan	87
(6)	Long-term bank loan	7,934
(7)	100% equity value before DLOM	=(1)+(2)+(3)+(4)-(5)-(6) 11,761
(8)	DLOM	=(7) x 20.50% 2,411
(9)	100% equity value after DLOM	=(7) – (8) 9,350
(10)	40.20% equity value after DLOM	=(9) x 40.20% 3,759
(11)	Discount of lack of control (DLOC)	=(10) x 18.90% 711
(12)	40.20% equity value after DLOM & DLOC	=(10) – (11) 3,048

4. Market value of 40.47% minority interest of JSN

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	20,427
(2)	Add: Cash & cash equivalents	131
(3)	Restricted funds	119
(4)	Derivative assets	10
(5)	Less: Short-term bank loan	142
(6)	Long-term bank loan	5,585
(7)	100% equity value before DLOM	=(1)+(2)+(3)+(4)-(5)-(6) 14,960
(8)	DLOM	=(7) x 20.50% 3,067
(9)	100% equity value after DLOM	=(7) – (8) 11,893
(10)	40.47% equity value after DLOM	=(9) x 40.47% 4,813
(11)	Discount of lack of control (DLOC)	=(10) x 18.90% 910
(12)	40.47% equity value after DLOM & DLOC	=(10) – (11) 3,903

5. Market value of 40.40% minority interest of JNK

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	7,259
(2)	Add: Cash & cash equivalents	185
(3)	Restricted funds	197
(4)	Less: Short-term bank loan	28
(5)	Long-term bank loan	2,723
(6)	100% equity value before DLOM	=(1)+(2)+(3)-(4)-(5) 4,890
(7)	DLOM	=(6) x 20.50% 1,002
(8)	100% equity value after DLOM	=(6) – (7) 3,888
(9)	40.40% equity value after DLOM	=(8) x 40.40% 1,571
(10)	Discount of lack of control (DLOC)	=(9) x 18.90% 297
(11)	40.40% equity value after DLOM & DLOC	=(9) – (10) 1,274

Market value of investment in associates and joint ventures:**1. Market value of 50.91% equity interest of TMJ**

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	17,564
(2)	Add: Cash & cash equivalents	228
(3)	Restricted funds	74
(4)	Less: Short-term bank loan	144
(5)	Long-term bank loan	3,935
(6)	100% equity value before DLOM	=(1)+(2)+(3)-(4)-(5) 13,787
(7)	DLOM	=(6) x 20.50% 2,826
(8)	100% equity value after DLOM	=(6) – (7) 10,961
(9)	50.91% equity value after DLOM	=(8) x 50.91% 5,580

2. Market value of 51.00% equity interest of JPM

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	3,826
(2)	Add: Cash & cash equivalents	66
(3)	Restricted funds	38
(4)	Less: Short-term bank loan	8
(5)	Long-term bank loan	3,649
(6)	100% equity value before DLOM	=(1)+(2)+(3)-(4)-(5) 273
(7)	DLOM	=(6) x 20.50% 56
(8)	100% equity value after DLOM	=(6) – (7) 217
(9)	51.00% equity value after DLOM	=(8) x 51.00% 111

3. Market value of 40.00% equity interest of JJC

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	12,676
(2)	Add: Cash & cash equivalents	110
(3)	Restricted funds	196
(4)	Less: Short-term bank loan	189
(5)	Long-term bank loan	10,190
(6)	Shareholder loan	287
(7)	Related parties loan	18
(8)	100% equity value before DLOM	= (1)+(2)+(3)-(4)-(5)-(6)-(7) 2,298
(9)	DLOM	= (8) x 20.50% 471
(10)	100% equity value after DLOM	= (8) - (9) 1,827
(11)	40.00% equity value after DLOM	= (10) x 40.00% 731
(12)	Discount of lack of control (DLOC)	= (11) x 18.90% 138
(13)	40.00% equity value after DLOM & DLOC	= (11) - (12) 593

4. Market value of 40.00% equity interest of JPT

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	1,792
(2)	Add: Cash & cash equivalents	227
(3)	Less: Short-term bank loan	685
(4)	100% equity value before DLOM	= (1)+(2)-(3) 1,334
(5)	DLOM	= (4) x 20.50% 273
(6)	100% equity value after DLOM	= (4) - (5) 1,060
(7)	40.00% equity value after DLOM	= (6) x 40.00% 425
(8)	Discount of lack of control (DLOC)	= (7) x 18.90% 81
(9)	40.00% equity value after DLOM & DLOC	= (7) - (8) 344

Market value of 24.50% equity interest in PT Jasamarga Transjawa Tol

(in Indonesian Rupiah, billion)

		Value
(1)	Net present value	95,887
(2)	Add: Cash & cash equivalents	1,183
(3)	Restricted funds	693
(4)	Short term investments	1,350
(5)	Due from related parties	275
(6)	Hedging derivative assets	23
	Investment in associate/joint ventures	
(7)	– 50.91% equity interest in TMJ	5,580
(8)	– 51.00% equity interest in JPM	111
(9)	– 40.00% equity interest in JJC	593
(10)	– 40.00% equity interest in JPT	344
(11)	Less: Short-term bank loan	2,409
(12)	Long-term bank loan	21,899
(13)	Derivative liability	67
	Minority interests	
(14)	– 0.65% equity interest in JGP	9
(15)	– 44.49% equity interest in JSM	959
(16)	– 40.20% equity interest in JSB	3,048
(17)	– 40.47% equity interest in JSN	3,903
(18)	– 40.40% equity interest in JNK	1,274
(19)	100% equity value before DLOM	72,471
		=(1)+(2)+(3)+(4)+(5)+(6)+(7)+(8)+ (9)+(10)-(11)-(12)-(13)-(14)-(15)-(16)- (17)-(18)
(20)	DLOM	14,857
		=(19) x 20.50%
(21)	100% equity value after DLOM	57,614
		=(19) – (20)
(22)	24.50% equity value after DLOM	14,115
		=(21) x 24.50%
(23)	Discount of lack of control (DLOC)	2,667
		=(22) x 18.90%
(24)	24.50% equity value after DLOM & DLOC	11,448
		=(22) – (23)

* Figures above are subjected to rounding

Assumptions and Notes to Valuation

Assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at our assessed values.

