











## RESILIENT & COMMITTED ANNUAL REPORT 2013

### **COVER RATIONALE**

### **RESILIENT & COMMITTED**

Over the years, Puncak Niaga has demonstrated a resilient commitment to delivering quality services despite the many challenges faced. Our commitment to set higher standards of excellence throughout all aspects of our operations remains core to the Group's continual robust performance. By continuously implementing efficient services and employing effective human capital development, as well as innovative technologies, processes and operational systems, we are ensuring the Group's sustainable growth today and tomorrow.

Recognising our responsibility to serve our various stakeholders and the communities in areas where the Group operates and realising the impact of our efforts upon them, we remain focused on creating sustainable businesses that have a positive impact on our stakeholders. Our venture into the dynamic Oil and Gas sector and construction sector underscores our strategy of creating new revenue streams and sustainable growth for the Group. United as one team and driven by our passion to excel in all that we do, we remain focused to prove our mettle as a resilient and committed corporation.



# 17th ANNUAL GENERAL MEETING

Date: 26 June 2014 (Thursday)

Time: 10.00 am Venue: Concorde 1

Concorde Hotel Shah Alam

Level 2, No. 3

Jalan Tengku Ampuan Zabedah C9/C

40100 Shah Alam Selangor Darul Ehsan

### **VISION & MISSION**

### **OUR VISION**

To Be A Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider And To Emerge As A Significant Player In The Oil & Gas Sector.

### **OUR MISSION**

To meet the increasing challenges in the demand for high quality water supply, wastewater and environmental systems through the continuous implementation of high quality standards, efficient services, human capital development, innovative technologies and operational systems.

To share our experience and offer our expertise through Smart Business Partnerships, Public Private Partnerships or other innovative business models.

To actively participate in local, regional and global business opportunities with linkages to the Company's core activities, waste water & solid waste management, environment management and oil & gas sectors.

To actively support and participate in programmes and activities aimed at uplifting the community's living standards and value systems in line with the aspirations of Vision 2020.

To address national and international concerns pertaining to the protection, conservation and enhancement of the natural environment we live in.

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### **PUNCAK VALUES**

OUR COMPANY'S VALUES, THE PUNCAK VALUES SHAPE OUR ORGANISATIONAL CULTURE AND GUIDE THE WAY WE RUN OUR BUSINESS. THEY ARE INTEGRATED INTO OUR BUSINESS PROCESSES AND OUR CORE VALUES.

### At **PUNCAK**, we are and continuously seek to be:

**PASSIONATE** about our business for sustainable performance.

**UNITED** as one in our corporate responsibility strategy to align with our Vision to be the Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider And To Emerge As A Significant Player In The Oil & Gas Sector.

**NURTURE** our human capital towards an exemplary workforce.

**CORPORATE GOVERNANCE** guides the way we run our business in an evolving global business environment.

**ACCOUNTABLE** for all our actions and engagement process with our stakeholders.

**KNOWLEDGEABLE** in all aspects of our business operations and continue to be the trusted and reliable provider of clean water supply.

### **ABOUT THIS REPORT**

Puncak Niaga Holdings Berhad ("PNHB") is committed to the highest level of integrity and transparency in our business. This 2013 Integrated Report the financial both covers operational aspects and business and provides our a clear and comprehensive representation about performance to stakeholders.

Throughout this report, we have provided a focused insight into the way we address sustainability across the business, the challenges we face and the progress that we have made. Each year, we strive to continuously apply new and innovative solutions and are proud to show how sustainability is now firmly established within our management. Our approach to sustainability underpins our commitment to act in a responsible and ethical way. This Report reflects our activities over 2013 and our progress towards our goals.

We operate in a resource constrained business and for us, sustainability is not an option. It is integrated in every aspect of our business. We care about our customers, people, community and the environment as they form an interconnected link in our business. Our integrated report reflects our commitment to value in the short, medium and long term. Underlying our good sustainability practice is an unchanging objective to ensure that we uphold the highest standards of management and responsible control. This is reflected in the various systems and processes that we have in place to manage our environmental, social and governance issues. This integrated Report also discusses the interests of our stakeholders and how we are always endeavouring to fulfil our obligations.

The principle framework used is the Global Reporting Initiatives ("GRI"), GRI G3.1 Guidelines. This Report has been prepared to adhere to an application level of A. Other guidelines include the Bursa Malaysia Securities Berhad CSR Guidelines as well as the ISO 26000 Guidance on Social Responsibility. Where possible, we have provided quantitative and qualitative data to describe the required indicators. Our focus has been on those issues that are material to our business which best describes our impact and challenges.

The GRI G3.1 Content Index which can be found on pages 376 to 383 of this Annual Report serves as a navigation tool and our disclosure on each indicator will reflect on this. We will continue to improve the level of disclosures in our future Reports.

In order to quantify the progression of our CSR sustainability milestones, the achievements in 2013 have been compared against previous years. Certain regulatory performance data contained in PNHB's 2013 Annual Report is subject to regulatory audit. This Report is available to all stakeholders in hard copy on request and can be downloaded from our corporate website.

### **Reporting Period:**

1 January to 31 December 2013

### **Boundary**

The Report refers to the period 1/1/2013-31/12/2013 (unless indicated otherwise at certain points), and:

- refers to all activities of PNHB Group (including principal subsidiaries)
- addresses all operations of the PNHB Group (offices, products and sales)
- contains quantitative and qualitative results for all indicators presented for the last three years (unless otherwise specified)

### **Feedback**

All comments, thoughts and remarks can be directed to:

### **PUNCAK NIAGA HOLDINGS BERHAD**

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Telephone: 03 5522 8589 Fax: 03 5522 8598

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Dear valued Shareholders and Stakeholders,

While 2013 was a year filled with challenges for Puncak Niaga Holdings Berhad ("PNHB" or "the Company"), we remained resilient and committed to building sustainable value for our stakeholders over and above our mandate of ensuring efficient water distribution services and a quality water supply to meet ever-evolving consumer expectations.

The year saw us continuing to undertake proactive measures to ensure the effective workings of an essential public utility as well as meeting the many challenges that came with it. Despite the many constraints that hampered our progress, including the challenges stemming from the long-drawn-out proposed restructuring of the water services sector in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya ("Proposed Restructuring"), as well as the issues surrounding the water tariff adjustment and compensation in lieu thereof, we delivered on our obligations and met our key targets.

In our second full year of operation in the Oil & Gas ("O&G") industry, we faced some initial setbacks which were unexpected, the scope-of-work within the existing contracts was reduced as the employer, PETRONAS deferred some works. This led to our O&G Division incurring a substantial loss in 2013 as compared to the strong profit it delivered in 2012. However, by the year's end, we more than made up for the weak performance in 2013 by clinching several O&G contracts which hopefully will see our O&G Division making strong inroads in the current financial year ending 31 December 2014.

The year 2013 saw us having success on the construction front whereby we completed all 15 work orders for the Rural Water Supply Project in Sarawak 2010–2012 ("Sarawak BALB Project"). Following which, in early 2014, we were awarded by Kementerian Kemajuan Luar Bandar dan Wilayah more construction project in Sarawak.

In 2013, the new 30 MLD WTP for Phase 1 of the Lushan Water Supply Project was officially launched in China; and we completed the rehabilitation of the existing water distribution network in Lushan County Township.

I am pleased to report that, amidst a challenging backdrop in 2013, we continue to confidently set our sights on achieving our Vision of becoming a "Leading Regional Integrated Water, Wastewater and Environmental Solutions Provider And To Emerge As A Significant Player in the Oil & Gas Sector".

Overall, 2013 was a year in which the Group continued to demonstrate its resilience and commitment to delivering quality services despite the many challenges faced. In setting higher standards of excellence, rolling out effective services, tapping robust human capital development as well as implementing innovative technologies, processes and operational systems, we ensured the continuation of our sustainable businesses and delivered value to our stakeholders and shareholders. Our efforts in the year under review are aptly summed up in this year's annual report theme "Resilient and Committed".

On behalf of the Board of Directors of PNHB, it is my pleasure and privilege to present the Annual Report and the Audited Financial Statements of PNHB and the Group ("PNHB Group" or the "Group") for the financial year ended 31 December 2013.

### **ECONOMIC CLIMATE**

2013 saw the global economy expanding at a modest pace amidst an uneven growth environment across economies. In the advanced economies, growth continued to improve gradually amidst policy uncertainties and structural constraints. In the emerging economies, growth moderated as domestic demand was impacted by the prolonged weakness in external demand. In several emerging economies, growth was also affected by policy measures implemented to manage domestic vulnerabilities. On top of this, the shift in market expectations for reduction in monetary accommodation in the US towards the second half of 2013 led to large capital flow reversals from the emerging economies.

Despite the weaker external environment, the Malaysian economy expanded by 4.7% in 2013 (2012: 5.6%), driven by the continued strong growth in domestic demand, led by robust private sector activity. Private consumption was buoyed mainly by favourable employment conditions and wage growth. Private investment was supported by capital spending in the mining, services and manufacturing sectors. The year's more moderate growth performance was primarily attributable to developments in the external sector. Slower demand from the advanced and regional economies in the first half of 2013 contributed to the overall decline in real exports during the year. This was compounded by the continued expansion in real imports throughout 2013 arising from sustained growth in domestic investment and consumption, which contributed to the contraction in net exports.

(Source: Bank Negara Malaysia Annual Report 2013)

#### **FINANCIAL PERFORMANCE**

For the financial year ended 31 December 2013, the Group registered lower revenue of RM1.15 billion in comparison to revenue of RM1.56 billion (restated) recorded in the preceding year, representing a 26.3% or RM0.41 billion decrease over 2012's revenue. The drop in revenue was mainly attributable to lower revenue contributions from the O&G segment.

The Group reported a lower profit before tax ("PBT") of RM236.4 million in 2013 as compared to RM325.4 million recorded in the preceding year, representing a 27.4% or RM89.0 million decrease over 2012's PBT. This came on the back of lower revenue contributions from the O&G as well as Construction segments, higher operating costs and impairment losses on long-term receivables.

The Water segment reported a higher profit before interest & tax ("PBIT") of RM428.6 million in the year under review as compared to PBIT of RM380.4 million in the preceding year, representing a 12.7% or RM48.2 million increase. The higher PBIT was mainly the result of a higher revenue contribution and lower operating expenses.

The O&G segment reported a loss before interest and tax ("LBIT") of RM30.4 million in 2013 as compared to the PBIT of RM84.0 million reported in the preceding year, representing a 136.2% or RM114.4 million decrease. The LBIT came about primarily as a result of a lower profit contribution from GOM Resources Sdn Bhd ("GOM Resources") on the back of deferred works, plus higher operating costs.

The Construction segment reported a LBIT of RM13.3 million in 2013 in comparison to a PBIT of RM25.5 million in 2012, representing a 152.2% or RM38.8 million decrease. The resultant LBIT was due to majority of the segment's projects having come to an end over the course of 2013.

### **Dividend**

Given the need for the Group to conserve its financial resources under the current circumstances as highlighted above, the Board of Directors does not recommend any final dividend for the financial year ended 31 December 2013.

#### **CHALLENGES**

Over the course of 2013, the Group continued to face challenges on water issues which remained unresolved. These included issues relating to the Proposed Restructuring which began in early 2008 and the issue in relation to the water tariff adjustment for the third and fourth operating periods, commencing 1 January 2009 and ended 31 December 2011, and commencing 1 January 2012 and ending 31 December 2014 respectively



("Water Tariff Adjustment") or compensation in lieu thereof as provided for under the Concession Agreement dated 15 December 2004 signed between Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"), the Federal Government and the Selangor State Government ("SYABAS Concession Agreement").

In 2013, the Company received two Offers from Kumpulan Darul Ehsan Berhad ("KDEB") on behalf of the Selangor State Government in relation to the Proposed Restructuring offering on the indicative terms and conditions for the proposed purchase of 100% equity in PNSB ("Proposed Purchase of PNSB") and on the indicative terms and conditions for the proposed purchase of 70% equity in SYABAS other than equity already owned by KDEB ("Proposed Purchase of SYABAS").

On 20 February 2013, the Company received two letters from KDEB on behalf of the Selangor State Government in relation to the Proposed Purchase of PNSB and Proposed Purchase of SYABAS ("KDEB Offers 20 February 2013").

On 6 March 2013, after full deliberation of the indicative terms and conditions of the KDEB Offers 20 February 2013 and after considering the advice of the Adviser appointed by the Company to assist in evaluating the KDEB Offers 20 February 2013, the Company announced that the Board of Directors was unable to reach a final decision to even consider giving approval-in-principle or acceptance in principle to KDEB given the incomplete and inconclusive nature of the KDEB Offers as well as the position taken by Pengurusan Aset Air Berhad ("PAAB"). The Board of Directors was also not ready to convene an Extraordinary General Meeting of the Company for the purpose of tabling the KDEB Offers 20 February 2013 to the shareholders of the Company for consideration.

The Board further decided that the Company was still willing to hold discussions with KDEB on the KDEB Offers 20 February 2013, subject to KDEB's readiness to provide definitive answers to all issues raised by the Company.

On 21 November 2013, the Company again received two letters from KDEB on behalf of the Selangor State Government in relation to the Proposed Purchase of PNSB and Proposed Purchase of SYABAS ("KDEB Offers 21 November 2013").

On 3 December 2013, after full deliberation of the indicative terms and conditions of the KDEB Offers 21 November 2013 and after considering the advice of the Management of the Company and the Adviser appointed by the Company to assist in evaluating the KDEB Offers 21 November 2013, the Company announced that the Board had reached a decision to accept in principle the Offers from KDEB for the Proposed Purchase of PNSB and Proposed Purchase of SYABAS subject to KDEB agreeing to some principles in relation to compounded return, receivables due and outstanding from SYABAS to PNSB, residual cash in PNSB and SYABAS, post acceptance of the KDEB Offers and acquisition of water assets by PAAB.

Upon requests by KDEB, the Company had subsequently granted KDEB extensions of time to revert with an appropriate response to the Company's letter dated 4 December 2013.

On 9 January 2014, KDEB notified the Company that there will be no further discussions on the proposal to purchase the equities of PNSB and SYABAS for the foreseeable future.

On 26 February 2014, the media reported on the signing of a Memorandum of Understanding between the Federal Government and the Selangor State Government on 26 February 2014 in respect of the Proposed Restructuring, financial facilitation and completion of the Langat 2 Project at the peak of the 2014 water crisis where the Selangor State Government had to impose water rationing in Selangor and the Federal Territory of Kuala Lumpur.

On 26 February 2014, the Company had again received a fresh offer via two letters from KDEB on behalf of the Selangor State Government in respect of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS ("KDEB Offers 26 February 2014").

The terms of the offers were similar with KDEB Offers 21 November 2013 except for the additional clauses which provide for determination by arbitration if the shareholder does not agree with the KDEB Offers 26 February 2014.



On 10 March 2014, the Board after full deliberation of the indicative terms and conditions of the KDEB Offers 26 February 2014 and after considering the advice of the Management of the Company and the Adviser appointed by the Company to assist in evaluating

the KDEB Offers 26 February 2014, the Company reached a decision that whilst the Company was willing to consider the KDEB Offers 26 February 2014, some clarifications must be clarified/confirmed which include the removal of the arbitration clause.

On 10 March 2014, Lembaga Urus Air Selangor ("LUAS") informed the Company's wholly owned subsidiary, PNSB that in line with the decision of the Selangor State Government, the water treatment concession companies in Selangor would be allowed to conduct raw water abstraction activities until the expiry of the existing raw water abstraction license on 31 May 2014; following which there will be no renewal of license thereof unless a further directive is issued by the Selangor State Government. This resulted in a new legal suit initiated by PNSB against LUAS and the Selangor State Government for which the court proceedings are ongoing together with the other legal suits in relation to water issues involving Konsortium ABASS Sdn Bhd ("Konsortium ABASS"), SYABAS and the Selangor State Government as disclosed in the material litigation section of the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2013.

