

OTHERS PUNCAK NIAGA HOLDINGS BERHAD (416087-U)("PUNCAK" OR "THE COMPANY") 1. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY - INDICATIVE TERMS AND CONDITIONS FOR PROPOSED PURCHASE OF 100% EQUITY IN PUNCAK NIAGA (M) SDN BHD ("PNSB") 2. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY - INDICATIVE TERMS AND CONDITIONS FOR THE PROPOSED PURCHASE OF 70% EQUITY IN SYARIKAT BEKALAN AIR SELANGOR SDN BHD ("SYABAS") OTHER THAN EQUITY ALREADY OWNED BY KUMPULAN DARUL EHSAN BERHAD ("KDEB")

PUNCAK NIAGA HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	PUNCAK NIAGA HOLDINGS BERHAD (416087-U)("PUNCAK" OR "THE COMPANY") 1. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY - INDICATIVE TERMS AND CONDITIONS FOR PROPOSED PURCHASE OF 100% EQUITY IN PUNCAK NIAGA (M) SDN BHD ("PNSB") 2. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY - INDICATIVE TERMS AND CONDITIONS FOR THE PROPOSED PURCHASE OF 70% EQUITY IN SYARIKAT BEKALAN AIR SELANGOR SDN BHD ("SYABAS") OTHER THAN EQUITY ALREADY OWNED BY KUMPULAN DARUL EHSAN BERHAD ("KDEB")

Reference is made to the Company's recent announcement dated 27 February 2014 in relation to the above.

Puncak wishes to update the Exchange that the Board of Directors of the Company had at a Special Board of Directors' Meeting held on 10 March 2014 deliberated on the Offers made by KDEB to purchase 100% equity in PNSB and 70% equity in SYABAS, as presented by the Management of the Company and its Adviser, Hong Leong Investment Bank Berhad. The Executive Chairman and major shareholder of Puncak, YBhg Tan Sri Rozali Bin Ismail was not present at the said Special Board of Directors' Meeting during the Board's deliberation on the said subject matter and hence, had abstained from deliberation and decision making at the Board level in respect of the said subject matter.

For full details of the announcement, please refer to the attached file.

This announcement is dated 10 March 2014.

Attachments

[Bursa announcement 10 March 2014.pdf](#)
168 KB

Announcement Info

Company Name	PUNCAK NIAGA HOLDINGS BERHAD
Stock Name	PUNCAK
Date Announced	10 Mar 2014
Category	General Announcement
Reference No	PN-140310-A572F

GENERAL ANNOUNCEMENT

PUNCAK NIAGA HOLDINGS BERHAD (416087-U) ("PUNCAK" OR "THE COMPANY")

- 1. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY**
 - INDICATIVE TERMS AND CONDITIONS FOR PROPOSED PURCHASE OF 100% EQUITY IN PUNCAK NIAGA (M) SDN BHD ("PNSB")**

 - 2. CONSOLIDATION OF THE SELANGOR WATER INDUSTRY**
 - INDICATIVE TERMS AND CONDITIONS FOR THE PROPOSED PURCHASE OF 70% EQUITY IN SYARIKAT BEKALAN AIR SELANGOR SDN BHD ("SYABAS") OTHER THAN EQUITY ALREADY OWNED BY KUMPULAN DARUL EHSAN BERHAD ("KDEB")**
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At the said Special Board of Directors' Meeting, the Board was informed of the following:

- a) That vide two (2) separate faxed letters dated 26 February 2014 to Puncak, KDEB made Offers on indicative terms and conditions, to purchase 100% equity of Puncak in PNSB and 70% in SYABAS not already owned by KDEB;

- b) The Offers are nearly identical to the offers received on 20 February 2013 and 21 November 2013. The only difference between the current Offers and the previous offers on 21 November 2013 is the inclusion the clauses on international arbitration under the Rules of London Court of International Arbitration and another clause that the agreement arising from the acceptance of the Offers shall be governed by the laws of Malaysia.

The Board after full deliberation of the matters as enumerated above and after considering the inputs of Hong Leong Investment Bank Bhd, the Adviser appointed by the Board to assist and advise the Board in evaluating the Offers from KDEB, reached a decision that whilst the Company is willing to consider the latest KDEB Offers, the following must be clarified/confirmed:-

1. Written confirmation must be obtained that KDEB agrees to the following underlying principles put forth:-
 - i) That the total equity contribution to be paid to Puncak shall include a compounded return of 15% per annum taken as compensation to Puncak for the loss of future income as a result of the sale of its water concession business to the Selangor State Government;
 - ii) The receivables due and outstanding from SYABAS to PNSB at the effective date of the sale shall be paid to Puncak as these amounts are in relation to the supply of water to SYABAS, of which services had already been rendered;
 - iii) Any and all residual cash in PNSB (inclusive of (ii) above) and SYABAS shall be paid to Puncak as this represents the profits attributable to Puncak;
 - iv) Removal for the requirement of due diligence post acceptance of the Offers; and
 - v) Waiver of the requirement for the acquisition of the water assets by PAAB concurrently with the acquisition of the equity by KDEB. As KDEB is acquiring the equity of the water concession companies, the concession holders should be paid first on the agreed price by KDEB, and KDEB can then separately settle its arrangement with PAAB for PAAB to take over the water assets and assume the borrowings.
2. Further agreement must also be sought from KDEB to remove the arbitration clause as it violates the spirit of "laissez faire", more so only the rate of return can be arbitrated while other valuation methodologies are not within the scope of the arbitration. Such clause on arbitration is unfair to the shareholders of Puncak including the minority shareholders. Additionally, SYABAS had previously received written instruction from the Federal Government, which holds one (1) Golden Share that the negotiations must be done on a willing buyer-willing seller basis and as such, the inclusion of the arbitration clause is clearly against SYABAS' Golden Shareholder's directive before the Board can even put forth the latest KDEB Offer to the extraordinary general meeting of the Company for the Company's shareholders' consideration and decision.

The Board of Puncak is mindful that only after KDEB has reverted to Puncak on the clarifications/confirmations sought above and full information had been made available to enable informed decision making on the subject matter, then only may the Board of Puncak be able to table the KDEB Offer to the extraordinary general meeting of the Company for the Company's shareholders' consideration and decision as it is ultimately for all shareholders of the Company, not the Board of Puncak, to decide on the KDEB Offer.

Following the decision of the Board, the Management of the Company has, on even date sent a letter to KDEB to inform KDEB of the Board's decision before the 5.00 pm deadline of 10 March 2014 as stipulated in KDEB's Offer Letters.

This announcement is dated 10 March 2014.