General Assumptions

1. The transaction assumption assumes that all assets and liabilities to be valued are in the process of being transacted and the valuation assessed is based on a simulated market which involves the transaction conditions of the assets to be valued.
2. The open market assumption assumes that the parties to the assets transaction or the proposed asset transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to market a rational judgement on the assets, including their functions, uses and transaction prices. The basis of open market assumption is that the assets can be traded openly in the market.
3. The asset going-concern assumption means the valuation method, parameters and basis shall be determined on the premise that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.
4. The corporate going-concern assumption assumes that businesses of the valued entities will continuously operate and maintain the same operation method as it currently operates.
5. We assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business.
6. In arriving at our opinion, we have assumed and relied extensively upon the accuracy and completeness of the information provided to us by the Management such as financial statements, the Projections, documents, oral conversation through correspondences and interviews. We do not independently investigate nor otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness.
7. We are given the Projections. We are confirmed by the MC that the Projections can be used as a proxy for the financial performance of the Target Company, its subsidiaries, associates and joint ventures. We do not independently investigate nor otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness.
8. Traffic Report provided by the Traffic Consultant has thoroughly analyzed the economic conditions, future regional development and potential threats from traffic diversion.

9. The toll roads will not experience prolonged closures due to extreme weather events, pandemics or other natural hazards that could significantly disrupt operation or revenue generation.
10. The financial information of the Target Company, its subsidiaries, associates and joint ventures was prepared in accordance to the applicable accounting standard. We did not independently investigate nor otherwise verify the data provided and do not express an opinion or offer any form of assurance regarding its accuracy and completeness.
11. There will be no material changes in inflation and interest rates from those prevailing as at the Valuation Date.
12. The availability of finance will not materially constrain the forecasted growth of the Target Company, its subsidiaries, associates and joint ventures.
13. The Target Company, its subsidiaries, associates and joint ventures will be able to procure and retain competent key personnel and operating staffs.
14. Risk-free rate (R_f): The risk-free rates were estimated based on the interpolated mid-yield of Indonesian government's benchmark rates that matches the remaining concession period or 30-year benchmark rates is used if the remaining concession period is over 30 years as at the Valuation Date. The risk-free rates of the Target Company, its subsidiaries, associates and joint venture estimated are as below:

Entity	Risk Free Rate
PT Jasamarga Transjawa Tol (Target Company)	6.85%
PT Jasamarga Gempol Pasuran (JGP)	6.85%
PT Jasamarga Surabaya Mojokerto (JSM)	6.86%
PT Jasamarga Semarang Batang (JSB)	6.85%
PT Jasamarga Solo Ngawi (JSN)	6.85%
PT Jasamarga Ngawi Kertosono Kediri (JNK)	6.85%
PT Trans Marga Jateng (TMJ)	6.85%
PT Jasamarga Pandaan Malang (JPM)	6.91%
PT Jasamarga Jalanlayang Cikampek (JJC)	6.85%
PT Jasamarga Pandaan Tol (JPT)	6.87%

15. Geared equity beta (β_{eg}): The average geared equity beta of comparable companies of the Target Company, its subsidiaries, associates and joint ventures as at the Valuation Date, 0.79, was taken as the beta for the Target Company. Details related to the calculation of the average geared equity beta and geared equity beta of each comparable companies are as below:

Company name	Beta
PT Jasa Marga (Persero) Tbk	0.77
PT Citra Marga Nusaphaia Persada Tbk	0.73
Don Muang Tollway Public Co Ltd	1.86
WCE Holdings Berhad	0.88
Average	0.79 ⁽¹⁾

⁽¹⁾ *Geared equity beta of Don Muang Tollway Public Co Ltd is considered as an outlier and was excluded in the calculation of average beta of the comparable companies.*

16. Market premium ($R_m - R_f$): The market premium was estimated to be 7.89%, with reference to Country and Equity Risk Premiums of Indonesia as of 1 July 2023 by Aswath Damodaran.
17. Size premium (SP): Size premium was estimated with reference to CRSP Deciles Study 2022. Size premia of the Target Company, its subsidiaries, associates and joint ventures are as below:

Entity	Size Premium
PT Jasamarga Transjawa Tol (Target Company)	0.93%
PT Jasamarga Gempol Pasuran (JGP)	4.83%
PT Jasamarga Surabaya Mojokerto (JSM)	4.83%
PT Jasamarga Semarang Batang (JSB)	1.18%
PT Jasamarga Solo Ngawi (JSN)	1.18%
PT Jasamarga Ngawi Kertosono Kediri (JNK)	2.15%
PT Trans Marga Jateng (TMJ)	1.18%
PT Jasamarga Pandaan Malang (JPM)	4.83%
PT Jasamarga Jalanlayang Cikampek (JJC)	4.83%
PT Jasamarga Pandaan Tol (JPT)	4.83%

18. Company Specific risk (CSR): Taking into consideration the operation stage of the Target Company, its subsidiaries, associates and joint ventures and the uncertainty of the realization of future cash flow, risk premia based on our internal assessment were estimated as below:

Entity	CSR
PT Jasamarga Transjawa Tol (Target Company)	3.36%
PT Jasamarga Gempol Pasuran (JGP)	4.76%
PT Jasamarga Surabaya Mojokerto (JSM)	4.34%
PT Jasamarga Semarang Batang (JSB)	7.00%
PT Jasamarga Solo Ngawi (JSN)	3.92%
PT Jasamarga Ngawi Kertosono Kediri (JNK)	3.36%
PT Trans Marga Jateng (TMJ)	3.22%
PT Jasamarga Pandaan Malang (JPM)	6.72%
PT Jasamarga Jalanlayang Cikampek (JJC)	6.58%
PT Jasamarga Pandaan Tol (JPT)	3.64%

19. Cost of equity (K_e): The cost of equity of the Target Company, its subsidiaries, associates and joint ventures as at the Valuation Date per calculation by adjusted CAPM, were estimated as below:

Entity	K_e
PT Jasamarga Transjawa Tol (Target Company)	17.40%
PT Jasamarga Gempol Pasuran (JGP)	22.70%
PT Jasamarga Surabaya Mojokerto (JSM)	22.28%
PT Jasamarga Semarang Batang (JSB)	21.29%
PT Jasamarga Solo Ngawi (JSN)	18.21%
PT Jasamarga Ngawi Kertosono Kediri (JNK)	18.62%
PT Trans Marga Jateng (TMJ)	17.51%
PT Jasamarga Pandaan Malang (JPM)	24.72%
PT Jasamarga Jalanlayang Cikampek (JJC)	24.52%
PT Jasamarga Pandaan Tol (JPT)	21.59%

20. Cost of debt (K_d): Pre-tax cost of debt was estimated to be 8.05% with reference to the prime lending rate of PT. Bank Negara Indonesia (Persero), Tbk as at the Valuation Date. After-tax cost of debt of 6.28% was used.
21. Percentage of equity to total capital (W_e): The percentage of equity to total capital, calculated by average debt-to-equity ratio of the comparable companies of the Target Company, 41.28%, was taken for the Target Company, its subsidiaries, associates and joint ventures.