The Proposed Restructuring took a turning point, when on 21 March 2014, the Federal Government announced in the media that since the water treatment concession companies in Selangor had rejected the latest offer from the Selangor State Government made in February 2014, there was little choice but to invoke Section 114 of the Water Services Industry Act ("WASIA") 2006 which allows the National Water Services Commission [Suruhanjaya Perkhidmatan Air Negara] ("SPAN") to assume control of the water business for national interest, within two weeks from the time of the announcement. However, as at the time of writing, this event has not taken place.

The amount of compensation in lieu of the Water Tariff Adjustment claimed in the suit by SYABAS against the Selangor State Government under the SYABAS Concession Agreement is RM1,054.20 million for the period 1 January 2009 to 31 March 2011. The total Water Tariff Compensation for the period 1 January 2009 to 31 December 2013 amounted to RM3,556.4 million.

To date, SYABAS is still unable to make full payment for water purchases from the four water treatment operators, namely PNSB, Konsortium ABASS, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") and Konsortium Air Selangor Sdn Bhd. The cashflow problem also reduces the financing capacity of SYABAS to carry out its Capital Expenditure ("CAPEX") programme to reduce the Non-Revenue Water ("NRW") and rehabilitate the old distributions assets.

The Selangor State Government's decision in 2008 to freeze the SYABAS CAPEX programme (which includes replacement of old and aging pipes and others) except for very critical works until the

Proposed Restructuring is accepted and implemented, continued into 2013 and remains unchanged until today. With a substantial part of the planned programmes withheld for so many years, SYABAS' efforts to provide quality service to consumers have somehow been affected. The numerous and frequent pipe bursts and water supply interruptions have also jeopardised SYABAS' efforts to improve the water distribution services to consumers. At present, only ad hoc initiatives classified as extremely critical works are approved by SPAN. SYABAS is also not able to further reduce the NRW level.

The current 2014 Water Crisis with water rationing (two days with water supply and two days without water supply) and which affected 6.7 million residents in the Klang Valley until 1 May 2014, commenced in stages since 27 February 2014. The reasons for the 2014 Water Crisis were inadequate supply of treated water to meet the increase in water demand; raw water pollution caused by high ammonia content found in Sungai ("Sg") Langat and the drastic decline in dam storage levels at several major dams in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya caused by many months of hot and dry weather and the reduction of rain at the water catchment areas and dams at end of 2013 and the beginning of 2014.

The water rationing as approved by SPAN was carried out following the decision of the Selangor State Government to reduce raw water supply. SYABAS was instructed to implement the water rationing plan.

PNSB and SYABAS took the crisis in their strides and provided their best services to the public by mobilising their manpower resources, water tankers and static tanks. They also worked with various government agencies at the Federal and State levels, regulatory authorities and ministries such as SPAN, Kementerian Tenaga, Teknologi Hijau Dan Air ("KeTTHA") and the Ministry of Defence Malaysia ("MOD"), during the 2014 Water Crisis.

In 2013, the Group's O&G Division saw the scope-of-work for its Transportation & Installation ("T&I") contracts for offshore facilities reduced as PETRONAS deferred works in anticipation of the new Pan Malaysia Contract. As a consequence, the O&G Division's revenue dipped some 41.5% and it recorded a loss before interest and tax of RM30.4 million for the financial year ended 31 December 2013. The O&G Division is refocusing its efforts to strengthen its position.



### **ACHIEVEMENTS**

Amidst 2013's many difficulties, the teams at PNHB Group steadfastly stayed the course, demonstrated resilience and fulfilled their commitments to our various stakeholders and consumers. I am pleased to report that the Group successfully weathered 2013's difficult operating environment to exceed all its key performance indicators ("KPIs") for the year. The Group also fulfilled its obligations in 2013 to provide a good supply of clean, treated water and successfully continued to manage the everincreasing demand for water within the areas under its operations.

In the year under review, PNSB's 29 WTPs and dams continued to operate in an efficient and robust manner producing high volumes of treated water of excellent quality above their design specifications. Despite the financial constraints faced, several plant improvements works were completed while new works were initiated and these helped to strengthen operational reliability and efficiency. PNSB also leveraged on information technology introducing new initiatives to further strengthen its core business operations.

Despite severe constraints on several fronts in the year under review, SYABAS continued to maintain the high service levels as required by the SYABAS Concession Agreement and the Ministry of Health's National Standard for Drinking Water Quality (2004). By the year's end, SYABAS had once again exceeded the performance targets it had set for itself for 2013, which were above the requirements of the SYABAS Concession Agreement. The year also saw SYABAS continuing to deliver good quality treated water amidst limited CAPEX funding.

On the O&G front, in the year under review, despite facing difficulties in meeting its revenue targets, GOM Resources managed to secure new service contracts towards the end of 2013. GOM Resources is awarded the Package B (Pipe laying) of Transportation and Installation Of Offshore Facilities For Year 2014 - 2016 Contract ("T&I" Package B Contract") by eleven (11) PETRONAS Production Sharing Contractors. Under the T&I Package B Contract, GOM Resources had on 23 December 2013 been awarded the 2014 Work Scope for the EVA-NMB Gas Delivery System (ENGDS) Project ("2014 Work Scope") from PETRONAS Carigali Sdn Bhd. In March 2013, GOM Resources was also awarded a contract by HESS Exploration and Production Malaysia BV for works relating to the North Malay Basin field which completed in October 2013.

In the year under review for the construction area, the Company together with Quality Concrete Holdings Bhd via a consortium completed 15 work orders of the Sarawak BALB Project. These completed work orders will provide cleaned piped water to 23,647 households, contributing partly to the Sarawak Government's effort to increase the water coverage from 59% to 90% at the end of 2013.

In 2013, PNSB's offices and WTPs continued to adhere to stringent international standards. PNSB's three Regional Offices and 26 WTPs successfully maintained their ISO 9001:2008 (Quality Management System) certification. PNSB's three Regional Offices and 27 WTPs successfully maintained their OHSAS 18001:2007 (Safety Management System) certification. The Sg Selangor Phase 2 ("SSP2") WTP successfully maintained its ISO 14001 (Environmental Management System) certification which in turn enabled it to maintain its Integrated Management System certification encompassing the ISO 9001:2008 (Quality), ISO 14001 (Environment) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems) standards. The year also saw PNSB's Central Laboratory successfully maintained its ISO 17025:2005 certification for the competency of its testing and calibration laboratories.

In 2013, PNSB's WTPs namely, Sg Langat WTP, Wangsa Maju WTP and SSP2 WTP received the ISO 22000:2005 (Food Safety Management System) certification together with Hazard Analysis and Critical Control Point ("HACCP") and Good Manufacturing Practice ("GMP") certification. While these are standards typically adopted by food and beverage industries, PNSB's adoption of these standards in its water treatment processes as a systematic, preventive approach to water safety, underscores its commitment to prioritising the wellbeing of consumers. With this achievement, PNSB is effectively one of the first to pioneer the adoption of this type of certification in the Malaysian water supply sector.

Three SYABAS districts namely, Klang/Shah Alam, Gombak and Kuala Selangor received OHSAS 18001:2007 (Health and Safety) accreditation while SYABAS' Human Resource & Administration Department was accreditated with ISO 9001:2008 (Quality Management System) certification.

GOM Resources remains committed to maintaining stringent Health, Safety and Environment ("HSE") measures throughout all its O&G operations. In 2013, GOM Resources successfully achieved 3.5 million manhours without a Loss Time Injury ("LTI"), underscoring its commitment to strong HSE practices and an injury-free workplace. The year saw PETRONAS Carigali Sdn Bhd recognising GOM Resources for achieving 1.5 million man hours without a LTI, while at the HESS project base, GOM Resources achieved a milestone of 250,000 manhours without a LTI during the 2013 Installation Programme. GOM Resources also received accreditation for its Integrated Management System ("IMS"). The IMS comprises the ISO 9001-2008 (Quality), ISO14001-2004 (Environment), ISO/TS 29001-2010 (Petroleum, Petrochemical and Natural Gas Industries – Section Specific Quality) and OHSAS 18001-2007 (Occupational Health and Safety) standards.

### **SEGMENTAL CORPORATE DEVELOPMENTS**

### Oil and Gas Opportunities

The Group remains optimistic about the O&G sector despite the setbacks faced in 2013. We see the enormous potential that this sector holds since our initial foray into this business in 2012. We have learnt much in the last two years and are better prepared to manage our resources and our risks.



Our current O&G capabilities involve construction and subsea services as well as marine support services to the offshore industry in Malaysia. Plans are in the offing to market our barge services in a more aggressive manner and expand this capability through collaborative efforts. Today, the O&G Division continues to explore both mid-stream and upstream opportunities, locally and across ASEAN.

Going forward, we anticipate that as the O&G Division grows its operations organically and/or by mergers and acquisitions ("M&As"), it will begin to once again deliver robust earnings and propel the Group closer towards achieving our Vision of becoming a significant player in this sector.

### **Prospects**

As issues of water security and water demand take more prominence globally, new horizons of opportunity are opening up for the PNHB Group to gain traction in the water, wastewater sectors and environment-related sectors both locally and abroad.

### Construction

Our involvement in the capacity upgrading of Sarikei WTP to improve the rural water supply in Sarawak and the Bunus project in Kuala Lumpur to improve the existing sewage infrastructure until February 2018 will keep our Construction segment busy.

### **Overseas Expansion**

In China, the Group is active in water supply and wastewater treatment ventures via our 98.65% owned Singapore subsidiary, Sino Water Pte Ltd ("Sino Water"). Our China projects, namely the Lushan Water Supply Project commenced operation in 2013 and the Binzhou Wastewater Treatment Project had been in operation since 2012.

In India, wholly owned subsidiary, Puncak Niaga Infrastructures & Projects Private Limited ("PNIP Pte Ltd") continues to explore opportunities in the integrated water, wastewater and environmental solutions arena. In Vietnam, our Representative Office in Ho Chi Minh City continues to evaluate potential water-related projects; the Myanmar Branch of PNHB was recently established, and our O&G Division's entity in Myanmar, GOM Resources Limited are on the look out for potential water and wastewater related businesses and potential O&G businesses.

As the PNHB Group looks to beyond its traditional markets to explore new horizons in China, India and neighbouring ASEAN countries, we recognise that our ventures must serve as sustainable growth platforms for our mid to long-term plans. As we venture forth, we remain committed to undertaking the necessary due diligence and advancing in a prudent manner in all new markets.

#### **Corporate Exercise**

PNHB's proposed issue of up to 40,910,609 free Warrants in PNHB ("Warrants") on the basis of one Warrant for every ten existing ordinary shares of RM1.00 each in PNHB held ("Proposed Free Warrants Issue") and a five-year Redeemable Convertible Secured Sukuk Ijarah ("Convertible Ijarah Sukuk") of up to RM165.0 million in nominal value ("Proposed Convertible Ijarah Sukuk Issue") ("The Proposals") were tabled and approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 28 May 2013.

The Proposals were completed in 2013.

### **CORPORATE & ENVIRONMENTAL SOCIAL RESPONSIBILITY**

Being a leading water supply facilitator and a conscientious corporate citizen, the Group remains committed to balancing our financial performance with responsible social and environmental behaviour. To this end, we continue to instil responsible and sustainable practices throughout our day-to-day operations so as to increase shareholder value and meet our societal and environmental obligations. The Group's Corporate Responsibility ("CR") Policy outlines our commitment to the environment, our employees, the communities we operate in and our other stakeholders.

As part of our CR measures to preserve the environment, we continue to strengthen our environmental performance and ensure the provision of clean and safe drinking water with minimal environmental impact. Our aim is to practise responsible use of freshwater that is environmentally sustainable as well as to ensure consumers have access to clean potable water that is of outstanding quality, in a reliable manner, at an affordable price. To this end, our Research & Development ("R&D") team is continually evaluating the best possible water treatment processes and water distribution operations to deliver high water quality to the public at effective cost.

We have taken this responsibility to provide clean water even further by developing (in collaboration with the Malaysian Armed Forces) an innovative mobile water purification system known as JERNIH (the acronym for Jointly developed Efficient Robust Novel Innovative and Handy water purification system). This lightweight, solar-powered bio-sand water filtration device effectively treats raw water in areas that have limited access to safe drinking water. Easily transported and installed, JERNIH can treat 3,000 litres of water a day to meet the needs of about 500 individuals.

In 2013, JERNIH was put to the test when Typhoon Haiyan hit the Philippines and the water supply in several areas was completely cut off. JERNIH units were deployed to the province of Leyte, in Tacloban with five PNHB employees accompanied by 11 Malaysian Armed Forces personnel utilising JERNIH to distribute clean water to typhoon victims. JERNIH units were again deployed when floods hit the East Coast of Malaysia in December 2013. All in all, JERNIH has proven to be an effective measure in channelling clean water to disaster stricken areas. This innovation continues to receive interest from governments and aid agencies over the world.

As an integral part of our strategy for long-term sustainable value creation, we recognise the need to foster and nurture meaningful relationships with our stakeholders. By actively engaging with stakeholders, we can better understand their views and concerns as well as build goodwill with them. Over the course of 2013, we continued to undertake a variety of stakeholder engagement activities that included visits, philanthropic activities, educational programmes, awareness sessions and participations – all of which helped strengthen ties with our many stakeholders and ensured the viability of our business. We also continue to assist the Government to address issues revolving around the water shortage crisis by conducting public sessions to disseminate updates on the status of the water supply as well as educating people on the need to save water.

The Group is committed to looking out for the wellbeing of its employees and ensuring they have an adequate work-life balance. To this end, we established the Association of Water Supply Workers for Selangor, Kuala Lumpur and Putrajaya ("Persatuan Kakitangan Bekalan Air Selangor, Wilayah Persekutuan Kuala Lumpur dan Putrajaya" or "PEKA") to provide welfare assistance and foster social and cultural bonds between the Group's employees and the community. PEKA is open to all employees of PNSB, SYABAS, POG and GOM Resources.

In 2013, PEKA organised various events that included recreational activities, sporting events and cultural and religious programmes with full support and encouragement from our Executive Directors and Senior Management.

In 2010, PEKA launched the "Program Bantuan Bekalan Air Tabung Budi", a welfare fund to help the poor, homeless, single parents, the disabled and those in need. This programme continues to grow from strength to strength with contributions from PEKA members, employees of PNSB/SYABAS/POG/GOM Resources, individuals and corporate bodies going a long way in alleviating the plight of beneficiaries. To date, some 2,937 individuals including PEKA members, employees of SYABAS and PNSB, as well as the public support Tabung Budi. Funds from the Tabung Budi go towards paying off water bill arrears, water connection charges as well as the repair of water pipes and meter stands. The Tabung Budi funds also cover the installation of water supply for new water accounts, installation and reconnection charges on water supply to recipients' residences, and the payment of monthly bills.

In 2013, Tabung Budi held 42 events whereby presentation ceremonies were held at recipients' residences in ten districts. Since the programme's inception, some 552 families have benefited from the Tabung Budi Programme while a total of RM431,332.56 has been funded.

We are acutely aware of the importance of protecting our natural environment and mitigating the impact of our operations on the same. As part of our efforts to conserve the environment, especially rivers, which are the main sources of raw water, our Environmental Surveillance section continuously monitors environmental conditions in the catchment areas that provide us with raw water.

