

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")

The Company wishes to announce that it had on late evening of 26 February 2014 received two (2) letters via facsimile in respect of the above matter from Kumpulan Darul Ehsan Berhad ("KDEB").

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

This announcement is dated 27 February 2014.

Attachments

[Consolidation of the Selangor Water Industry.pdf](#)
196 KB

Announcement Info

Company Name	PUNCAK NIAGA HOLDINGS BERHAD
Stock Name	PUNCAK
Date Announced	27 Feb 2014
Category	General Announcement
Reference No	PN-140227-C10D2

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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The Company wishes to announce that it had on late evening of 26 February 2014 received two (2) letters via facsimile in respect of the above matter from Kumpulan Darul Ehsan Berhad ("KDEB").

The Company wishes to highlight that save for Section B(i)(c), Section D and E, the Offer remains the same as per the KDEB Offer dated 21 November 2013.

The details of the contents of the said letters are as follows:-

1. Indicative Terms and Conditions for the Proposed Purchase

Set out below are the indicative terms and conditions for the Proposed Purchase of PNSB and Proposed Purchase of SYABAS as stipulated in KDEB's letters dated 26 February 2014:-

A. Valuation Principles

The values of the equity in PNSB and SYABAS have been derived based on the following principles:

- i) The value of equity in PNSB and SYABAS including a return on equity of 12% per annum.
- ii) The water assets of PNSB and the water assets of SYABAS to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB.
- iii) Equity includes all forms of investments and contributions by the shareholders (e.g ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account).
- iv) Return on equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts.

- v) Liabilities to be assumed are all outstanding water-related debts owed by PNSB and SYABAS, which include:
- a. Bonds acquired by Acqua SPV Berhad ("Acqua SPV") or remaining in the capital markets;
 - b. Commercial loans, if applicable; and
 - c. Government loans, if applicable.

B. Payment Consideration

Premised on the above principles, the consideration for the Proposed Purchase are as follows:

- i) For PNSB:

Item	RM million
Equity contribution plus return on equity at 12% per annum	1,117.5
Water assets-to be acquired by PAAB	1,359.5
Total Value of PNSB Equity ^{Note 1}	2,477.0

Note: 1. The Total Value of PNSB Equity may be revised following the due diligence inquiry to be undertaken, referred to in paragraph C(ii).

- (a) Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section 1A (iii) and (iv) above, with the remaining value to be satisfied via the assumption of liabilities of PNSB Equity by PAAB.
- (b) The payment ascribed to the equity contribution referred to in paragraph B(i) above shall, subject to such adjustments as are provided for therein, be notified by KDEB to the Shareholder and paid to the Shareholder after the conditions set out in paragraph C below have been fulfilled or (to the extent permitted by law) waived by KDEB.
- (c) If the shareholder does not agree with the amount of the payment made to it under paragraph B(i)(b) above for its holding of the PNSB Equity (the "Proposed Price") it shall give written notice of its disagreement within 21 days of service of the notice referred to in paragraph B(i)(b) and the dispute between the shareholder and KDEB with regard to the appropriate amount of the price for the Shareholder's holding of PNSB Equity shall be determined by arbitration in accordance with paragraph E below. In making such determination the arbitral tribunal shall:
 - (i) not determine a price that is below the Proposed Price; and
 - (ii) base the price on the sum of (A) what the arbitral tribunal considers to be a fair rate of return on the investment of

the shareholder's holding of the PNSB Equity and (B) the amount of the Shareholder's investment.

The determination of the arbitral tribunal shall be final and binding on KDEB and the shareholder.

ii) For SYABAS:

Item	RM million
Equity contribution plus return on equity at 12% per annum	437.8
Water assets-to be acquired by PAAB	2,679.2
Total Value of SYABAS Equity ^{Note 1}	3,117.0

Note: 1. The Total Value of SYABAS Equity may be revised following the due diligence inquiry to be undertaken, referred to in paragraph C(ii).