22. Percentage of debt to total capital (W_d): The percentage of debt to total capital, calculated by average debt-to-equity ratio of the comparable companies of the Target Company, 58.72%, was taken for the Target Company, its subsidiaries, associates and joint ventures.
23. Tax rate (T): Advised by the Management, income tax rate of 22% was adopted with reference to the corporate tax rate of Indonesia.

Valuation Comments

As part of our analysis, we have reviewed information, documentation and other pertinent data concerning the Target Company, its subsidiaries, associates and joint ventures as has been made available to us. Such information has been provided by the Management. We have assumed the accuracy of, and have relied on, such information to a considerable extent in arriving at our opinion of value.

We confirm that we have made relevant searches and enquiries and obtained such further information as is considered necessary for the purposes of this valuation exercise.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The assumptions made in our valuation are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Management, the Target Company, its subsidiaries, associates and joint ventures, and RHL Appraisal Limited.

Risk Factors

The following factors may affect the result of this valuation.

Economic and Political Risks

Political and economic policies of local government may affect the operational results of the Target Company, its subsidiaries, associates and joint ventures and may result in their inability to sustain their business growth.

Uncertainties with respect to the legal and tax system could materially and adversely affect the operational performance of the Target Company, its subsidiaries, associates and joint ventures.

Industry Competition

There are/may be a number of competitors in the market providing similar products or services. Any future outbreak or occurrence of unpredictable events may change the demand or operating costs which may adversely affect the operational results of the Target Company, its subsidiaries, associates and joint ventures.

Risks Relating to the Operation

The business relies on the ability to retain competent key personnel and operating staffs. If the Target Company, its subsidiaries, associates and joint ventures are not able to retain or recruit competent staffs for its operation, the revenue may decline and the Target Company, its subsidiaries, associates and joint ventures may not be able to maintain the profitability.

Future Performance and Profitability

If the Target Company, its subsidiaries, associates and joint ventures are not able to continue to maintain existing toll road users and/or attract new toll road users to its business at commercially viable fee levels, the revenue may decline and the Target Company, its subsidiaries, associates and joint ventures may not be able to maintain the profitability.

Uncertainty and adverse changes in the economy could have a material adverse impact on the business and operating results.

Risks Related to the Epidemics

The business and operation of the Target Company, its subsidiaries, associates and joint ventures may be adversely affected or disrupted by epidemics, including COVID-19, and respective government's policies and measures to tackle epidemics. The duration and scale of such epidemic cannot be predicted or controlled by the Target Company, its subsidiaries, associates and joint ventures and hence it may have significant and adverse impact on the business operations of the Target Company, its subsidiaries, associates and joint ventures and the Projections.

Information Bias

Research and information from the Target Company, its subsidiaries, associates and joint ventures or research database are subject to bias or may not meet with the actual future results.

Opinion of Value

Based on the results of our investigations and analysis outlined in this report, we are of the opinion that the market value of the Interest as at the Valuation Date, free from any encumbrances, is reasonably and approximately stated as **INDONESIAN RUPIAH ELEVEN TRILLION FOUR HUNDRED FORTY EIGHT BILLION ONLY (IDR 11,448,000,000,000)**.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved. Our compensation is not contingent upon the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the Client.

This report is issued subject to our limiting conditions in the Appendix I.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited

Alexander C. Y. Lau
Director

Vincent J. Y. Lee
CFA
Associate Director

Mr. Alexander Lau has extensive experience in conducting valuation for companies in different industries. Before joining the RHL, Mr. Lau worked at a law firm and a listed company, participating in feasibility studies, due diligence and transaction advisory services. Mr. Lau is now the Director at the RHL International Group. He is now responsible for the management of the Corporate Valuation and Advisory Department. He has supervised valuation advisory projects ranging from listed companies compliance, IPOs and M&A transactions, accounting and taxation reporting cases, probate, legal aid and litigation/mediation cases, and financial viability assessments for government regional/territorial development projects.

Mr. Vincent Lee is a Chartered Financial Analyst (CFA) with over 20 years of experience in the corporate finance sector. Prior to joining RHL, Mr. Lee has accumulated extensive experience in both private and listed companies, handling M&A, deal transactions and also as research analyst in equity research firms. Mr. Lee is now the Associate Director of RHL International Group, mainly providing Corporate Advisory and Business Valuation services. His experiences as a financial valuer extend from valuation of businesses and projects for disclosure on public circulars on the Stock Exchange of Hong Kong, financial instruments and intellectual properties valuation, to compliance and corporate advisory related financial assessments and projects.

Appendix I – Limiting Conditions

1. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
3. We accept no responsibility for the realization and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this report. We assumed that financial and other information provided to us are accurate and complete.
4. We do not provide assurance on the achievability of any financial results estimated by the Target Company, its subsidiaries, associates and joint ventures because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecast results is dependent on actions, plans, and assumptions of the Management.
5. RHL Appraisal Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.
6. No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers.
7. Our conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.
8. We assume that there are no hidden or unexpected conditions associated with the business valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the date of this report.
9. This valuation report has been prepared solely for the use of the designated party. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any other party without our prior written consent.