To inculcate a sense of environmental responsibility amongst the general public, we run a variety of public programmes, among which the River Rescue Brigade ("Briged Penyelamat Sungai" or "BPS") stands out. This programme educates students from primary/secondary/tertiary schools in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya about the vital importance of protecting the environment. In 2013, our BPS implemented various events involving educational, entertainment activities, gotong-royong and exhibitions to educate the public and students about the importance of conserving and protecting our water resources. As at end 2013, there were approximately 7,440 BPS club members comprising students from 331 schools in the areas under our care.

As PNHB sets its sights on being a water and water related specialist as well as a significant player in O&G sector, we will work to ensure that the agenda of sustainability remains part and parcel of our corporate makeup. Only by balancing our economic ambitions with our societal and environmental obligations, can we truly hope to prosper in a holistic manner.

### **CORPORATE GOVERNANCE**

PNHB is committed to upholding the principles of transparency, integrity and accountability by implementing a rigorous corporate governance regime that serves to ensure a fair deal for all stakeholders. Our primary aim is not only to maintain the highest ethical standards but to build a business which is sustainable and which makes a real difference in the areas of environmental protection, wealth creation and nation building.

In 2013, the Board continued to adopt the principles outlined in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). By continuously upholding and implementing strong standards of corporate governance, we are ensuring that we are in a credible position to enhance stakeholder value, bolster investor and customer confidence as well as safeguard the Group's reputation. Our corporate governance efforts are set out in the Statement on Corporate Governance on pages 148 to 171 of this Annual Report.

### **AWARDS AND ACCOLADES**

In 2013, the PNHB Group and its subsidiaries continued to receive a host of awards and accolades underscoring our collective commitment to upholding high standards throughout the length and breadth of our operations.

On 23 January 2014, Alpha Southeast Asia Magazine awarded PNHB with the Borrower Award for its RM165.0 million Convertible Sukuk Ijarah and awarded PNHB's Principal Adviser, Lead Arranger, Lead Manager & Bookrunner for PNHB RM165.0 million Convertible Sukuk Ijarah, Hong Leong Investment Bank with the Best Equity-Linked Deal of The Year In Southeast Asia.

On 31 March 2014, PNHB was awarded an international award namely, the Diamond Eye Award For Quality Commitment & Excellence by Otherways Association Management & Consulting (France).

As a testament to the strong performance of PNSB's operations, the Wangsa Maju WTP was awarded the Gold Trophy Award under the water utility sector category from the National Council of Occupational Safety & Health ("NCOSH"), while it was accorded the Gold Merit Award from the Malaysian Society for Occupational Safety & Health ("MSOSH"). Five of PNSB's other WTPs, namely the SSP2, Bernam River Headworks, Sg Langat, Salak Tinggi and Sg Rangkap WTPs, all received Gold (Class I) Awards from MSOSH attesting to the high OSH standards at these WTPs.

At the International Convention on Quality Control Circle 2013 ("ICQCC") held in Taipei, Taiwan on 22 to 25 October 2013, PNSB achieved the Excellence Award for its project which resolved the high consumption of polymer in the water treatment process at SSP2 WTP. On 24 October 2013, PNSB achieved the Silver Award for the Malaysia HR Awards 2013 (Employer of Choice).

On 6 December 2013, our Central Laboratory received the 2013 Institut Kimia Malaysia ("IKM") Laboratory Excellence Award from the Institut Kimia Malaysia whilst maintaining the ISO 17025:2005 certification for achieving high international standards in training, health and safety.

SYABAS too received recognition for its outstanding efforts. All of SYABAS' ten districts earned MSOSH awards in 2013. Seven SYABAS districts, namely Kuala Lumpur, Hulu Langat, Klang, Sepang, Sabak Bernam, Hulu Selangor and Kuala Selangor districts, obtained Gold (Class I) Awards; while the remaining three districts, namely the Kuala Langat, Petaling and Gombak districts, earned the Gold (Class II) Awards.

SYABAS earned second place in the Video Contact Centre (Open) category at the Contact Centre Association Malaysia's 14th Malaysia CRM & Contact Centre Industry Awards 2013 event.

In 2013, Petronas Carigali Sdn Bhd awarded GOM Resources the HSE Awards and Recognition 2012 for its strong HSE performance for achieving 1.5 million manhours without a LTI.

#### **OUTLOOK AND PROSPECTS**

#### **Economic Outlook**

In 2013, the global economy expanded at a modest pace amid an uneven growth environment across economies. In the advanced economies, growth continued to improve gradually. The pace of recovery, however, was modest as policy uncertainties and structural constraints continued to weigh on overall demand. Growth in emerging economies moderated as domestic demand was affected by the prolonged weakness in external demand.

The Malaysian economy is expected to remain on a steady growth path in 2014, expanding by 4.5%-5.5%. Domestic demand will remain the key driver of growth, albeit at a more moderate pace. Private investment is forecast to register robust growth for the fifth consecutive year, driven by the ongoing implementation of multi-year projects and the improvement in external demand. Public investment is projected to register a higher growth, supported by both Government and public enterprise capital spending. Private consumption will be underpinned by healthy labour market conditions and sustained income growth. Public consumption is anticipated to record a lower growth due to the ongoing fiscal consolidation.

(Source: Bank Negara Malaysia Annual Report 2013)

### **Group Prospects**

Going forward, we remain hopeful and are totally committed to supporting an imminent Governmental resolution to the restructuring of the water services sector in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. This matter has been long outstanding since 2008 and we believe that it must be laid to rest in a way that is mutually beneficial to all parties, especially the general public.

The Group is also actively exploring opportunities to provide solutions to the Federal Government, to improve the existing water infrastructure and to increase the supply of treated water in rural areas throughout the country.

On the environmental front, we are looking for opportunities to leverage our expertise and experience in the sewerage and solid waste sectors. We will keep an eye on prospects in the construction sector too.

The PNHB Group also remains committed to pursuing growth opportunities in the O&G sector in accordance with our vision to become a significant player in this sector. We are optimistic about clinching more Engineering, Procurement Installation & Commissioning ("EPIC") and Engineering, Procurement, Construction, Installation & Commissioning ("EPCIC") projects given our collaborative ventures and will also examine the



possibility of acquiring O&G assets or embarking on M&As to further drive growth. Given recent developments and our long-term strategies for this O&G business, we are optimistic of achieving sustainable long-term growth in this area.

### **APPRECIATION**

The Group has proven its mettle and remained resilient in the face of yet another year of seemingly endless challenges. On behalf of the Board, I would like to express my deep gratitude to our Management and staff for the sacrifices, loyalty and spirit of excellence they have continually displayed in the face of adversity. Your dedication and teamwork has brought us thus far, and will undoubtedly take us even further as we press forward on our journey to success.

I also wish to convey my sincere appreciation to our customers, investors, financiers, business partners, stakeholders and shareholders for their unwavering loyalty and support; and to the Government and various government authorities, agencies and non-governmental organisations for the advice, support and cooperation they have accorded us over the course of last year.

Last but not least, I wish to express my heartfelt gratitude to my colleagues on the Board for their wise counsel and astute insights which have helped us steer through the challenges and capitalise on opportunities.

As we move forward, I trust our many stakeholders and shareholders will lend us their worthy support. Rest assured we will continue to work hard to fulfil our obligations by ensuring the highest levels of service to our customers, whilst preserving the environment and turning in a robust performance.

Thank you.

TAN SRI ROZALI ISMAIL

Executive Chairman 28 April 2014





# We ensure operational efficiency







### **CORPORATE PROFILE**

### **OUR COMPANY**

THE PUNCAK NIAGA HOLDINGS BERHAD ("PNHB") GROUP IS THE LEADING REGIONAL INTEGRATED WATER, WASTEWATER AND ENVIRONMENTAL SOLUTIONS PROVIDER AND AN EMERGING SIGNIFICANT PLAYER IN THE OIL & GAS SECTOR.

PNHB is an investment holding company whilst its subsidiaries are principally involved in the operation, maintenance, management, construction, rehabilitation and refurbishment of water treatment facilities, the supply and distribution of treated water within the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, undertaking offshore installation contract work specifically in the area of integrated transportation and installation of offshore facilities as well as undertaking research and development and technology development for the water, wastewater and environment sectors.

Established on 7 January 1997, PNHB was listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad) on 8 July 1997. As at the end of 31 December 2013, PNHB's market capitalisation stood at RM1.33 billion. It is the first water treatment and supply concession company to be listed on Bursa Malaysia Securities Berhad under the Infrastructure Project Company guidelines issued by Securities Commission.

### **OUR CORE BUSINESS AND CAPABILITIES**

Our subsidiary, Puncak Niaga (M) Sdn Bhd ("PNSB") which holds five water treatment concessions with the Selangor State Government, is the nation's second largest water supply concessionaire, operating, managing and maintaining 29 water treatment plants with a combined capacity of 1,930 million litres per day. PNSB undertook the finance, design, construction, operation, management and maintenance of the Sungai Selangor Phase 2 Water Treatment Plant with a design capacity of 950 million litres per day at a cost of RM1.28 billion which was completed on 1 January 2001, one year ahead of schedule. Subsequently, PNSB completed the Wangsa Maju Water Treatment Plant with a design capacity of 45 million litres per day at a cost of RM122.0 million in a record time of six months in July 1998, during the water crisis. These early completion of projects clearly exemplifies the PNHB Group's excellent capabilities in managing and undertaking large-scale water supply projects in Malaysia.

Under a separate concession agreement with the Federal Government and the Selangor State Government, our other subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") supplies treated water to consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya to a population of 7.5 million including industrial and commercial users, with a total registration of 1.94 million consumer accounts as at 31 December 2013. SYABAS also undertakes the maintenance of 26,958 km of water pipes, 1,536 service reservoirs, elevated water tanks and suction tanks and 619 booster pumping stations within the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.

In mid 2008, PNHB Group entered the China market via its then 80% owned subsidiary, Sino Water Pte Ltd ("Sino Water"), a company incorporated in Singapore which focuses primarily on potential markets in China. PNHB had on 15 December 2010 further increased its stake in Sino Water to 98.65%. Sino Water has established various subsidiaries in the People's Republic of China to undertake potable water and wastewater projects in several provinces in China.

To facilitate PNHB Group's overseas expansion plans in water and our new business sectors in the Asian countries, in mid 2010, PNHB formed a wholly owned Singapore subsidiary, Puncak Niaga Overseas Capital Pte Ltd, which will spearhead our entry into Vietnam, Cambodia, Laos and other Asian countries.

In March 2011, PNHB set up a Representative Office in Ho Chi Minh City, Saigon, Vietnam to explore potential business opportunities in Vietnam.

On 10 March 2011, PNHB formed a 100% owned subsidiary in India, Puncak Niaga Infrastructures & Projects Private Limited which will focus primarily on potential markets in India.

On 23 May 2011, PNHB's wholly owned subsidiary, Puncak Oil & Gas Sdn Bhd ("POG") entered into Agreements to acquire 40% equity interest in two (2) oil and gas entities, namely GOM Resources Sdn Bhd ("GOM Resources") and KGL Ltd. ("KGL") with proven track records in undertaking oil and gas works for Petronas which will enable Puncak Group to make further forays and strengthen its presence as a significant company in the oil and gas industry. The 40% equity acquisitions of GOM Resources and KGL were completed on 30 June 2011.

On 28 September 2011, POG completed the acquisitions of the remaining 60% equity interest in GOM Resources and KGL thereby resulting in both GOM Resources and KGL becoming wholly owned subsidiaries of POG.

### **CORPORATE PROFILE**

On 9 January 2013, POG incorporated a wholly owned limited company in The Republic of the Union of Myanmar ("Myanmar"), namely, GOM Resources Limited to explore potential business opportunities in Myanmar.

On 1 March 2013, Sino Water's wholly-owned subsidiary, Sino Water Environmental Consultancy (Shanghai) Co Ltd established a Liaison Office in Chengdu, Sichuan Province, China to explore potential business opportunities in Sichuan Province.

On 23 August 2013, PNHB acquired a 100% wholly-owned subsidiary, namely Puncak Niaga Construction Sdn Bhd (formerly known as Lambang Sejagat Sdn Bhd) which will focus primarily on construction business.

On 23 August 2013, PNHB also acquired a 100% wholly-owned subsidiary, namely Murni Estate Sdn Bhd, which will focus on estate and plantation related business. Murni Estate Sdn Bhd is currently a dormant company.

On 31 December 2013, the Company established a branch in Myanmar namely, Puncak Niaga Holdings Berhad (Myanmar Branch) to facilitate PNHB Group to explore potential water and wastewater related businesses opportunities in Myanmar. The permanent Form of Permit is valid from 31 December 2013 to 30 December 2018.

On 20 February 2014, Luancheng Dayu Water Supply Co Ltd, a sub-subsidiary of the Company via Sino Water (a 98.65% wholly owned subsidiary of the Company) ceased to be a subsidiary of Sino Water.

On 14 March 2014, PNHB had acquired a wholly-owned subsidiary, namely Magnum Nature Sdn Bhd to facilitate the Group's business expansion plans. Magnum Nature Sdn Bhd is currently a dormant company.

On 28 April 2014, the Company established a branch in Brunei Darussalam namely, Puncak Niaga Holdings Berhad (Brunei Branch) to facilitate business development efforts for PNHB's Group in Brunei Darussalam.

Our customer contact centre, PUSPEL which is manned by a team of highly trained call agents operates 24 hours daily and provides customers with a convenient and effective way to contact SYABAS on water supply matters. In May 2007, PUSPEL received the 2007 Malaysia Water Award for Excellence in Customer Service Management from the Malaysian Water Association.

On 8 October 2010, PUSPEL was awarded the special award, "The Best Emerging Contact Centre" category for Government Link Company by the Contact Centre Association of Malaysia

at Customer Relationship Management & Contact Centre Association of Malaysia Award 2010 in recognition of PUSPEL's excellent customer service to all water users in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.

Out of the manpower strength of more than 4,000 employees in the PNHB Group, more than half comprise Management, professionals, technical and supervisory executives with core competencies in engineering, accountancy, legal, management, administration and business; which are instrumental in supporting the Group's businesses and operations.

### **OUR COMMITMENT TO CORPORATE CITIZENSHIP**

The PNHB Group is committed to upholding the principles of good corporate governance and core values such as quality, value, service, innovation and trust in the conduct of our business which are integral to our success over the years. We have received various repeat awards and accolades for good governance, annual reporting, occupational safety and health; and environmental and social reporting.

In line with our corporate vision and mission, we seek to be environmentally responsible in the protection, conservation and enhancement of the natural environment, particularly in the management aspect of the water resources, which is relevant to our business operations. Our River Rescue Brigade ("Briged Penyelamat Sungai") programme which was initiated by our Executive Chairman in 1998 is a programme which aims to educate the younger generation on the importance of the conservation and protection of the environment, especially the rivers. To date, we have enlisted 7,151 school children, 289 University students and 327 schools in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya into the programme. In November 2007, our River Rescue Brigade was accorded an Honourable Mention at the inaugural Prime Minister's Corporate Social Responsibility (CSR) Award 2007. Another programme, the Educational Outreach Programme ("Turun Ke Padang") launched in 1999, is an extension of the River Rescue Brigade which aims to educate the primary and secondary school and tertiary level children located within our areas of operations on the importance of river preservation. The objectives of these programmes are to ensure the continuous supply of clean water as well as to enlighten them on the roles played by PNSB and SYABAS in the water treatment and water distribution processes respectively.

### **OUR FUTURE PLANS**

As the PNHB Group seeks to grow its business and deliver value to the stakeholders, we will look into expanding our operations in areas related to our core business and other sectors such as oil & gas sector, construction sector and competencies within Malaysia and undertaking projects in other countries such as India, China and the ASEAN countries.