- (a) Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section 1A (iii) and (iv) above, with the remaining value to be satisfied via the assumption of liabilities of SYABAS by PAAB.
- (b) The payment ascribed to the equity contribution referred to in paragraph B(ii) above shall, subject to such adjustments as are provided for therein, be notified by KDEB to the Shareholder and paid to the Shareholder after the conditions set out in paragraph C below have been fulfilled or (to the extent permitted by law) waived by KDEB.
- (c) If the shareholder does not agree with the amount of the payment made to it under paragraph B(ii)(b) above for its holding of the SYABAS Equity (the "Proposed Price") it shall give written notice of its disagreement within 14 days of service of the notice referred to in paragraph B(ii)(b) and the dispute between the Shareholder and KDEB with regard to the appropriate amount of the price for SYABAS Equity shall be determined by arbitration in accordance with paragraph E below. In making such determination the arbitral tribunal shall:
 - (i) not determine a price that is below the Proposed Price; and
 - (ii) base the price on the sum of (A) what the arbitral tribunal considers to be a fair rate of return on the investment of the Shareholder's holding of the SYABAS Equity and (B) the amount of the Shareholder's investment.

The determination of the arbitral tribunal shall be final and binding on KDEB and the shareholder.

C. Conditions of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS

The Proposed Purchase of PNSB and Proposed Purchase of SYABAS are conditional upon the following:

- i) Acceptance of the offer by KDEB for the acquisition of the equity interest of the other Selangor Water Companies (i.e. Titisan Modal Sdn Bhd, the holding company for Konsortium ABASS Sdn Bhd and Syarikat Pengeluar Air Selangor Holdings Berhad, the holding company for Syarikat Pengeluar Air Sungai Selangor Sdn Bhd) by all those respective shareholders to whom such proposals are made by 5.00 p.m. (Malaysian time) on or before 10 March 2014 or such other extended or revised closing date(s) as may be decided by KDEB;
- ii) Completion of a due diligence enquiry to be undertaken on PNSB and SYABAS commencing seven (7) days from date of acceptance of the offer and the results of such due diligence inquiry being satisfactory to KDEB and PAAB;
- iii) All corporate approvals required by Puncak including, if applicable, the approval of minority shareholders of the companies at a general meeting of shareholders to be convened;
- iv) Approval and consent of the Federal Government and all related agencies e.g. the Ministry of Energy, Green Energy and Water ("KeTTha"), the Economic Planning Unit and/or the Public Private Partnership Unit ("UKAS");
- v) Approval and consent of the Selangor State Government and all related agencies e.g. Selangor Economic Planning Unit ("UPEN");
- vi) Approval of the National Water Services Commission ("SPAN"), the Securities Commission ("SC"), Bursa Malaysia, if applicable;
- vii) Approval of Acqua SPV and other creditors of PNSB and SYABAS, where applicable;
- viii) The approval of any other authorities or parties, if required.

D. Effectiveness and Duration of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS

The agreement arising from PNSB and SYABAS acceptance of KDEB offer herein:-

- (i) shall be governed by the laws of Malaysia;
- (ii) shall be legally binding and remain in full force and effect until superseded by a formal agreement.

E. Arbitration of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS

- (i) Any dispute arising out of or in connection with the agreement arising from the acceptance of the offer herein including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration, which Rules are deemed to be incorporated by reference into this paragraph.
- (ii) The tribunal shall consist of three arbitrator(s), two of whom shall be nominated by the respective parties.
- (iii) The place of arbitration shall be London.
- (iv) The language of the arbitration shall be English.

2. Next Course of Action by Puncak

The Board and Management of Puncak will review the respective offers from KDEB before reverting to KDEB within the deadline of 10 March 2014 as stipulated in KDEB's letters dated 26 February 2014.

Puncak will update the Exchange on further developments on this matter in due course.

This announcement is dated 27 February 2014.