Appendix II – Sensitivity Analysis

We have also carried out sensitivity analysis by varying the following parameters:

- Discount rate
- Toll revenue growth
- Cost of revenue growth

Table 1 shows the impact on the valuation of the Interest by varying the discount rate and the toll revenue growth using the Base Case scenario:

Table 1 (in IDR billion)	Change in Discount Rate		
	-0.5%	0.0%	+0.5%
Toll revenue growth			
Base Scenario – 5%	11,471	10,523	9,668
Base Scenario	12,456	11,448	10,538
Base Scenario + 5%	13,425	12,356	11,392

Table 2 shows the impact on the valuation of the Interest by varying the discount rate and the cost of sales growth using the Base Case scenario:

Table 2 (in IDR billion)	Change in Discount Rate		
	-0.5%	0.0%	+0.5%
Cost of revenue growth			
Base Scenario – 5%	12,524	11,511	10,597
Base Scenario	12,456	11,448	10,538
Base Scenario + 5%	12,389	11,385	10,479

1. **LETTER FROM THE BOARD IN RELATION TO THE VALUATION REPORT ON 24.5% EQUITY INTEREST IN THE TARGET COMPANY**

7 August 2024

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sir/Madam,

Major Transaction – Investment by the First Pacific Investor Group for approximately 24.5% equity interest in PT Jasamarga Transjawa Tol

We refer to the valuation report dated 28 June 2024 (as updated on 7 August 2024) prepared by RHL Appraisal Limited (the “**Valuer**”) in relation to the valuation of 24.5% equity interest in PT Jasamarga Transjawa Tol as at 31 December 2023 (the “**Valuation**”). The Valuation, which is prepared based on the discounted cash flow method within the income approach, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report issued by our reporting accountants, Ernst & Young, regarding whether the Valuation was compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation prepared by the Valuer (including the profit forecast used in the Valuation) has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

2. REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE VALUATION REPORT ON 24.5% EQUITY INTEREST IN THE TARGET COMPANY

The following is the text of the independent assurance report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company in respect of the calculations of discounted future estimated cash flows of PT Jasamarga Transjawa Tol prepared for the purpose of incorporation in this circular.



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INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 24.5% EQUITY INTEREST IN PT JASAMARGA TRANSJAWA TOL

To the Directors of First Pacific Company Limited

We have examined the calculations of the discounted future estimated cash flows, on which the valuation prepared by RHL Appraisal Limited dated 28 June 2024 (as updated on 7 August 2024), of 24.5% equity interest in PT Jasamarga Transjawa Tol (the “**Target Company**”) as at 31 December 2023 (the “**Valuation**”) is based. The Target Company is a company incorporated in Indonesia whose principal activity is operation of the Trans-Java Toll Road Segments in Java, Indonesia. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in a circular dated 7 August 2024 to be issued by First Pacific Company Limited (the “**Company**”) in connection with the major acquisition of 24.5% equity interest in the Target Company by First Pacific Investor Group (the “**Circular**”).

Directors’ responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Appendix VI of the Circular (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.71 of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of 24.5% equity interest in the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company or the Target Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

7 August 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she was taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(I) Long positions in securities of the Company

Name	Shares	Approximate percentage of issued share capital (%)	Ordinary share options
Mr. Salim	1,925,474,957 ^{(C)(i)}	45.38	–
Mr. Pangilinan	70,493,078 ^(P)	1.66	–
Christopher H. Young	8,385,189 ^(P)	0.20	–
Benny S. Santoso	478,500 ^{(P)(ii)}	0.01	5,742,000
Prof. Edward K.Y. Chen, <i>GBS, CBE, JP</i>	3,903,559 ^{(P)(iii)}	0.09	–
Margaret Leung Ko May Yee, <i>SBS, JP</i>	3,045,652 ^{(P)(iv)}	0.07	–
Philip Fan Yan Hok	10,547,152 ^{(P)(v)}	0.25	1,914,000
Madeleine Lee Suh Shin	1,557,000 ^{(P)(vi)}	0.04	2,828,000
Blair Chilton Pickerell	1,276,000 ^{(P)(vii)}	0.03	1,276,000

(C) = Corporate interest, (P) = Personal interest

- (i) Mr. Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited (“**FPIL-BVI**”), his indirect interests in FPIL-BVI are held through Salerni International Limited (“**Salerni**”, a company of which Mr. Salim directly holds 100% of the issued share capital). FPIL-BVI and Salerni are interested in 633,186,599 Shares and 502,058,994 Shares respectively. Mr. Salim also owns 83.84% of First Pacific Investments Limited (“**FPIL-Liberia**”) which, in turn, is interested in 790,229,364 Shares. Of this, 4.04% is held by Mr. Salim directly, 20.19% by Salerni and 59.61% by Asian Capital Finance Limited (“**ACFL**”, a company in which Mr. Salim owns 100% share interests). The remaining 16.16% interest in FPIL-Liberia is owned as to 12.12% by the late Mr. Sutanto Djuhar and 4.04% by Mr. Tedy Djuhar (both being former non-executive Directors).
- (ii) It included Mr. Santoso’s interests in 159,500 awarded Shares granted pursuant to the Company’s Share Award Scheme as adopted by the Board on 19 March 2013 (the “**Share Award Scheme**”) which remain unvested.
- (iii) It included Prof. Chen’s interests in 319,000 awarded Shares granted pursuant to the Share Award Scheme which remain unvested.
- (iv) It included Mrs. Leung’s interests in 319,000 awarded Shares granted pursuant to the Share Award Scheme which remain unvested.
- (v) It included Mr. Fan’s interests in 159,500 awarded Shares granted pursuant to the Share Award Scheme which remain unvested.
- (vi) It included Ms. Lee’s interests in 319,000 awarded Shares granted pursuant to the Share Award Scheme which remain unvested.
- (vii) It included Mr. Pickerell’s interests in 159,500 awarded Shares granted pursuant to the Share Award Scheme which remain unvested.

(II) Long positions in securities of associated corporations

- (i) Mr. Salim owned (a) 1,329,770 ordinary shares^(P) (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares^(C) (50.07%)* through the Company's group companies; (b) an indirect interest of 2,007,788 shares^(C) (0.14%)* in IndoAgri through his controlled corporations other than the Company and an indirect interest of 1,183,733,730 IndoAgri shares^(C) (84.80%)* through the Company's group companies; and (c) an indirect interest of 20,483,364 shares^(C) (0.13%)* in PT Salim Ivomas Pratama Tbk ("**SIMP**") through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares^(C) (78.85%)* through the Company's group companies.
- (ii) Mr. Pangilinan owned (a) an indirect interest of 2,240,845,442 common shares^(C) (7.10%)* in MPIC through his controlled corporation; (b) 348,104 common shares^(P) (0.16%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee; (c) 4,655,000 common shares^(P) (0.08%)* in Philex Mining Corporation; (d) 1,603,465 common shares^(P) (0.08%)* in PXP Energy Corporation; (e) 70,000 common shares^(P) (including 10,000 awarded shares granted but remain unvested) (less than 0.01%)* in Manila Electric Company; (f) 61,547 common shares^(P) (less than 0.01%)* in RHI; (g) 1,000 common shares^(P) (less than 0.01%)* in Axelum Resources Corp. ("**ARC**"); and (h) US\$1,000,000 of bonds due 2027 issued by FPC Resources Limited, which is a wholly-owned subsidiary of the Company.
- (iii) Mr. Christopher H. Young owned (a) 54,313 common shares^(P) (0.02%)* in PLDT; and (b) 61,547 common shares^(P) (less than 0.01%)* in RHI.