### **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Yang Berbahagia Tan Sri Rozali Ismail **Executive Chairman** 

Yang Berbahagia Dato' Ruslan Hassan Non-Independent

Non-Executive Director

Yang Berbahagia Dato' Ir Lee Miang Koi

Non-Independent Non-Executive Director

Yang Berbahagia **Dato' Syed Danial Syed Ariffin** Chief Operating Officer

Yang Berbahagia Tan Sri Dato' Hari Narayanan Govindasamy Independent Non-Executive Director

Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director

Yang Amat Mulia Tengku **Dato' Rahimah Almarhum Sultan** Mahmud

Non-Independent Non-Executive Director

Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director

Mr Ng Wah Tar **Executive Director** Corporate Finance Division

#### **COMPANY SECRETARIES**

Madam Tan Bee Lian (MAICSA 7006285)

Madam Lim Yew Heang (MAICSA 7007653)

### **REGISTERED OFFICE**

10th Floor, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13 40100 Shah Alam Selangor Darul Ehsan : +603-5522 8428 : +603-5512 0220

### PRINCIPAL OFFICE

Fax

Wisma Rozali. No. 4, Persiaran Sukan Seksyen 13 40100 Shah Alam Selandor Darul Ehsan Tel : +603-5522 8589 Fax : +603-5522 8598

e-mail (general):

pr@puncakniaga.com.my e-mail (investors):

investors@puncakniaga.com.my website: www.puncakniaga.com.my

### **BRANCH OFFICES IN MALAYSIA**

### **Penana Office**

No. 12C. Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang : +604-397 8589

### Sarawak Office

Lot 10864 & 10865 Section 64, KTLD Jalan Mendu

93200 Kuching, Sarawak Tel : +6082-332 589 : +6082-337 589 Fax

### Sri Aman Site Office (Zone 1):

1st Floor, Lot 440 Block 3. Jalan Club 95000 Sri Aman, Sarawak : +6083-320 335 Fax : +6083-320 340

### Sarikei Site Office (Zone 2):

1st Floor, No. 82C Wisma Kua Jalan Masjid Lama 96100 Sarikei, Sarawak Tel : +6084-656 206 Fax : +6084-656 208

### Sabah Office:

No. 5, 1st Floor, Block A Lorong Plaza Permai 1 Alamesra, Sulaman Coastal Highway 88400 Kota Kinabalu

Sabah

Tel : +6088-486 070 Fax : +6088-486 069

### **SUBSIDIARY OFFICES**

#### **MALAYSIA**

Wisma Rozali

### Puncak Niaga (M) Sdn Bhd's ("PNSB") Office

No. 4, Persiaran Sukan, Seksven 13 40100 Shah Alam Selandor Darul Ehsan Tel : +603-5522 8589 : +603-5522 8598 Fax

### Syarikat Bekalan Air Selangor Sdn Bhd's ("SYABAS") Office

SYABAS Head Office Jalan Pantai Baharu 59200 Kuala Lumpur

: +603-2282 6244 / +603-2088 5400

Fax : +603-2282 7976

e-mail: puspel@syabas.com.my Website: www.svabas.com.mv Network: follow@puspel

(on Twitter and Facebook)

### **CORPORATE INFORMATION**

### Puncak Oil & Gas Sdn Bhd's Office

Level 17, Tower 1 Etiqa Twins

No. 11, Jalan Pinang 50450 Kuala Lumpur Wilayah Persekutuan

Tel : +603-2176 2000 Fax : +603-2176 2100 e-mail : info@puncakoil.com

#### **GOM Resources Sdn Bhd's Office**

Level 17, Tower 1 Etiga Twins

No. 11, Jalan Pinang 50450 Kuala Lumpur Wilayah Persekutuan

Tel : +603-2176 2000 Fax : +603-2176 2100

e-mail: info@gomresources.com

### Puncak Niaga Construction Sdn Bhd (formerly known as Lambang Sejagat Sdn Bhd)'s Office

3rd Floor, Wisma Rozali No. 4, Persiaran Sukan

Seksyen 13, 40100 Shah Alam

Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5510 1196

### KGL Ltd.'s Office

c/o Lot 1, 2<sup>nd</sup> Floor Wisma Siamloh Jalan Kemajuan

87007 Federal Territory of Labuan

Tel : +608-741 7810 Fax : +608-742 4220

e-mail: info@gomresources.com

#### **SINGAPORE**

### Sino Water Pte Ltd's and Puncak Niaga Overseas Capital Pte Ltd's Offices

No. 8, Eu Tong Sen Street #22-85 & #22-86

The Central

Singapore 059818

Tel : +65 6224 9220 (Main Line)

+65 6222 7926

Fax : +65 6222 6812

#### **CHINA**

### Sino Water Environmental Consultancy (Shanghai) Co. Ltd's Office

Unit 301, No. 398 City Gateway Caoxi (North) Road Xuhui District 200030 Shanghai

People's Republic of China Tel : +86-21-6090 5282 Fax : +86-21-6090 5281

### Sino Water Environmental Consultancy (Shanghai) Co. Ltd's Liaison Office

Level 28, One Aerospace Center, No. 7, Xin Guang Hua Street,

Jin Jiang District, 610016 Chengdu

People's Republic of China

Tel : +86 28 6283 3442/43/46/48

Fax : +86 28 6283 3550

### Luwei (Pingdingshan) Water Co. Ltd's Office

No. 6, ShunCheng Road (East)

Lushan County Henan Province

467300 People's Republic of China Tel/Fax: +86-375-5891036

### Xinnuo Water (Binzhou) Co. Ltd's Office

Chenlou Industrial & Commerce Park Laodian Town

Yangxin County
Shandong Province

251802 People's Republic of China Tel/Fax: +86-543-8983008

### Hebei Sino Panlong Industrial Water Supply Co. Ltd's Office

No. 117, Renmin Road

Yuanshi County Hebei Province

051130 People's Republic of China Tel/Fax: +86-311-84638813

### **INDIA**

### Puncak Niaga Infrastructures & Projects Private Limited

No. 12, 7<sup>th</sup> Main Road

First Floor

Kasturibai Nagar

Adyar

Chennai 600020 Tamil Nadu, India

Tel : +91-44-42102058 Fax : +91-44-42102028

### **MYANMAR**

### **GOM Resources Limited**

c/o No. 79, Taw Win Road

Dagon Township 11191 Yangon

Myanmar

Tel: +95-973 999911/

+95-973 999966

Fax : +95-1221 789

### **BRANCHES IN OVERSEAS**

### **MYANMAR**

### Puncak Niaga Holdings Berhad (Myanmar Branch)

c/o No. 134/A, Than Lwin Road

Golden Valley Wards 1
Bahan Township, Yangon

Republic of the Union of Myanmar

Tel : +95-152 6180

### **BRUNEI**

### Puncak Niaga Holdings Berhad (Brunei Branch)

c/o Room 308B, 3rd Floor Wisma Jaya, Jalan Pamancha Bandar Seri Begawan BS8811 Negara Brunei Darussalam Tel : +673-223 2780/1/2

Fax : +673-223 2780/1/

### **CORPORATE INFORMATION**

### **REPRESENTATIVE OFFICE**

### **VIETNAM**

The Representative Office of Puncak Niaga Holdings Berhad

16F, Saigon Tower 29, Le Duan Street District 1, Ho Chi Minh City

Saigon, Vietnam

Tel : +84-8-35207601 Fax : +84-8-35207604

### DATE AND PLACE OF INCORPORATION

7 January 1997, Malaysia

### **COMPANY NUMBER**

416087-U

### **AUDITORS**

Messrs KPMG (AF 0758)

### **TAX ADVISORS**

Ernst & Young Tax Consultants Sdn Bhd

### **PRINCIPAL BANKERS**

RHB Bank Berhad (6171-M)
OCBC Bank (Malaysia) Berhad (295400-W)
Hong Leong Bank Berhad (97141-X)
United Overseas Bank (Malaysia) Bhd
(271809-K)

### **SOLICITORS**

Messrs Adnan Sundra & Low Messrs Belden Messrs Lee Hishammuddin Allen & Gledhill Messrs Skrine Messrs Soo Thien Ming & Nashrah Messrs Sreenevasan Young

Messrs Zul Rafique & Partners

### **SHARE REGISTRAR**

(place where all registers of securities are kept)

### Tricor Investor Services Sdn Bhd (118401-V)

Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel : +603-2264 3883

: +603-2282 1886

### STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad Infrastructure Project Companies Sector

#### INDICES

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FTSE Bursa Malaysia Kuala Lumpur FTSE Bursa Malaysia Emas Syariah Index

### **AUDIT COMMITTEE**

#### Chairman:

Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

### **Members:**

Yang Berbahagia Tan Sri Dato' Hari Narayanan Govindasamy Yang Amat Mulia Tengku Dato' Rahimah Almarhum Sultan Mahmud Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

### **Secretaries:**

Madam Tan Bee Lian Madam Lim Yew Heang

### **REMUNERATION COMMITTEE**

#### Chairman:

Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

#### **Members:**

Yang Berbahagia Tan Sri Dato' Hari Narayanan Govindasamy Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh Mr Ng Wah Tar

### **Secretaries:**

Madam Tan Bee Lian Madam Lim Yew Heang

### **NOMINATION COMMITTEE**

#### Chairman:

Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

#### **Members:**

Yang Berbahagia Tan Sri Dato' Hari Narayanan Govindasamy Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

#### Secretaries:

Madam Tan Bee Lian Madam Lim Yew Heang

### COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

### Chairman:

Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

### **Members:**

Mr Ng Wah Tar Madam Tan Bee Lian Madam Wong Ley Chan Tuan Haji Sonari Solor Cik Hayati Ab Wahab

#### Secretary:

Madam Johty Priyatharashani D/O Tiagarajah

### PNHB GROUP FACT SHEET

### PNHB FACT SHEET

As at 31 December 2013

Authorised Share Capital RM1,300,000,000

### Paid-Up Share Capital RM411,260,838

(comprising 411,260,838 ordinary shares of RM1.00 each)

Number of Shares Issued 411,260,838

Number of Warrants Issued 40,792,666

Warrants Maturity Date 20 July 2018

### **PNSB FACT SHEET**

As at 31 December 2013

Number of PNSB's Water Treatment Plants

Number of Water Treatment Plants with ISO Certifications 26

### GOM Resources Fact Sheet

As at 31 December 2013

Number of Barge vessel

### **SYABAS FACT SHEET**

As at 31 December 2013

Number of SYABAS' Consumer Accounts 1.94 million

Maintenance of water pipes 26,958 km

Number of service reservoirs, elevated water tanks and suction tanks

1,536

Number of pumping stations

619

### **Group Manpower as at 25 April 2014:**

Category of	No. of Personnel	Gender		Race (In Malaysia)				Race (Overseas)		
Employees		Male	Female	Malay	Chinese	Indian	Others	Malay	Chinese	Indian
Management	318	222	96	248	42	11	4	-	12	1
Executive	1,167	642	525	1,070	46	35	8	1	6	1
Non-Executive	3,341	2,766	575	3,088	5	157	9	-	81	1
Total	4,826	3,630	1,196	4,406	93	203	21	1	99	3
Grand Total	4,826	4,8	26	4,826						

### **PNHB GROUP FACT SHEET**



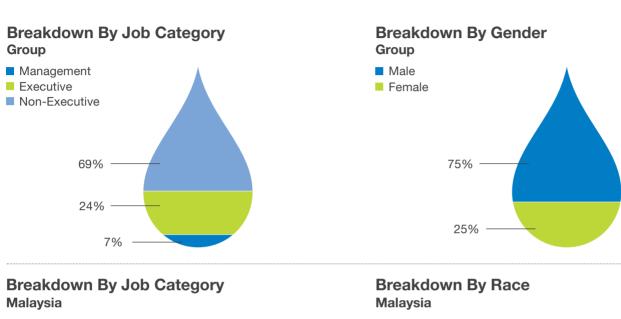
### LIST OF CORPORATE MEMBERSHIPS

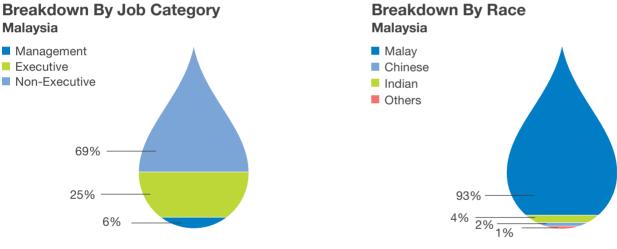
1	Malaysian Water Association (MWA)	Member since 1994
2	Malaysia South-South Association (MASSA)	Member since 1995
3	Federation of Public Listed Companies (FPLC)	Member since 1997
4	Malaysian Employers Federation (MEF)	Member since 1999
5	Malaysian Industry-Government Group for High Technology (MIGHT)	Member since 2001
6	Malaysian-German Chamber of Commerce and Industry (MGCC)	Member since 2002
7	National Institute of Occupational Safety and Health (NIOSH)	Member since 2002
8	American Water Works Association (AWWA)	Member since 2002
9	Malaysian-French Chamber of Commerce and Industry (MFCCI)	Member since 2002
10	Malaysia-Russia Business Council	Member since 2002
11	British Malaysian Chamber of Commerce (BMCC)	Member since 2003
12	Malaysia-Japan Economic Association (MAJECA)	Member since 2003
13	Commonwealth Partnership for Technology Management (CPTM)	Member since 2003
14	Institute of Marketing Malaysia (IMM)	Member since 2003
15	South East Asian Water Utilities Network (SEAWUN)	Member since 2004
16	Malaysian Islamic Chamber of Commerce (MICC)	Member since 2006
17	Singapore Water Association	Member since 2006
18	Malaysian Investors Relations Association (MIRA)	Member since 2008
19	Water Association of Selangor, Kuala Lumpur and Putrajaya (SWAn)	Member since 2008
20	Malaysian Nature Society (MNS)	Member since 2009
21	Environmental Management & Research Association of Malaysia (ENSEARCH)	Member since 2009
22	Malaysia-Europe Forum (MEF)	Member since 2011
23	Malaysia Oil & Gas Service Council	Member since 2011
24	Malaysia External Trade Development Corporation (MATRADE)	Member since 2012
25	Arab-Malaysian Chamber of Commerce	Member since 2012
26	EU-Malaysia Chamber of Commerce and Industry	Member since 2012

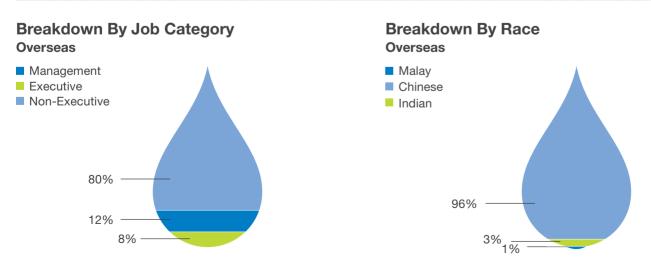
### **PNHB GROUP FACT SHEET**

### **MANPOWER ANALYSIS**

As At 25 April 2014







### **OUR ROLE IN THE WATER SUPPLY SYSTEM**

**REGULATORY AUTHORITIES** 

**OPERATORS** 

### Manages Selangor Water river basin Management upstream **Dam Operators in Selangor** Planning, Enforcement and Surveillance by Government Agencies beginning 3 **RIVERS DAMS** Authority nautical miles (LUAS) from the sea Puncak Niaga (M) Sdn Bhd (PNSB) Oversees Department of environment Environment issues Sungai Selangor Sdn concerning (DOE) Bhd (SPLASH) rivers Konsortium ABASS Sdn Bhd Department of Policy, I Flood control Irrigation and and river Drainage Malaysia management (DID) WTP Operators in Selangor Puncak Niaga (M) **SCHEMATIC DIAGRAM OF WATER** Sdn Bhd (PNSB) TREATMENT SYSTEM Sungai Selangor Sdn Bhd (SPLASH) Konsortium ABASS Sdn Bhd Konsortium Air Selangor Sdn Bhd (KASB) National Water Services **Water Supply Distributor** for Selangor, Kuala Lumpur and Putrajaya Commission (SPAN) Mixing Channel Clear Water Tank To River / Sludge Lagoons Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) Ministry of Health (MOH) - water quality Water Meter (Condominium / Flat (Industrial / Factory)

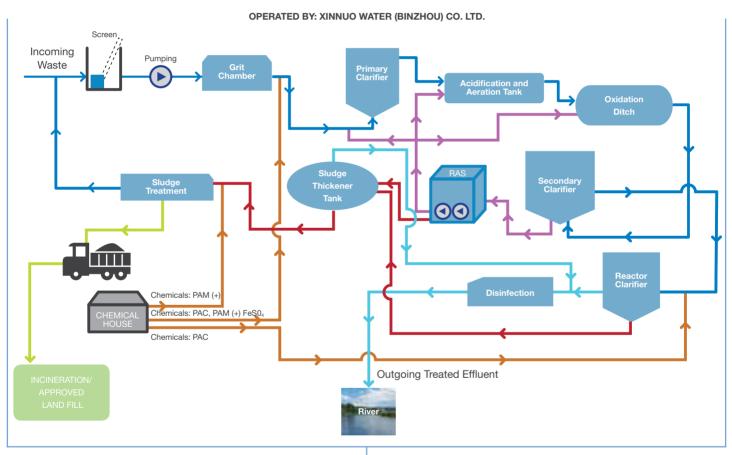
### **OUR ROLE IN THE WASTEWATER SYSTEM**

### **INDUSTRY**





### SCHEMATIC DIAGRAM OF WASTEWATER TREATMENT SYSTEM





### 1997



### 8 JUL

Listing on the Main Board of the KLSE (now known as Main Market of Bursa Malaysia Securities Berhad effective 3 August 2009) and launching of Puncak Niaga Holdings Berhad's ("PNHB") Homepage.

### **16 OCT**

Signing Ceremony of Turnkey Construction Contract between PNSB and Seni Kembara-Hazama-Central Energy-OTV Consortium for the construction of Stage 2 of SSP2 Water Treatment Plant ("WTP").

### 1998



### **14 MAR**

Rivercare Campaign I for school children was launched by YB Datuk Haji Mohd Khalid Mohd Yunus, the former Deputy Minister of Education.

### **20 JUL**

Official Ceremony to mark the release of initial 100 MLD of treated water at SSP2 WTP.

### 1999

#### 4 JAN

PNHB was included in the KLSE Composite Index (now known as FTSE Bursa Malaysia Kuala Lumpur Composite Index).



#### 9 APF

Signing Ceremony of the Second Amendment to the Construction Cum Operation Agreement.

#### 1 DEC

PNHB was included in the Morgan Stanley Capital International Standard Index.

### 2000





### 12 OCT

PNHB won the KLSE Corporate Excellence Award 2000 for Main Board Companies and the KLSE Corporate Sectoral Award 2000 for Main Board Infrastructure Project Companies.

### **8 NOV**

PNHB was honoured with the NACRA 2000 Industry Excellence Award for the 'Construction & Infrastructure Project Companies' category.

### 2001





### **19 APR**

PNHB received the Certificate of Approval by Lloyd's Register Quality Assurance ISO 9002:1994, EN ISO 9002:1994, BS EN ISO 9002:1994, MS ISO 9002:1994 for Quality Management System of Wangsa Maju WTP

### 6 NOV

PNHB was awarded the NACRA 2001 Industry Excellence Award under the 'Construction & Infrastructure Project Companies' category.

PNSB received the Occupational Safety & Health Award 2000 Gold Award for SSP2 WTP.

### **10 NOV**

PNHB was awarded the Anugerah Citra Laporan Tahunan 2001 by Dewan Bahasa dan Pustaka.

### 2002

#### **26 MAR**

PNHB Group's Executive Chairman, YBhg Tan Sri Rozali Ismail was awarded the Asia Water Management Excellence Award 2002 under the Individual Award Category.

### **31 OCT**

PNHB was awarded the NACRA 2002 Industry Excellence Award under the 'Construction & Infrastructure Project Companies' Category.

### 2003



#### **20 FEB**

PNHB received the Asiamoney Corporate Governance Poll 2002 Award for 'Best Corporate Governance Standards in the Utilities Sector in Malaysia'.

### **14 JUN**

PNHB received the Institute of Public Relations Malaysia IPRM Crystal Award 2002 under the Environmental Relations Category for the River Rescue Brigade Programme and the Voluntary Relations Category for the Educational Outreach Programme.

### 2004

### **13 FEB**

PNHB was awarded the KLSE Corporate Sectoral Award 2003 for Main Board by Bursa Malaysia.

### **15 DEC**

Concession Agreement for the Privatisation of Water Supply Distribution in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya between SYABAS, the Federal Government and the Selangor State Government.



### **31 DEC**

Handover Ceremony of the 26 WTPs in Selangor, Kuala Lumpur and Putrajaya from CGE Utilities (M) Sdn Bhd to PNSB at Bukit Nanas WTP.

### 2005



### 1 JAN

YAB Dato' Seri Dr Mohd Khir Toyo officiated the ceremony to mark the commencement of operations of SYABAS at SYABAS' Headquarters.

### **19 JAN**

YBhg Tun Dr Lim Keng Yaik, the former Minister of Energy, Water and Communications, witnessed the Signing Ceremony of the Financing Facilities Agreement between SYABAS and a panel of financial institutions at Hotel Istana Kuala Lumpur.

### 2006

### **16 OCT**

PNHB announced a capital repayment of up to RM767.84 million via a cash distribution to reward its shareholders.



### **28 NOV**

Official Opening Ceremony of Wisma Rozali, Shah Alam, Selangor.

### 2007

### **15 MAR**

Signing Ceremony of the Collaboration Agreement between Puncak Research Centre Sdn Bhd and DHI Water • Environment • Health Denmark.

### 2007

#### **30 MAR**

Handover Ceremony of Sg Sireh WTP from Kumpulan Perangsang Selangor Berhad to PNSB.

#### **15 MAY**

SYABAS garnered the 2007 Malaysia Water Award (Management Category) for PUSPEL.

#### **26 JUNE**

PNSB's 'Expedisi Menuju Puncak' at Mount Kinabalu, Sabah.



#### **14 NOV**

PNSB received an Honourable Mention for its River Rescue Brigade at the Prime Minister's Corporate Social Responsibility Awards 2007.

### 2008







### **22 MAY**

PNHB was shortlisted under the Social Reporting Category for ACCA Malaysia Environmental And Social Reporting Awards (MESRA) 2007 [now known as ACCA Malaysia Sustainability Reporting (MaSRA) Awards].

### 2008

#### **11 NOV**

SYABAS was awarded the Malaysian Business Ethics Excellence Award 2008 under the Large Company Category.

### 17 NOV & 15 DEC

PNSB received the Integrated Management System (IMS) Certification for the Provision of Construction Services certified by URS Certification (M) Sdn Bhd (URS) and accredited under United Kingdom Accredited Service (UKAS).

#### **19 NOV**

PNHB was awarded the NACRA 2008 Industry Excellence Award for Main Board Construction & Infrastructure Project Companies Category.

### 2009



### **10 JAN**

SYABAS launched PUSPEL's new logo with the service motto "Friendly, Committed and Trusted" as a symbol of SYABAS' ongoing commitment to provide the best services to consumers.

### **19 MAY**

SYABAS was awarded Silver Awards for Innovation in "Information Technology, Computer Software and Training Category" and "Solution Technology in Water Manager" at Water Inno Awards 2009 – Malaysian Water Association.



### **13 AUG**

PNHB was the winner for Integrated Reporting in an Annual Report at ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2009.

### 2009

#### 1 DEC

PNHB was awarded the Certificate of Merit at National Annual Corporate Report Awards (NACRA) 2009.

### 2010



#### **14 JAN**

SYABAS launched PUSPEL on social networks, "follow@puspel" on Twitter and Facebook.

#### **13 APR**

Two of SYABAS' teams were awarded Gold Awards at the Innovative & Creative Circle Central Region Mini Convention 2010.



### **8 OCT**

SYABAS/PUSPEL was awarded the Best Emerging Contact Centre Award 2010 at the Customer Relationship Management & Contact Centre Association of Malaysia Award 2010.

#### **2 NOV**

The Official Launch of SYABAS' Operation Command Center ("OCC").

### 2010

### 8 NOV

PNHB was the winner for Integrated Reporting in an Annual Report for ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2010.

#### 9 DEC

The Highest Award In The Malaysian Business Ethics Excellence Award 2010/2011 (Main Category Of Large Company) were awarded to both PNSB and SYABAS, respectively.

### 2011



#### **22 FEB**

Signing Ceremony of the Memorandum of Understanding ("MOU") with NIOSH for Safety Card Training Modules SYABAS-NIOSH.

### **23 MAY**

PNHB's wholly owned subsidiary, Puncak Oil & Gas Sdn Bhd ("POG") entered into Agreements to acquire 40% equity interest in two (2) oil and gas entities, namely GOM Resources Sdn Bhd ("GOM Resources") and KGL Ltd. ("KGL") ("Acquisitions"). The Acquisitions will enable Puncak Group to make further forays and strengthen its presence as a significant company in the oil and gas industry.

### **12 SEP**

PNSB's ICC Tag Team was awarded the Excellent Award at the International Convention on Quality Creative Circle 2011 Award.

### 2011

### **14 SEP**

PNHB was awarded the "Malaysia 1000 Industry Excellence Award – Water Sector" at the launching ceremony of 5th Edition Malaysia 1000.

### **28 SEP**

POG completed the acquisitions of the remaining 60% equity interest in GOM Resources and KGL thereby resulting in both GOM Resources and KGL becoming wholly owned subsidiaries of POG.



### **4 OCT**

PNHB received a Commendation for Integrated Reporting of Annual Report at the ACCA Malaysia Sustainability Reporting Awards ("MaSRA") 2011.

### **13 OCT**

PNSB was awarded the "11th Malaysia HR Awards 2011 Employer of Choice – Silver Award".

### **2012**

### **23 FEB**

PNHB Group's Executive Chairman, YBhg Tan Sri Rozali Ismail was awarded the 1st Malaysia Achievement Awards 2012 Special Individual Achievement Category.

### 2012

#### 6 MAY

SYABAS was awarded the "Anugerah Industri Sukan Negara 2012 - Promosi Gaya Hidup Sihat Melalui Sukan".

### **11 MAY**

Signing Ceremony of the Memorandum of Understanding ("MOU") between Puncak Niaga Holdings Berhad and the Government of Malaysia, represented by Politeknik Sultan Idris Shah ("PSIS").



### **19 JUN**

PNHB received two awards from the Federation of Public Listed Companies Berhad ("FPLC") – Top 10 Companies Highest Sponsorship Recognition Award 2010/2011 – CSR in Sport Activities and Top 10 Companies Most Active in Professional Development Participation in Seminars and Conferences by FPLC.

#### 6 JUL

PNSB received eight gold awards and SYABAS received ten gold awards at MSOSH Award Ceremony.

### 11 OCT

PNSB was awarded the Bronze Award at the 12th Malaysia HR Awards 2012 Employer of Choice.

### 2012



#### 27 OC1

PNHB was awarded the Socrates International Award in Oxford, United Kingdom.

### **30 NOV**

PNSB's Central Laboratory/SSP2 WTP laboratory was awarded the IKM Laboratory Excellence Award.

### **PUNCAK NEWS**



### **PUNCAK NEWS**



### **CORPORATE ACHIEVEMENTS**



- 1. PETRONAS Carigali Sdn Bhd HSE Awards and Recognition 2012
  - awarded to GOM Resources in May 2013
- Malaysian Society For Occupational Safety and Health ("MSOSH") 2012 Gold Merit Award

awarded to PNSB's Wangsa Maju WTP on 11 September 2013

- Malaysian Society For Occupational Safety and Health ("MSOSH") 2012 awarded on 11 September 2013 to
  - Gold (Class I) Award
  - PNSB's SSP2 WTP
  - PNSB's Sg Langat WTP
  - PNSB's Bernam River Headworks WTP
  - PNSB's Salak Tinggi WTP
  - PNSB's Sg Rangkap WTP

4. Malaysia HR Awards 2013 (Employer of Choice) - Silver Award

awarded to PNSB on 24 October 2013

### **CORPORATE ACHIEVEMENTS**



- International Convention on Quality Control Circle 2013 (ICQCC), Taipei - Excellence Award
  - awarded to PNSB's ICC Kumpulan R.O.T. II, SSP2 WTP on 22 - 25 October 2013
- 6. 2013 Institut Kimia Malaysia Laboratory Excellence Award

awarded to PNSB's Central Laboratory on 6 December 2013

- National Council of Occupational Safety & Health ("NCOSH") Award
   Gold Trophy Award under water utility sector category
  - awarded to Wangsa Maju WTP on 18 December 2013
- 8. Malaysian Society For Occupational Safety and Health ("MSOSH") awarded on 11 September 2013 to

### Gold (Class I) Award

- SYABAS Hulu Selangor District
- SYABAS Kuala Selangor District
- SYABAS Kuala Lumpur District
- SYABAS Klang/Shah Alam District
- SYABAS Sabak Bernam District
- SYABAS Sepang District
- SYABAS Hulu Langat District

### Gold (Class II) Award

- SYABAS Kuala Langat District
- SYABAS Gombak District
- SYABAS Petaling District

- 9. CCAM's 14<sup>th</sup> Malaysia CRM & Contact Centre Industry Awards 2013
   2<sup>nd</sup> Place for Video Contact Centre (Open) category
  - awarded to SYABAS on 12 October 2013
- 10. 7<sup>th</sup> Annual Alpha Southeast Asia Deal& Solution Awards 2013
  - Borrower Award for PNHB's RM165.0 million Convertible Sukuk Ijarah

awarded to PNHB on 23 January 2014

### **2013 KEY HIGHLIGHTS**

# IN 2013, THE GROUP CONTINUED TO DEMONSTRATE ITS RESILIENCE AND COMMITMENT TO DELIVERING QUALITY SERVICES DESPITE THE MANY CHALLENGES FACED

99.5%

99.5% collection efficiency maintained in 2013.

RM1.15 billion

For the financial year ended 31 December 2013, the Group achieved revenue of RM1.15 billion.

4,602 million

4,602 million litres per day of treated water was distributed to 7.5 million consumers.

3.5 million

Our Oil & Gas Division achieved 3.5 million manhours without a Loss Time Injury.

3WTPs

3 WTPs were certified for ISO 22000:2005 (Food Safety Management System) in 2013. 2nd

SYABAS for the 2<sup>nd</sup> consecutive year emerged the leading operator for water quality with MOH's compliance rate of 99.58% with zero violations.

RM236.40

million

The Group achieved a profit before taxation of RM236.40 million in 2013.