(C) = Corporate interest, (P) = Personal interest

* Appropriate percentage of the issued capital of the respective class of shares in the respective associated corporations as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she was taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors of the Company who are directors or employees of companies having an interest or short position in the securities of the Company

As at the Latest Practicable Date, the following Directors are also directors or employees of companies which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company and Position
Mr. Salim	Director of Salerni Director of FPIL-Liberia Director of FPIL-BVI
Benny S. Santoso	Director of Salerni Director of FPIL-Liberia Director of FPIL-BVI
Axton Salim	Director of FPIL-Liberia

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Substantial shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person (other than the Directors and chief executives of the Company) who had any interest or short position in the Shares or underlying Shares of the Company which (i) were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or (ii) were required, pursuant to section 336 of the SFO, to be recorded in the register of the Company referred to therein, or (iii) had already been notified to the Company and the Stock Exchange:

- (i) Salerni was interested in 1,135,245,593 Shares (representing approximately 26.75% of the Company's issued share capital), as beneficial owner with respect of 502,058,994 Shares (representing approximately 11.83% of the Company's issued share capital) and also through its 100% interest in FPIL-BVI;
- (ii) ACFL was interested in 790,229,364 Shares (representing approximately 18.62% of the Company's issued share capital), through its 59.61% interest in FPIL-Liberia;
- (iii) FPIL-Liberia beneficially owned 790,229,364 Shares (representing approximately 18.62% of the Company's issued share capital);

- (iv) FPIL-BVI beneficially owned 633,186,599 Shares (representing approximately 14.92% of the Company's issued share capital);
- (v) Brandes Investment Partners, L.P. ("**Brandes**") notified the Company that it held 297,632,088 Shares as at 12 April 2022, representing approximately 7.01% of the Company's issued share capital. The Company has not received any other notification from Brandes of any change to such holding; and
- (vi) Northern Trust Corporation, and its 100% controlled corporation, The Northern Trust Company (collectively "**Northern Trust**"), notified the Company that they held 223,000,000 Shares (lending pool) as at 17 June 2024, representing approximately 5.25% (lending pool) of the Company's issued share capital. The Company has not received any other notification from Northern Trust of any change to such holding.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

6. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT

The following are the continuing connected transactions entered into between associates of Mr. Salim and members of the Group, which have previously been announced by the Company in accordance with the Listing Rules:

A. Transactions relating to the Plantations Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
SIMP and/or its subsidiaries	PT Sarana Tempa Perkasa ("STP"), an associate of Mr. Salim	STP provides pumping services to SIMP and/or its subsidiaries to load crude palm oil and other derivative products to vessels	1 January 2023	31 December 2025	1.1
SIMP and/or its subsidiaries	PT Cipta Subur Nusa Jaya ("CSNJ"), an associate of Mr. Salim	SIMP and/or its subsidiaries rents infrastructure from CSNJ, and vice versa	1 January 2023	31 December 2025	0.1
SIMP and/or its subsidiaries	PT Rimba Mutiara Kusuma ("RMK"), an associate of Mr. Salim	SIMP and/or its subsidiaries lease heavy equipment and buy building materials and rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK	1 January 2023	31 December 2025	2.4
SIMP and/or its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. ("IGER") and/or its subsidiaries, an associate of Mr. Salim	SIMP and/or its subsidiaries provide operational services; sell seedlings, fertilizer products and lease office space to IGER and/or its subsidiaries. SIMP and/or its subsidiaries also buy prefabricated housing materials and palm oil and its derivatives products from the IGER and/or its subsidiaries	1 January 2023	31 December 2025	108.1
Indofood and/or its subsidiaries	PT Indomobil Sukses Internasional Tbk ("Indomobil") and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	10.1

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
SIMP	Shanghai Resources International Trading Co. Ltd. (“Shanghai Resources”), an associate of Mr. Salim	SIMP sells palm oil and its derivative products to Shanghai Resources	1 January 2023	31 December 2025	150.1
SIMP	PT Nippon Indosari Corpindo Tbk (“NIC”), an associate of Mr. Salim	SIMP sells margarine to NIC	1 January 2023	31 December 2025	3.8
Indofood	PT Lajuperdana Indah (“LPI”), an associate of Mr. Salim	Indofood grants an exclusive license of its “Indosugar” trademark relating to sugar to LPI	1 January 2023	31 December 2025	0.8
PT Inti Abadi Kemasindo (“IAK”)	LPI, an associate of Mr. Salim	IAK sells packaging materials to LPI	1 January 2023	31 December 2025	0.8
SIMP and/or its subsidiaries	PT Indomarco Prismatic (“Indomaret”) and/or its subsidiaries, an associate of Mr. Salim	SIMP and/or its subsidiaries sell cooking oil and margarine to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	262.5
SIMP and/or its subsidiaries	PT IDmarco Perkasa Indonesia (“IDP”), an associate of Mr. Salim	SIMP and/or its subsidiaries sell cooking oil and margarine to IDP	1 January 2023	31 December 2025	0.4
Aggregated transaction amount:					540.2

B. Transactions relating to the Distribution Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
PT Indomarco Adi Prima ("IAP")	Indomaret and/or its subsidiaries, an associate of Mr. Salim	IAP sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other thirdparty products; distributes various consumer products to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	670.4
IAP	PT Fast Food Indonesia Tbk ("FFI"), an associate of Mr. Salim	IAP sells chili and tomato sauces, seasonings and dairy products to FFI	1 January 2023	31 December 2025	3.5
PT Putri Daya Usahatama ("PDU")	Indomaret and/or its subsidiaries, an associate of Mr. Salim	PDU sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other thirdparty products; distributes various consumer products to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	25.2
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	7.3
Indofood and/or its subsidiaries	PT Sumberdaya Dian Mandiri ("SDM") and/or its subsidiaries, an associate of Mr. Salim	Indofood and/or its subsidiaries use human resources outsourcing services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	52.1
IAP	Indomaret and/or its subsidiaries, an associate of Mr. Salim	Indomaret and/or its subsidiaries rents warehouses/building space from IAP	1 January 2023	31 December 2025	1.1
IAP	PT Indolife Pensiontama ("Indolife"), an associate of Mr. Salim	IAP's pension plan assets are managed by Indolife	1 January 2023	31 December 2025	0.3
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI	1 January 2023	31 December 2025	12.4
IAP	IDP, an associate of Mr. Salim	IAP sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third-party products to IDP. IAP pays commission fee to IDP	1 January 2023	31 December 2025	4.4
Aggregated transaction amount:					776.7