99.9%

Our WTPs achieved an impressive 99.9% compliance with the stipulated treated water quality standards. **727.05** 

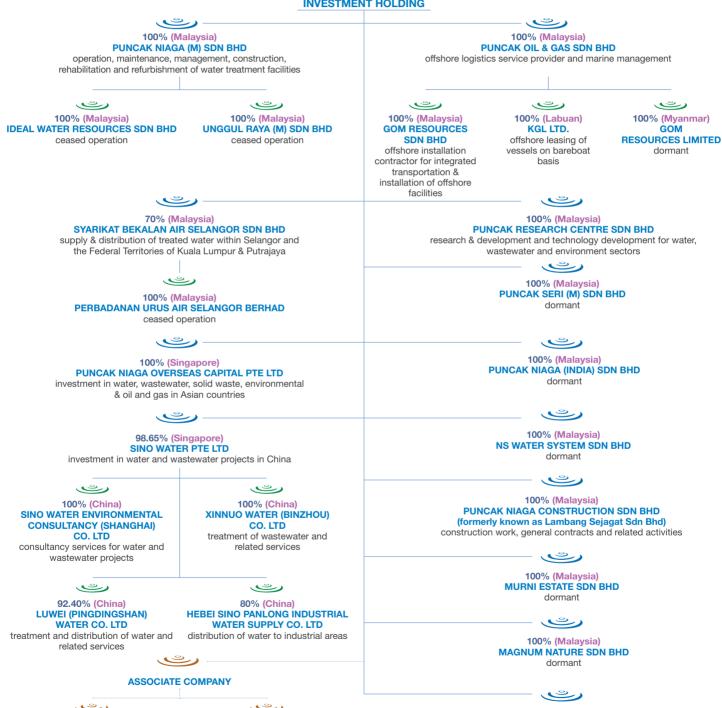
million

Our WTPs delivered 727.05 million cubic metres of treated water in 2013.

### **CORPORATE STRUCTURE**



#### **INVESTMENT HOLDING**



40% (Malaysia)

**OASIS WATER RESOURCES SDN BHD** 

dormant

50% (Malaysia)

**PURNAMA PERSADA SDN BHD** 

dormant

35

100% (India)

PUNCAK NIAGA INFRASTRUCTURES & PROJECTS PRIVATE LIMITED

carry out activities of infrastructures, constructions and other projects in India

### **ORGANISATION STRUCTURE - PNSB**



### **PUNCAK NIAGA (M) SDN BHD** BOARD OF DIRECTORS

**EXECUTIVE CHAIRMAN** YBhq Tan Sri Rozali Ismail **SPECIAL FUNCTIONS DIV** MANAGING DIRECTOR Executive Director YBhq Dato' Syed Danial Syed Ariffin Vacant



### **FINANCE DIV**

**Executive Director** Madam Wong Ley Chan

### **FINANCE &**

### **ACCOUNTS DEPT** (TREASURY, AR & AP)

Assistant General Manager Encik Mohammad Shahree Shamsuddin

### رے **FINANCE &**

**INFORMATION TECHNOLOGY** ACCOUNTS DEPT (GST, TAX & GROUP General Manager COMPLIANCE) Encik Azlan Shah

Assistant General Manager Madam Hong Gaik Im

COMPENSATION &

**BENEFITS DEPT** Assistant General Manager Encik Hairulizam Muhamad Kastawi

### FOOD & **BEVERAGE DEPT**

Tan Sri Rozali

رے

Manager Encik Zulhairi Sanip

رے **CONTRACT &** 

DEPT

Manager

رے

**DEPT** 

**PROCUREMENT** 

Puan Hafizah Ahmat

Senior General

### **INSURANCE DEPT**

Senior Manager Encik Shahrin Abd Karim

### **CORPORATE**

### **FINANCE DIV**

Executive Director Mr Ng Wah Tar

## CORPORATE

### **FINANCE DEPT** Assistant General

Manager Mr Nicholas Chew Keng Meng

#### **BUSINESS DEVELOPMENT DIV**

Executive Director YBhg Dato' Nasir Khan Illadad Khan

#### **BUSINESS DEVELOPMENT** DEPT

Assistant General Manager Vacant

#### **HUMAN RESOURCES & ADMINISTRATION DIV**

Executive Director Puan Faridatulzakiah Mohd Bakhry

### -General Manager

Encik Khalid Abdullah

### PROTECTIVE SERVICES DEPT

General Manager Encik Aivob Shaharuddin

#### رے **MANPOWER PLANNING &** RECRUITMENT **DEPT**

Senior Manager Vacant

#### رے INDUSTRIAL **RELATIONS DEPT**

Manager Puan Zalina Mat

### **PROPERTY** MANAGEMENT DEPT

Senior Manager Vacant

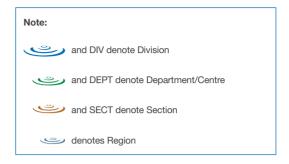
### ADMINISTRATION **DEPT**

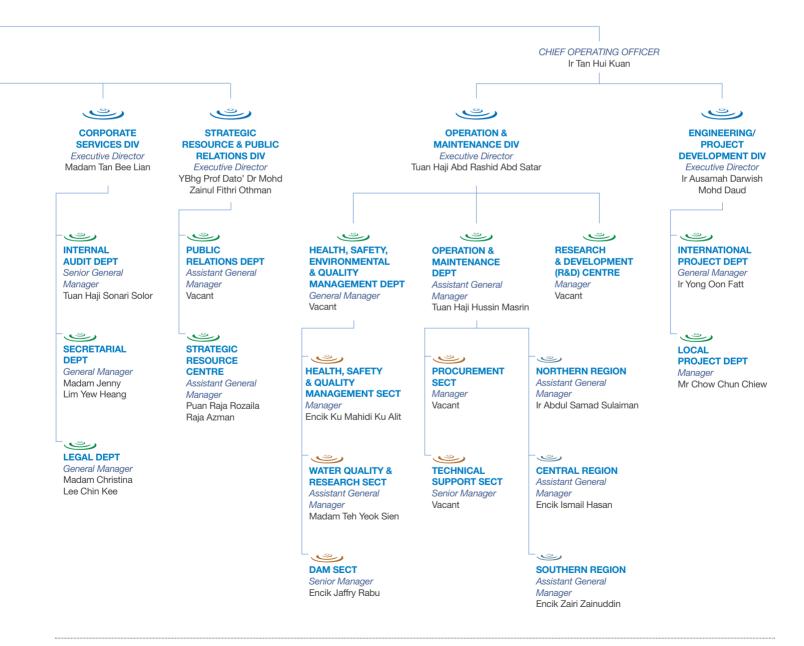
Senior Manager Vacant

### **HUMAN CAPITAL DEVELOPMENT** DEPT

Manager Cik Nor Huzreen Hussein

### **ORGANISATION STRUCTURE - PNSB**

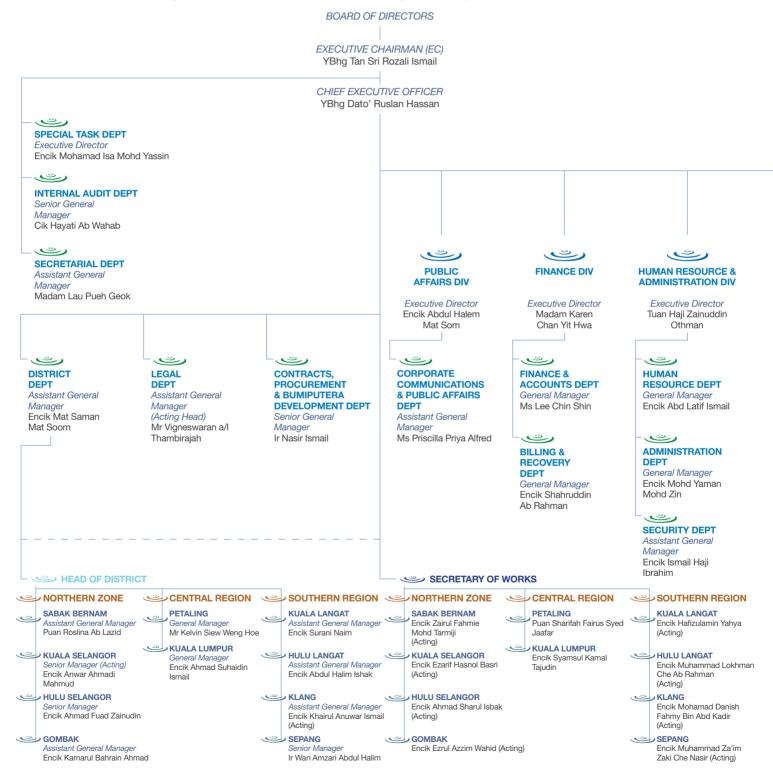




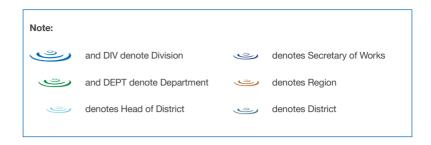
### **ORGANISATION STRUCTURE - SYABAS**

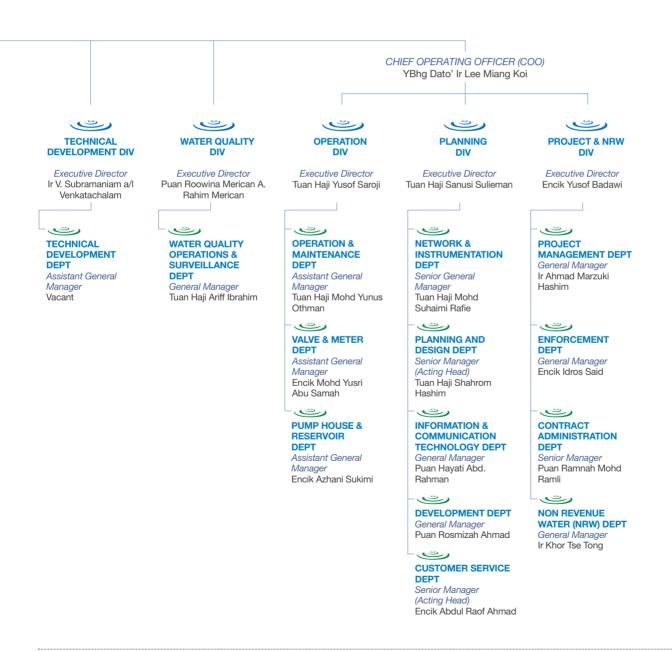


### SYARIKAT BEKALAN AIR SELANGOR SDN BHD



### **ORGANISATION STRUCTURE - SYABAS**



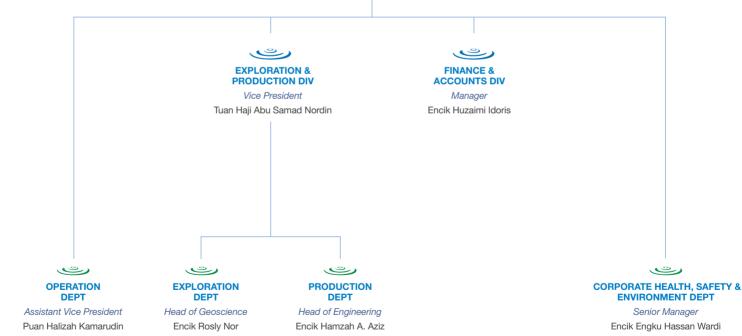


### **ORGANISATION STRUCTURE - POG**



### **PUNCAK OIL & GAS SDN BHD**



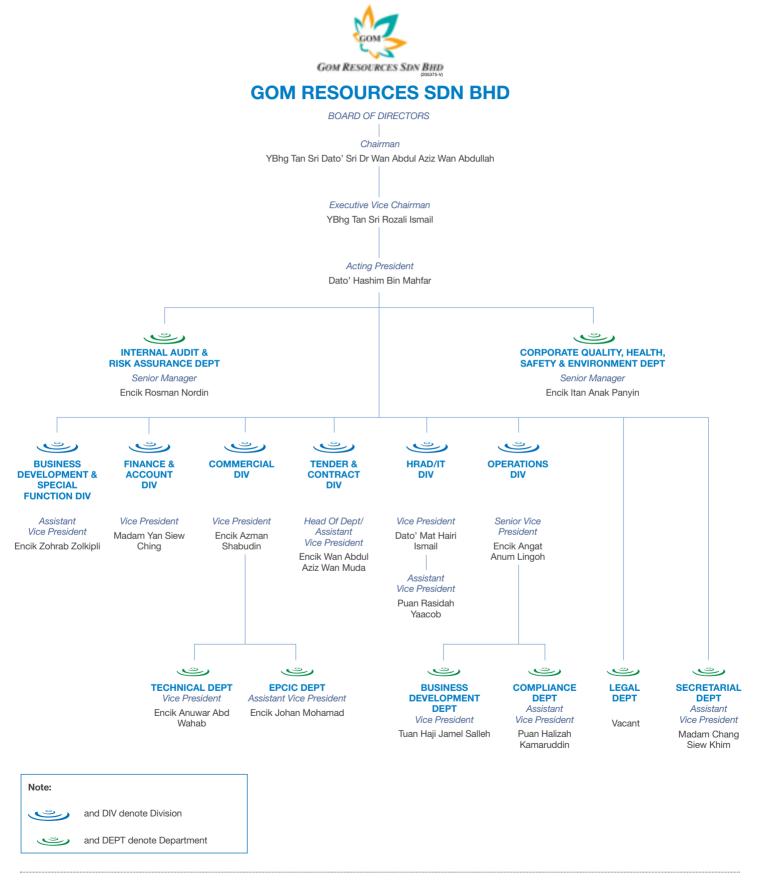


Note:

and DIV denote Division

and DEPT denote Department

### **ORGANISATION STRUCTURE - GOM RESOURCES**





YBhg Tan Sri Rozali Ismail is the founder of Puncak Niaga (M) Sdn Bhd ("PNSB"), the Executive Chairman of Puncak Niaga Holdings Berhad ("PNHB") Group and substantial shareholder of PNHB. He was appointed to the Board of PNHB on 24 April 1997.

A Bachelor of Laws Degree holder from the University of Malaya in 1981, YBhg Tan Sri Rozali began his career as Legal Advisor with the Urban Development Authority (UDA) before joining Bank Islam (M) Berhad in 1983. Together with a few pioneer bank staff, he conceptualised the first institution of Islamic banking in Malaysia. Subsequently, in 1987, he started his own legal practice as an Advocate and Solicitor for seven years, specialising in corporate, property and banking works.

In 1989, YBhg Tan Sri Rozali set up a family-owned company and embarked into the property development sector, with involvement in several development projects in the Klang Valley, Kuantan and Johor. Under the banner of Puncak Alam Housing Sdn Bhd, he developed a new township known as Bandar Baru Puncak Alam. The family-owned company also ventured into the utility business in 1989 with the setting up of PNSB. Due to his vast experience in various fields,

he was entrusted by the Selangor State Government, via PNSB, to manage the water treatment plants for the whole of the State of Selangor Darul Ehsan and the Federal Territory of Kuala Lumpur. PNHB was subsequently incorporated in January 1997 as the holding company of PNSB and was listed on the Main Board of Bursa Malaysia Securities Berhad (effective 3 August 2009 known as Main Market of Bursa Malaysia Securities Berhad) on 8 July 1997.

YBhg Tan Sri Rozali was conferred a Fellowship Award by the Institute of Marketing Malaysia (IMM) on 6 November 2001 for his invaluable contributions to promote the growth and development of the Malaysian property market. In recognition of his outstanding contributions in championing management excellence and best practices in the Malaysian water and wastewater industry, YBhg Tan Sri Rozali was awarded the prestigious Asia Water Management

Excellence Award 2002 - Individual Award Category, an award at Asian level, by the Regional Institute of Environmental Technology on 26 March 2002. YBhg Tan Sri Rozali was a Top 10 Nominee for the Ernst & Young Entrepreneur Of The Year - Malaysia 2002 and Malaysia 2003 (Master Entrepreneur Category) Award in recognition of his outstanding entrepreneurship and leadership skills. He was conferred an Honorary Doctorate in Complementary Medicines (Humanity Services) by the Open International University for Complementary Medicines, Colombo, Sri Lanka on 24 September 2004. YBhg Tan Sri Rozali was conferred the Jaksa Pendamai ("JP") award in conjunction with the 72<sup>nd</sup> birthday of the Yang di-Pertua Negeri Melaka on 9 October 2010.

On 30 November 2007, YBhq Tan Sri Rozali was bestowed the SME Platinum Award 2007 by the SMI Association of Malaysia for his outstanding entrepreneurship, leadership and achievements in the water industry. This award signals the SMI Association of Malaysia's recognition of YBhq Tan Sri Rozali as a role model for budding entrepreneurs, especially in view of his rapid rise from a small and medium business entrepreneur to becoming a Chief Executive Officer of a large listed company. On 16 January 2009, YBhq Tan Sri Rozali received the title of Kolonel Kehormat "60 Rejimen Pakar Pengendalian Air (AW)". In recognition of his excellent services performed with utmost dedication towards the betterment of the community, YBha Tan Sri Rozali was the proud recipient of the Vocational Excellence Service Award 2009, conferred by the Paul Harris Fellow Award and inducted as an Honorary Rotarian by the Rotary Club of Kuala Lumpur West on 6 November 2009. On 16 June 2010, YBhg Tan Sri Rozali received Anugerah Perdana the (Kepimpinan), a Premier Award for Leadership at the 'Anugerah Usahawan Bumiputera 2010' organised by Gagasan Badan Ekonomi Melayu ("GABEM"). On

20 June 2010, YBhq Tan Sri Rozali was honoured with the Top Achiever Of The Year 2009 Award at the Fourth Business Of The Year Award organised by the SMI and SME Worldwide Network. On 28 June 2011, YBhq Tan Sri Rozali was honoured with Technology CEO of the Year-Global Award by World Finance Magazine under the World Finance Technology Awards 2011 in recognition of his contributions towards the water sector in Malaysia and the region over the past 15 years and commitment to continuously innovate and improve lives in the process. YBhg Tan Sri Rozali received the title "Brigedier Jeneral (Kehormat) Pakar Pengendalian Air-Ke-60 RAJD (AW)" on 4 July 2011. On 20 July 2011, YBhg Tan Sri Rozali received the prestigious Entrepreneur of the Year 2011 Award at the Asia Pacific Entrepreneurship Awards 2011. On 28 July 2011, YBhg Tan Sri Rozali was awarded the Masterclass Leader Award at the International Standard ("ISQ") Award 2011. 9 January 2012, he was recognised as International Distinguished Entrepreneur Of The Year for the Asia Pacific International Brands Summit (Malaysia) 2011 by the Asia Entrepreneur Alliance. On 23 February 2012, YBhq Tan Sri Rozali was awarded the Special Individual Achievement Category at the 1st Malaysia Achievement Awards 2012.

YBhq Tan Sri Rozali is a member of various influential governmental and non-governmental associations Malaysian Industry-Government Group for High Technology ("MIGHT"), Malaysian Institute of Directors ("MID"), Malaysian-British Business Council. Malaysia-Indonesia Business Council, Corporate Malaysia Roundtable, Malaysia-Russia Business Council, Malaysia India Business Council (MIBC), Commonwealth Partnership for Technology Management, FELDA Community Social Development Committee, Yayasan Budi Penyayang Malaysia, Malaysian Institute

Management (MIM) and a Trustee of Perdana Leadership Foundation and Sekretariat Malaysia Prihatin. He is the Advisor to IMM, President of the Malay Chamber of Commerce for the State of Selangor, Pro-Chancellor of the Universiti Putra Malaysia (July 2007 -June 2015), Governor for Malaysia of Asia Pacific Marketing Federation ("APMF") Foundation, Advisor of "Gabungan Persatuan Usahawan Melayu Selangor/ Wilayah Persekutuan" (GAPUMS) and Advisor of "Persatuan Bola Sepak Melayu Malaysia" ("PBSMM"). He is also the Chairman of Gabungan Wawasan Generasi Felda Berhad and Chairman of Majlis Perundingan Ekonomi Melayu ("MAPEM").

YBhq Tan Sri Rozali was the past Deputy President of the Malaysian Water Association (MWA) (2003/2005 Session), former Board Member the Universiti Utara Malaysia (2004-2006), and past Advisor of the Business and Accounting Faculty Council, the University of Malaya (21 May 2004 to 20 April 2007), former Trustee of Yayasan WAQAF Malaysia (YWM) (January 2008 - December 2009) and former President of the Water Association of Selangor, Kuala Lumpur and Putrajaya (SWAn) (2006 - 2013), a non-profit organisation which represents the common interest of all water supply and wastewater industries within the States of Selangor, and the Federal Territories of Kuala Lumpur and Putrajaya with the aim of promoting interaction with the general public, and enhancing their understanding of water resources.

YBhg Tan Sri Rozali is the major shareholder of one (1) listed company, namely TRIpIc Berhad, a property company.

YBhg Tan Sri Rozali attended 8 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Dato' Ruslan Hassan joined Puncak Niaga (M) Sdn Bhd ("PNSB") on 1 November 1995 as the Executive Director of Corporate and Legal Affairs Division.

When Puncak Niaga Holdings Berhad ("PNHB") was set-up and listed on Bursa Malaysia Securities Berhad, YBhg Dato' Ruslan was appointed to its Board on 24 April 1997. On 6 April 1999, he was appointed as the Executive Vice Chairman of PNHB. Together with the Executive Chairman, YBhg Tan Sri Rozali Ismail, YBhg Dato' Ruslan played a principle role in pursuing for the privatisation rights for the distribution of treated water in Selangor. Upon PNHB securing the water

distribution concession for the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya on 1 January 2005, YBhg Dato' Ruslan was appointed as the first Chief Executive Officer ("CEO") of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and sits on the Boards of SYABAS and Perbadanan Urus Air Selangor Berhad. With his appointment as the CEO and Director of SYABAS, YBhg Dato' Ruslan was re-designated from Executive Vice Chairman of PNHB to Non-Independent Non-Executive Director of PNHB with effect from 1 October 2005.

YBhg Dato' Ruslan is a member of the Industrial Court Employer Panel from 1 January 2004 till present. He is also a member of the Malaysian Institute of Directors ("MID"), Malaysian Water Association ("MWA"), Institute of Marketing Malaysia ("IMM") and International Water Association ("IWA").

Upon obtaining a Bachelor of Laws Degree from the University of Malaya in 1981, YBhg Dato' Ruslan began his career as the Legal

Advisor with the multinational petroleum company, Esso Malaysia Bhd, and later as the Senior Legal Counsel of Esso Production Malaysia Inc. In 1985, he joined Sime Darby Group and was appointed as the Group Legal Advisor and Company Secretary of Pernas Sime Darby Holdings Sdn Bhd, with interests in automobile, plantation and heavy machinery. YBhg Dato' Ruslan has 4 years' experience as an Advocate and Solicitor in the capacity of a partner in a medium-sized legal firm. In 1993, he joined the securities and banking group of Rashid Hussain Berhad as the Senior General Manager of the Corporate Affairs Division and was later appointed as an Executive Committee Member of the RHB Group. He was also appointed to the Boards of Rashid Hussain Berhad, Rashid Hussain Securities Sdn Bhd as well as various subsidiaries of RHB and served as an Audit Committee member of both companies.

YBhg Dato' Ruslan attended 13 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Dato' Ir Lee Miang Koi joined Puncak Niaga (M) Sdn Bhd ("PNSB") in 1995 as General Manager, Business Development. YBhq Dato' Ir Lee was subsequently appointed as a Director of PNSB and Puncak Niaga Holdings Berhad ("PNHB") on 2 February 1999 and 1 September 1999 respectively. On 1 January 2005, he was appointed as the Chief Operating Officer of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). YBhg Dato' Ir Lee resigned as a Director of PNSB 30 September 2005 and was re-designated from Executive Director, Project and Business Development Division of PNHB to Non-Independent Non-Executive Director of PNHB with effect from 1 October 2005. He is a member of the Malaysian Water Association ("MWA"), Malaysian Institute of Directors ("MID") and the Institute of Marketing Malaysia ("IMM").

He graduated as a civil engineer from the Universiti Teknologi Malaysia in 1978 and in 1989, he obtained a Masters Degree in Environmental Engineering majoring in water supply and wastewater engineering from the Asian Institute of Technology in Bangkok. YBhg Dato' Ir Lee has 36 years of experience in the water supply sector and has held various positions during his tenure with the Public Works Department as well as the state Waterworks Department in Malaysia, specialising in the various aspects of water supply services. He was previously a Director of the Negeri Sembilan Waterworks Department. He left the Public Works Department in 1991 to join Ranhill Bersekutu Sdn Bhd, holding various positions from Senior Engineer to Vice President in the Water Supply Division.

YBhg Dato' Ir Lee attended 12 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Dato' Syed Danial Syed Ariffin graduated in 1981 with a BSc (Hons) Degree in Civil Engineering from the University of Aston in Birmingham, United Kingdom.

YBhg Dato' Syed Danial is a civil engineer by profession and has been with Puncak Niaga Holdings Berhad ("PNHB") Group since December 1995. He began his career with Puncak Niaga (M) Sdn Bhd ("PNSB") as a Manager of Operation and was subsequently promoted to Senior Manager, Assistant General Manager and General Manager of Operation. Prior to his appointments to the Boards of PNSB and PNHB on 1 March 2004, he was the Acting Executive Director of the Operation Division from July 2003 to February

2004 and subsequently re-designated as Executive Director, Operation I Division on 1 April 2005. On 16 November 2007, YBhg Dato' Syed Danial was appointed as the Chief Operating Officer of PNHB and PNSB. On 15 February 2012, YBhg Dato' Syed Danial was appointed the Managing Director of PNSB and ceased to be the Chief Operating Officer of PNSB. He is also a Director of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") since 3 September 2007. He was appointed as the Chairman of Sino Water Pte Ltd, PNHB's 98.65% owned subsidiary in Singapore on 1 January 2010.

YBhg Dato' Syed Danial previously worked with the Pahang Public Works Department for 10 years, holding positions from Project Engineer (1981-1983) to District Engineer for JKR Cameron Highlands (1983-1991) and the Selangor Water Works Department between 1991 to 1995, where he was the Senior Project Engineer overseeing the construction of the Sg Selangor Phase 1 Water Supply Project. YBhg Dato' Syed Danial is a member of the Institute of Marketing Malaysia, Malaysian Water

Association, a Registered Engineer with the Board of Engineers Malaysia, a member of the Universiti Teknologi Mara's Board of Academics, Faculty of Civil Engineering (October 2009 - March 2014 term), Advisor to the Institute For Infrastructure Engineering & Sustainable Management and he also sits on the Boards of several private companies. He is also a member of the Water Association of Selangor, Kuala Lumpur and Putrajaya ("SWAn"), a nonprofit organisation which represents the common interest of all water supply and wastewater industries within the State of Selangor, and the Federal Territories of Kuala Lumpur and Putrajaya with the aim of promoting interaction with the general public and enhancing their understanding of water resources. On 2 May 2012, YBhg Dato' Syed Danial was appointed as a member of Universiti Putra Malaysia's Committee of Program of Study, Faculty of Science.

YBhg Dato' Syed Danial attended 13 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Tan Sri Dato' Hari Narayanan Govindasamy, a businessman was appointed to the Board of Puncak Niaga Holdings Berhad ("PNHB") on 1 July 1999 as an Independent Non-Executive Director. YBhg Tan Sri Dato' Hari Narayanan is a member of PNHB's Audit Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor's Degree in Electrical and Electronics Engineering from the University of Northumbria, England.

He is a member of the Malaysian Institute of Directors and a Registered Professional Engineer with the Board of Engineers Malaysia. He has extensive experience in the field of electrical and electronic engineering and has held various key positions with some established companies as an engineer and entrepreneur.

YBhg Tan Sri Dato' Hari Narayanan also sits on the Board of SP Setia Berhad, a public listed company and he is the Chairman of IEV Holdings Limited, Singapore. He also holds directorships in several other private limited companies.

YBhg Tan Sri Dato' Hari Narayanan attended 9 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Tan Sri Dato' Seri Dr Ting Chew Peh was appointed to the Board of Puncak Niaga Holdings Berhad ("PNHB") on 15 July 2000 as an Independent Non-Executive Director. YBhg Tan Sri Dato' Seri Dr Ting Chew Peh was also appointed a member of the Remuneration Committee and the Nomination Committee of PNHB on 27 June 2001 and he is currently the Chairman for both PNHB's Audit Committee and Compliance, Internal Control and Risk Policy Committee.

He graduated with a Bachelor of Arts Degree from the University of Malaya in 1970 and obtained a Master of Science Degree from the University of London in 1972. He also holds a Doctorate in Philosophy, which he obtained from the University of Warwick in 1976. YBhg Tan Sri Dato' Seri Dr Ting is a member of the Malaysian Institute of Directors.

YBhg Tan Sri Dato' Seri Dr Ting started his career as a lecturer in the Faculty of Humanities and Social Sciences at the Universiti Kebangsaan Malaysia from 1974 to 1980 and was subsequently an Associate Professor at the Faculty until 1987. Between 1979 to 1986, YBhg Tan Sri Dato' Seri Dr Ting published two books entitled "Konsep Asas Sosiologi" and "Hubungan Ras dan Etnik".

In 1987, YBhg Tan Sri Dato' Seri Dr Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as Parliamentary Secretary of the Ministry of Health (1988-1989), Deputy Minister in the Prime Minister's Department (1989-1990), Minister of Housing and Local Government (1990-1999) and Secretary-General of the Malaysian Chinese Association ("MCA") (1990-2005). He also sits on the Boards of Hua Yang Berhad, Johan Holdings Berhad, Huaren Education Foundation, UTAR Education Foundation and also serves as a director of several private companies.

YBhg Tan Sri Dato' Seri Dr Ting attended 13 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud was appointed to the Board of Puncak Niaga Holdings Berhad ("PNHB") on 1 August 2006 as an Independent Non-Executive Director.

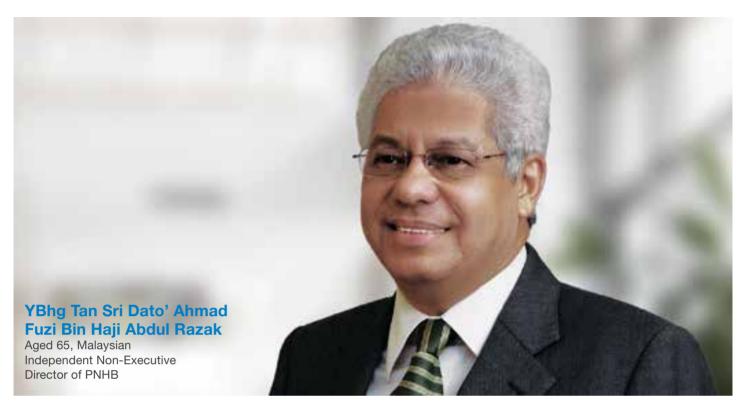
On 1 January 2007, YAM Tengku Dato' Rahimah was re-designated as a Non-Independent Non-Executive Director of PNHB following her appointment as the Executive Director of Puncak Research Centre Sdn Bhd. YAM Tengku Dato' Rahimah was a past Member of PNHB's Audit Committee, Remuneration Committee and Nomination Committee for the period from 1 August 2006 to 31 December 2006. On 26 February 2008, YAM Tengku Dato' Rahimah was re-invited to sit on PNHB's Audit Committee.

YAM Tengku Dato' Rahimah holds a BSc in Economics and Accountancy from the City of London University, England. She is a member of the Malaysian Institute of Accountants ("MIA").

Upon completing her degree, YAM Tengku Dato' Rahimah started her career with the Hongkong Bank in London, England and upon her return to Malaysia, she joined Esso Malaysia Berhad for 5 years.