C. Transactions relating to the Flour Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Bogasari	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC	1 January 2023	31 December 2025	53.5
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells flour and spaghetti to FFI	1 January 2023	31 December 2025	1.3
Indofood and/or its subsidiaries	PT Indotek Konsultan Utama (“IKU”), an associate of Mr. Salim	IKU provides consulting services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	0.5
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	41.0
Indofood and/or its subsidiaries	SDM and/or its subsidiaries, an associate of Mr. Salim	Indofood and/or its subsidiaries use human resources outsourcing services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	11.5
Bogasari	Indomaret and/or its subsidiaries, an associate of Mr. Salim	Bogasari sells flour products to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	39.3
Indofood and/or its subsidiaries	Interflour Group Pte. Ltd. (“Interflour”) and/or its subsidiaries, an associate of Mr. Salim	Interflour and/or its subsidiaries provide manufacturing services to Indofood and/or its subsidiaries. Indofood and/or its subsidiaries sell flour goods to Interflour and/or its subsidiaries	1 January 2023	31 December 2025	3.3
Indofood and/or its subsidiaries	IDP, an associate of Mr. Salim	Indofood and/or its subsidiaries sell flour goods to IDP	1 January 2023	31 December 2025	4.0
Bogasari	PT Tarumatex, an associate of Mr. Salim	Bogasari rents warehouse from PT Tarumatex	1 January 2023	31 December 2025	0.1
Aggregated transaction amount:					154.5

D. Transactions relating to the Noodles Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood/PT Indofood CBP Sukses Makmur Tbk ("ICBP")	Golden Coast Group Limited ("Golden Coast"), an associate of Mr. Salim	Indofood/ICBP (1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Golden Coast	1 January 2023	31 December 2025	38.5
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	2.7
Indofood and/or its subsidiaries	Shanghai Resources, an associate of Mr. Salim	Indofood and/or its subsidiaries sell noodles products to Shanghai Resources	1 January 2023	31 December 2025	13.9
Aggregated transaction amount:					55.1

E. Transactions relating to the Insurance Policies of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/ arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	PT Asuransi Central, Asia ("ACA"), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	12.1
Indofood and/or its subsidiaries	PT A. J. Central Asia Raya ("CAR"), an associate of Mr. Salim	CAR provides insurance services for personal accident and health to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	5.2
Indofood and/or its subsidiaries	PT Indosurance Broker Utama ("IBU"), an associate of Mr. Salim	IBU provides insurance services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	2.6
Aggregated transaction amount:					19.9

F. Transactions relating to the Beverages Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
PT Anugerah Indofood Barokah Makmur ("AIBM")	SDM and/or its subsidiaries, an associate of Mr. Salim	AIBM uses human resources outsourcing services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	2.5
AIBM	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to AIBM	1 January 2023	31 December 2025	1.7
Aggregated transaction amount:					4.2

G. Transactions relating to the Dairy Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	4.0
Indofood and/or its subsidiaries	SDM and/or its subsidiaries, an associate of Mr. Salim	Indofood and/or its subsidiaries use human resources outsourcing services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	1.6
PT Indolakto ("Indolakto")	Indomaret and/or its subsidiaries, an associate of Mr. Salim	Indolakto sells finished goods to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	7.8
Indolakto	NIC, an associate of Mr. Salim	Indolakto sells finished goods to NIC	1 January 2023	31 December 2025	1.0
Indolakto	IKU, an associate of Mr. Salim	IKU provides consulting services to Indolakto	1 January 2023	31 December 2025	0.1
Aggregated transaction amount:					14.5

H. Transactions relating to the Revolving Loan Facility of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
SIMP	IGER and/or its subsidiaries, an associate of Mr. Salim	SIMP provides a revolving loan facility to IGER and/or its subsidiaries	1 January 2023	31 December 2025	40.0
Aggregated transaction amount:					40.0

I. Transactions relating to the Customer Relationship Management of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	PT Transcosmos Indonesia, an associate of Mr. Salim	PT Transcosmos Indonesia provides call center services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	0.7
Indofood and/or its subsidiaries	PT Data Arts Xperience, an associate of Mr. Salim	Indofood and/or its subsidiaries use digital media buying services from PT Data Arts Xperience	1 January 2023	31 December 2025	1.2
Indofood and/or its subsidiaries	PT PopBox Asia Services ("PopBox Asia"), an associate of Mr. Salim	Indofood and/or its subsidiaries brand on PopBox Asia's lockers	1 January 2023	31 December 2025	0.4
Aggregated transaction amount:					2.3

J. Transactions relating to the Packaging Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicle, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	1.8
Indofood and/or its subsidiaries	SDM and/or its subsidiaries, an associate of Mr. Salim	Indofood and/or its subsidiaries use human resources outsourcing services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	2.4
ICBP – Packaging	NIC, an associate of Mr. Salim	ICBP – Packaging sells packaging materials to NIC	1 January 2023	31 December 2025	1.3
ICBP – Packaging	Indomaret and/or its subsidiaries, an associate of Mr. Salim	ICBP – Packaging sells packaging materials to Indomaret and/or its subsidiaries	1 January 2023	31 December 2025	0.9
ICBP – Packaging	LPI, an associate of Mr. Salim	ICBP – Packaging sells packaging materials to LPI	1 January 2023	31 December 2025	0.6
Aggregated transaction amount:					7.0

K. Transactions relating to the Property Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/ arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
PT Aston Inti Makmur (“AIM”)	Indomaret and/or its subsidiaries, an associate of Mr. Salim	Indomaret and/or its subsidiaries rents space from AIM	1 January 2023	31 December 2025	0.1
AIM	IDP, an associate of Mr. Salim	IDP rents space from AIM	1 January 2023	31 December 2025	0.1
AIM	PT Ciptabuana Sukses Lestari, an associate of Mr. Salim	PT Ciptabuana Sukses Lestari rents space from AIM	1 January 2023	31 December 2025	0.4
AIM	Bank INA Perdana, an associate of Mr. Salim	Bank INA Perdana rents space from AIM	1 January 2023	31 December 2025	1.1
AIM	PT. Datacenter Indonesia Sukses Perkasa, an associate of Mr. Salim	PT. Datacenter Indonesia Sukses Perkasa rents space from AIM	1 January 2024	31 December 2025	0.6
Aggregated transaction amount:					2.3

L. Transactions relating to the Snack Foods Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	2.3
Aggregated transaction amount:					2.3

M. Transactions relating to the Sauce Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
Indofood and/or its subsidiaries	Indomobil and/or its subsidiaries, an associate of Mr. Salim	Indomobil and/or its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and/or its subsidiaries	1 January 2023	31 December 2025	1.4
Indofood and/or its subsidiaries	SDM and/or its subsidiaries, an associate of Mr. Salim	Indofood and/or its subsidiaries use human resources services from SDM and/or its subsidiaries	1 January 2023	31 December 2025	0.7
Aggregated transaction amount:					2.1

N. Transactions relating to the Distribution Business with Substantial Shareholders of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2024 (US\$ million)
Name of entity of the Group	Name of connected party and relationship between the parties		From	To	
ICBP	Said Bawazir Trading Corp ("SBTC"), a substantial shareholder of a subsidiary of the Indofood Group	ICBP sells noodles products to SBTC as distributor	1 January 2023	31 December 2025	393.0
ICBP	Tasali Jordan Trading Institute ("TJTI"), a substantial shareholder of a subsidiary of the Indofood Group	ICBP sells noodles products to TJTI as distributor	1 January 2023	31 December 2025	62.2
Aggregated transaction amount:					455.2

Save as disclosed above:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group; and
- (b) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by members of the Group within two years immediately preceding the date of this circular and are or may be material:

- (a) the supplemental agreement dated 7 December 2022 to the subscription agreement dated 9 December 2014 (the “**Original Subscription Agreement**”) between Asia Link B.V. (“**ALBV**”, a subsidiary of the Company) as subscriber, Silangan Mindanao Exploration Co., Inc. (“**SMECI**”) as issuer and Philex Mining Corporation (a Philippine affiliate of the Company and the parent of SMECI) relating principally to the extension of the maturity date of the convertible notes in the principal amount of Pesos 5.04 billion with coupon rate of 1.5% per annum issued by SMECI to ALBV pursuant to the Original Subscription Agreement for three years with effect from 19 December 2022 until 18 December 2025 (with option by SMECI to further extend the maturity date twice);
- (b) the sale and purchase agreement dated 6 February 2023 (as amended on 19 December 2023) between Metro Pacific Agro Ventures, Inc. (“**MPAV**”, a subsidiary of MPIC, a Philippine affiliate of the Company) as purchaser and Theol Holdings Inc., Domus Este Holdings Inc., Tufnell Park Holdings Inc., Luxdomino Holdings Corp., Luceatlux Holdings Corp., Greenridge East Holdings, Inc., Axelum Resources Corp. Retirement Plan and CP Compass Singapore Pte. Ltd. as sellers relating to the sale and purchase of 1,190,000,000 common shares (being 31.33% of the total issued capital stock) of ARC for a total consideration of approximately Pesos 3.37 billion (subject to upward adjustments of up to approximately Pesos 1.45 billion), as well as the agreement to subscribe dated 6 February 2023 entered into between MPAV as subscriber and ARC as issuer relating to the subscription by MPAV of 200,000,000 redeemable preferred shares in ARC with a par value of Peso 1 per share for a total consideration of Pesos 0.5 million, which would result in MPAV having a voting interest constituting approximately 34.76% of the total issued and outstanding capital stock of ARC upon completion;

- (c) the memorandum of agreement dated 26 April 2023 between Metro Pacific Holdings, Inc. (“**MPHI**”, a Philippine affiliate of the Company) and MIG (a connected person of the Company), Mit-Pacific Infrastructure Holdings Corporation (“**Mit-Pacific**”) and GT Capital Holdings, Inc. (“**GT Capital**”) relating to MPHI’s agreement to participate as an offeror alongside Mit-Pacific, MIG and GT Capital to make a tender offer to purchase the outstanding common shares of MPIC held by its minority public shareholders (representing approximately 36.6% of the outstanding common shares of MPIC). Following the period of the tender offer from 9 August 2023 to 19 September 2023, MPHI has received a final allocation of approximately 0.61 billion common shares of MPIC (together with prior shareholding, representing approximately 48.2% of the outstanding common shares of MPIC upon completion) at a tender offer price of Pesos 5.20 per MPIC common share;
- (d) the share subscription agreement dated 3 November 2023 between MUN as issuer and WIPL as subscriber relating to the subscription by WIPL of 2,673 primary shares (being approximately 33% equity stake on a fully diluted basis) of MUN for a total subscription price of approximately IDR3,317.2 billion, as well as the share subscription agreement dated 3 November 2023 between MUN as issuer and PT Metro Pacific Tollways Indonesia (“**MPTI**”, a subsidiary of MPTC) as subscriber relating to the subscription by MPTI of 833 primary shares (being approximately 10.3% equity stake on a fully diluted basis) of MUN for a total subscription price of approximately IDR1,033.8 billion;
- (e) the subscription agreements dated 8 November 2023 between MPIC as issuer and each of MPHI and MIG and Mit-Pacific and Government Service Insurance System (connected persons of the Company) as subscribers relating to the subscription of a total of approximately 2,873 million primary shares (being approximately 10.0% equity stake on a fully diluted basis) of MPIC for an aggregate subscription price of approximately Pesos 14.9 billion, which would result in MPHI, MIG, Mit-Pacific and Government Service Insurance System having an economic interest of 46.2%, 7.1%, 14.5% and 11.5% in MPIC upon completion, respectively; and
- (f) the Transaction Documents.

8. EXPERTS AND CONSENT

The following is the qualification of the experts whose reports are contained or referred to in this circular:

Name	Qualifications
Ernst & Young	Certified public accountants
RSM Hong Kong	Certified public accountants
RHL Appraisal Limited	Independent professional business valuer
SYSTRA Philippines Incorporated	Independent professional traffic consultant

Each of the above named experts has given and has not withdrawn its written consent to the issue of this circular with its letter and report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable date, each of the above named experts:

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any direct or indirect interest in the Investor Group Investments (which the entering into of the Shareholders' Agreement is part and parcel of) or any assets which had been since 31 December 2023 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal office of the Company is situated at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Ms. Fiona W.M. Chiu. Ms. Chiu is a Solicitor of the High Court of Hong Kong.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk) for a period of not less than 14 days prior to the SGM:

- (a) the JM CSPA;
- (b) the KKJM CSPA;
- (c) the Share Subscription Agreement;
- (d) the Shareholders' Agreement;
- (e) the assurance report from Ernst & Young on the compilation of pro forma financial information, the text of which is set out in Appendix II to this circular;
- (f) the accountants' report on the Target Company prepared by RSM Hong Kong, the text of which is set out in Appendix III to this circular;
- (g) the Traffic Study Report, the text of which is set out in Appendix V to this circular;
- (h) the report prepared by RHL Appraisal Limited on the Valuation, the text of which is set out in Appendix VI to this circular;
- (i) the report from Ernst & Young in relation to the report on the Valuation, the text of which is set out in Appendix VII to this circular; and
- (j) the written consents referred to in the paragraph headed "Experts and Consent" in this Appendix.

NOTICE OF SGM



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of First Pacific Company Limited (the “**Company**”) will be held as a virtual meeting using electronic system, organised at the Company’s principal office in Hong Kong on Thursday, 22 August 2024 at 11:00 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company (with or without modifications):

ORDINARY RESOLUTION

“THAT:

- (a) the conditional share purchase agreement dated 28 June 2024 between PT Margautama Nusantara (“**MUN**”), PT Metro Pacific Tollways Indonesia Services (“**MPTIS**”, and together with MUN, the “**First Pacific Investor Group**”), an investment holding company established and incorporated as a wholly-owned indirect subsidiary of GIC (Ventures) Pte. Ltd. (“**WIPL**”, and together with the First Pacific Investor Group, the “**Investor Group**”) and PT Jasa Marga (Persero) Tbk (“**JM**”) pursuant to which, among others, the First Pacific Investor Group has agreed to purchase and JM has agreed to sell to the First Pacific Investor Group an aggregate of 3,923,430,278 shares of PT Jasamarga Transjawa Tol (the “**Target Company**”) (representing approximately 18.0% of the entire issued share capital of the Target Company upon completion of the First Pacific Investments (as defined in the Company’s circular dated 7 August 2024 (the “**Circular**”, of which the notice of SGM (the “**Notice**”) forms part)) (the “**Enlarged Target Capital**”)) for a total consideration of IDR8,115,750 million (subject to adjustments), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the conditional share purchase agreement dated 28 June 2024 between MPTIS and Koperasi Konsumen Karyawan Jalin Margasejahtera (“**KKJM**”) pursuant to which, among others, MPTIS has agreed to purchase and KKJM has agreed to sell to MPTIS an aggregate of 205,459,492 shares of the Target Company (representing approximately 0.9% of the Enlarged Target Capital) for a total consideration of IDR425,000 million (subject to adjustments), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF SGM

- (c) the conditional share subscription agreement dated 28 June 2024 between MPTIS and the Target Company pursuant to which, among others, MPTIS has agreed to subscribe for and the Target Company has agreed to issue and allot to MPTIS an aggregate of 1,208,585,244 shares of the Target Company (representing approximately 5.6% of the Enlarged Target Capital) for a total consideration of IDR2,500,000 million, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (d) the shareholders' agreement (the "**Shareholders' Agreement**") dated 28 June 2024 between the Investor Group and JM relating to the governance and management of the Target Company upon completion of the First Pacific Investments, and the arrangements contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (e) the board of directors of the Company be and is hereby authorised on behalf of the Company to approve and implement the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of) and to take all actions in connection therewith as the board of directors of the Company shall think necessary or desirable (including, without limiting the generality of the foregoing, (i) approving the execution and delivery of any instruments and agreements and the issue of any documents for and on behalf of the Company in connection with or for the purpose of giving effect to the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of); and (ii) the exercise of any and all powers of the Company and the doing of any and all acts as the board of directors of the Company may consider necessary, desirable or expedient to give effect to, or otherwise in connection with, the First Pacific Investments (which the entering into of the Shareholders' Agreement is part and parcel of))."

By order of the Board of
First Pacific Company Limited
Chiu Wing Man Fiona
General Counsel and Company Secretary

Hong Kong, 7 August 2024

Principal Office:
24th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

NOTICE OF SGM

Explanatory Notes to the Notice:

1. As set out in the section headed “Arrangements for the SGM” of the Circular (of which this Notice forms part), the SGM will be a virtual meeting using electronic system, organised at the Company’s principal office in Hong Kong which allows shareholders of the Company to participate in and vote through the online platform for the SGM (the “**Online Platform**”).
2. Every member entitled to participate in and vote at the SGM through the Online Platform is entitled to appoint one or more proxies to participate in and vote instead of him/her at the SGM or at any adjournment thereof (as the case may be). A proxy need not be a member of the Company.
3. The resolution to be proposed at the SGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
4. A form of proxy for use at the SGM is enclosed with the Circular of which this Notice forms part. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk).
5. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM (i.e. no later than Tuesday, 20 August 2024 at 11:00 a.m. or any adjournment thereof (as the case may be)).
6. Whether or not you propose to participate in the SGM through the Online Platform, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case may be), should you subsequently so wish. In the event that you participate in and vote through the Online Platform at the SGM after having lodged the form of proxy, the instrument appointing a proxy will be deemed to have been revoked.
7. For the purpose of determining the identity of the Company’s shareholders who are entitled to participate in and vote through the Online Platform at the SGM, the Company’s Register of Members will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for participation and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 16 August 2024.
8. In the case of joint holders, only ONE PAIR of login details for accessing the Online Platform will be provided. Any one of such joint holders may participate in and vote in respect of such share(s) as if he/she was solely entitled thereto.
9. If a tropical cyclone warning signal no. 8 or above is hoisted, or a black rainstorm warning signal or “extreme conditions” caused by a super typhoon is in force at or at any time after 6:00 a.m. on the date of the SGM, the SGM will be adjourned. The Company will publish an announcement on the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk) notifying its shareholders of the date, time and venue of the adjourned meeting.

The SGM will be held as scheduled when an amber or a red rainstorm warning signal is in force.
10. No refreshments, drinks or corporate gifts will be provided.
11. References to time and dates in this notice are to Hong Kong time and dates.
12. The English text of the Notice shall prevail over the Chinese text in case of any inconsistency.