YAM Tengku Dato' Rahimah is currently the Chairman of Loh & Loh Corporation Bhd. She also sits on the Board of a few private limited companies.

YAM Tengku Dato' Rahimah attended 12 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak was appointed to the Board of Puncak Niaga Holdings Berhad ("PNHB") on 6 October 2008 as an Independent Non-Executive Director.

YBhg Tan Sri Dato' Ahmad Fuzi is a member of PNHB's Audit Committee and Chairman of PNHB's Remuneration Committee and Nomination Committee. He holds a Bachelor of Arts Degree (Honours) from the University of Malaya (1972) and a Certificate in Diplomacy (Foreign Service Course) from the University of Oxford (1974). In recognition of his service to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002) and the PSM (2003).

YBhg Tan Sri Dato' Ahmad Fuzi was previously the Secretary General of the Ministry of Foreign Affairs Malaysia. He joined the Malaysian Diplomatic and Administrative Service in 1972, and served in various capacities at the Ministry of Foreign Affairs, mainly in the Political Division, and at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka. He also served as the Director General, Institute of Diplomacy and Foreign Relations.

YBhg Tan Sri Dato' Ahmad Fuzi is currently the Secretary General of the World Islamic Economic Forum Foundation ("WIEF"); Trustees of MERCY, Malaysia and Perdana Global Peace Foundation ("PGPF").

YBhg Tan Sri Dato' Ahmad Fuzi is the Chairman of Amanahraya-REIT Managers Sdn Bhd, Seremban Engineering Berhad, Theatre Management Associates Sdn Bhd, Optima Capital Sdn Bhd, Ranhil Energy and Resources Berhad (Independent Non-Executive Director) and ACE Holdings Sdn Bhd. He is the Non-Executive Chairman of Sofgen (Malaysia) Sdn Bhd and he is also an Independent Non-Executive Director of Maybank Islamic Berhad. Apart from

the above, YBhg Tan Sri Dato' Ahmad Fuzi is also a Non-Executive Director of F3 Strategies Berhad; Advisor of Leisure Guide Publising Sdn Bhd and Director of Weros Techology Sdn Bhd, Alstar Solutions Sdn Bhd and Management Development Institute Singapore.

YBhg Tan Sri Dato' Ahmad Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies ("ISIS"); Distinguished Fellow, Institute of Diplomacy and Foreign Relations; Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific ("CSCAP Malaysia"); Member, Institute of Advanced Islamic Studies ("IAIS"); Member, Advisory Board, Asia Pacific Entrepreneurship Award ("APEA"); Advisor, High School Bukit Mertajam Alumni Malaysia; and Honorary Advisor, Malaysia-Myanmar Chamber of Commerce.

YBhg Tan Sri Dato' Ahmad Fuzi attended 13 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.



Mr Ng Wah Tar was appointed to the Board of Puncak Niaga Holdings Berhad ("PNHB") and Puncak Niaga (M) Sdn Bhd ("PNSB") on 1 January 2010 as the Executive Director, Finance Division and was re-designated to Executive Director, Corporate Finance Division on 1 January 2011.

Mr Ng was appointed a Member of PNHB's Remuneration Committee and the Compliance, Internal Control and Risk Policy Committee ("CICR"), and Syarikat Bekalan Air Selangor Sdn Bhd's ("SYABAS") Audit Committee on 1 January 2010, respectively. He was appointed as the Audit Committee Chairman of SYABAS on 1 January 2013. He is a Member of the Water Association of Selangor, Kuala Lumpur and Putrajaya ("SWAn"), a nonprofit organisation which represents the common interest of all water supply and wastewater industries within the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya with the aim of promoting interaction with the general public, and enhancing their understanding of the water resources. He is also a member of the Malaysian Water Association ("MWA").

Mr Ng has more than 30 years of working experience in various areas covering auditing, accounting, finance and

corporate finance. He commenced his articleship with an accounting firm in 1984 and is a member of MIA, MICPA and CPA Australia. He had previously worked with United Engineers (M) Berhad ("UEM") from 1994 to 2000 overseeing the finance and accounting functions of UEM.

In February 2000, Mr Ng joined PNSB as General Manager, Finance & Accounts and was promoted to Senior General Manager, Finance & Accounts on 1 April 2006 and thereafter to Executive Director, Corporate Finance under the Executive Chairman's Office on 1 April 2007 respectively. He left PNSB on 1 September 2007 to assume the position of Executive Vice Chairman of WWE Holdings Bhd till 30 June 2009. Mr Ng resigned as the Executive Vice Chairman of WWE Holdings Bhd and rejoined PNHB Group on 1 July 2009.

Mr Ng attended 12 out of the 13 Board Meetings of PNHB held in the financial year ended 31 December 2013.

### **BOARD OF DIRECTORS**



YBhg Tan Sri Rozali Ismail Executive Chairman of PNHB Group



YBhg Dato'
Ruslan Hassan
Non-Independent Non-Executive
Director of PNHB and
Chief Executive Officer of SYABAS

YBhg Dato' Ir Lee Miang Koi Non-Independent Non-Executive Director of PNHB and Chief Operating Officer of SYABAS

YBhg Dato' Syed Danial Syed Ariffin Chief Operating Officer of PNHB and Managing Director of PNSB

YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy Independent Non-Executive Director of PNHB



YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director of PNHB

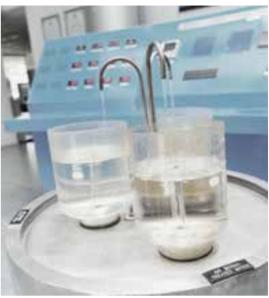
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director of PNHB

Fuzi Haji Abdul Razak Independent Non-Executive Director of PNHB

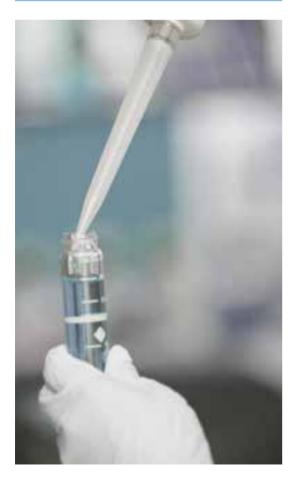
YBhg Tan Sri Dato' Ahmad

Mr Ng Wah Tar Executive Director, Corporate Finance Division of PNHB and PNSB





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### IR TAN HUI KUAN

Aged 60, Malaysian Chief Operating Officer

Ir Tan Hui Kuan joined PNSB in August 2003 as the General Manager of the Project and Business Development Department. He was appointed as the Executive Director, Operation & Maintenance Division on 1 January 2010. On 1 August 2011, he was redesignated as the Executive Director of Engineering/ Project Development Division. On 15 February 2012, he was promoted to be the Chief Operating Officer of the Company. He graduated with a Bachelor's Degree (Hons) in Civil Engineering from the University Malaya in 1979. He has 25 years of working experience in the Public Works Department Malaysia and Lembaga Air Perak in the field of production, distribution, maintenance and consumer services management of a District Waterworks Department, geotechnical investigation, maintenance of military camps, project management of military buildings and infrastructures. Prior to joining PNSB, Ir Tan was the Assistant Director for Military Works in the Public Works Department Malaysia. While in PNSB, he has managed the operation and maintenance of the water treatment plants and dams under the various concessions held by the Company, besides executed and completed projects in India, Sabah, Sarawak and Peninsular Malaysia.

### YBHG DATO' NASIR KHAN ILLADAD KHAN

Aged 61, Malaysian Executive Director, Business Development Division

YBhq Dato' Nasir Khan Illadad Khan joined PNSB on 21 February 2006 as Executive Director, Corporate Affairs Division before being appointed as the Executive Director for Business Development Division effective from 1 January 2010. He holds a Bachelor Degree in Social Science, Political Science (Hons) from the Universiti Sains Malaysia and a Masters Degree in Public Administration from the Pennsylvania State University. United States of America. He also possesses a Diploma in Public Management from the National Institute of Public Administration (INTAN), and attended an Executive Management Programme at the School of Government, Harvard University, United States of America. YBhg Dato' Nasir Khan has more than 34 years of management experience with the Government, holding various positions and covering areas of human resources, security, land development and finance. Prior to joining PNSB, he was serving the Ministry of Finance, Malaysia. He has also appointed as a member of the Malavsian Cambodia Business Council.

### YBHG PROF DATO' DR MOHD ZAINUL FITHRI OTHMAN

Aged 49, Malaysian Executive Director, Strategic Resource And Public Relations Division

Professor Dato' Dr Mohd Zainul Fithri Dato' Othman was appointed as an Executive Director of the Strategic Resource and Public Relations Division of Puncak Niaga (M) Sdn Bhd on 4 March 2014.

His passion in the field of education was evident since the early days of his career. Professor Dato' Dr Mohd Zainul Fithri Dato' Othman started his profession as a lecturer at Universiti Sains Malaysia in 1994 and six years after, he was attached to the Unitek College Malaysia as the President/ CEO. He then served as the Director of Management Studies of the World Enterprise Institute at the International Medical University (IMU) in 2000. In the same year, he was attached to Institut Kajian Pembangunan Bangsa as the CEO and as an Associate Professor of the Faculty of Humanities and Social Sciences. Universiti Tun Abdul Razak. He was the Chairman of the International Society of Business Administration Center Malaysia, and was also the Political Secretary to the Minister in the Prime Minister's Department, YB Dato' Seri Dr Ahmad Zahid Hamidi from 2008 until 2009.

Professor Dato' Dr Mohd Zainul Fithri Dato' Othman held various prominent positions in the Management & Science University (MSU) and has served at the institution for a considerable number of years. During his stint, he was appointed as the Vice President/Deputy Vice Chancellor of Industrial Linkages & Students Career Development in 2003, a position he held before he moved to Puncak Niaga (M) Sdn Bhd. He was also appointed as the Dean at Centre of Flexible Learning, and simultaneously,

a Director of Akademi Kaunseling Komuniti Malaysia (AKKMA) in 2006. He was then seconded to the Prime Minister's Department for a year during his position as a Professor in Policy Studies in 2003 until 2008.

Professor Dato' Dr Mohd Zainul Fithri Dato' Othman holds a Bachelor of Science in Political Science and International Relations, BSc. from Oregon State University, Corvallis, United States and a Master of Arts (MA) in International Relations (Security and International Political Economy) from University of Hull, United Kingdom. He also holds a Ph.D in Global Political Economy from University of Sheffield, United Kingdom.

### **MADAM TAN BEE LIAN**

Aged 48, Malaysian
Executive Director, Corporate
Services Division

Madam Tan Bee Lian joined PNSB as Company Secretary on 7 November 1994 and was promoted thrice before assuming her current position as Executive Director. Corporate Services Division on 1 January 2010. In her current position, she oversees the Legal Department, Secretarial Department and Internal Audit Department. As Group Company Secretary, Madam Tan is responsible for PNHB Group's company secretarial and regulatory compliance. She was appointed as a Director of Sino Water Pte Ltd on 27 June 2008 and a Director of Puncak Niaga Overseas Capital Pte Ltd on 2 January 2013, both of which are Puncak Niaga Holdings Berhad's Singapore subsidiaries. Madam Tan is a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") and has more than 26 years of working experience in company secretarial practice and corporate work. She had previously worked with Projek Lebuhraya Utara-Selatan Berhad ("PLUS") and Metramac Corporation Sdn Bhd/Metacorp Berhad. She is also the winner of the ROC-MAICSA Company Secretary Award 2001 for the Listed Company Category.

### **MADAM WONG LEY CHAN**

Aged 54, Malaysian Executive Director, Finance Division

Madam Wong Ley Chan graduated with a Bachelor of Accountancy Degree from the prestigious National University of Singapore.

Madam Wong is a member of Malaysian Institute of Certified Public Accountant (MICPA) and Malaysian Institute of Accountant (MIA). She has more than 30 years of working experience and extensive knowledge in various areas covering auditing, corporate banking and corporate debts restructuring, corporate finance, accounting, taxation and strategic financial management.

Madam Wong started her career in 1984 as a young auditor in an established accounting firm. Since then, she had served in several companies at senior management level, including a 6-year stint in UEM Land Group of Companies, 5 years in TRIplc Bhd and 3 years in Syarikat Bekalan Air Selangor Sdn Bhd. Prior to joining Puncak Niaga Holdings Berhad, she was the Vice President, Finance of Scomi Engineering Bhd.

On 25 November 2010, she was appointed as Executive Director, Finance Division in Puncak Niaga (M) Sdn Bhd. She is responsible for the overall finance and accounting functions of Puncak Niaga Group of Companies. Madam Wong is also a Director of Puncak Oil & Gas Sdn Bhd and GOM Resources Sdn Bhd, both of which are Puncak Niaga Holdings Berhad's subsidiaries in the Oil & Gas Division.

### TUAN HAJI ABD RASHID ABD SATAR

Aged 54, Malaysian Executive Director, Operation & Maintenance Division

Tuan Haji Abd Rashid Abd Satar joined PNSB on 15 February 2012 as Executive Director, Operation & Maintenance Division.

Tuan Haii Abd Rashid Abd Satar holds a Diploma in Civil Engineering from the Universiti Teknologi Malaysia and a Bachelor of Civil Engineering Degree from the University of Glasgow, Scotland. He has 30 years of working experience in the water supply sector. He began his career in 1981 as a Technical Assistant and as a District Engineer of Kuala Selangor/Sabak Bernam Districts with JBAS and continued his service with PUAS from 2002 to 2005 as Senior Manager of the Kuala Langat/ Sepang Districts respectively. He was the General Manager of the Klang/ Shah Alam District office of SYABAS before assuming the position as General Manager of the Petaling District Office from March 2007 until March 2009. He was later promoted as Senior General Manager of the Petaling District Office effective from 1 April 2009. On 1 February 2011, he was appointed as Executive Director. Operation Division of SYABAS.

He was awarded the Pingat Pekerti Terpilih (PPT) and Darjah Ahli Mahkota (A.M.S) in 1998 and 2002 respectively by the DYMM Sultan of Selangor for his dedication and services to the State of Selangor.

### IR AUSAMAH DARWISH MOHD DAUD

Aged 54, Malaysian Executive Director, Engineering/ Project Development Division

Ir Ausamah Darwish joined PNSB on 9 January 2013 as Executive Director, Engineering/Project Development Division. He attained his Bachelor of Science (Engineering) from the Southern Illinois University, United States of America in 1984.

He is a Registered Professional Engineer with the Board of Engineers Malaysia (Mechanical). Ir Ausamah Darwish has over 29 years of working experience. He started his career as a Trainee Mechanical Engineer and held various posts from Mechanical Engineer, Associate Mechanical Engineer, System Designer, Resident Engineer to a Plant Manager and Executive Director. Prior to joining PNSB, Ir Ausamah Darwish was the Executive Director, Operation in WWE Holdings Bhd.

With his vast working experiences in fields related to mechanical, water and wastewater engineering, Ir Ausamah Darwish was appointed as an Executive Director to head the Engineering/Project Development Division of PNSB.

# PUAN FARIDATULZAKIAH MOHD BAKHRY

Aged 38, Malaysian
Executive Director, Human Resources
& Administration Division

Puan Faridatulzakiah holds a degree in Law (LLB, Hons) from the Hertfordshire University, United Kingdom.

She started her legal career at Messrs Malek & Associate in 2003, handling civil and criminal cases. In 2006, she served as Legal Officer in Great Eastern Life Assurance (Malaysia) Berhad where she was exposed to Human Resource and Industrial Relations matters.

She then joined SYABAS in 2008 as Assistant Manager, Legal Department and subsequently promoted to Manager of Industrial Relations a year later before being promoted as Senior Manager in 2010. She continued leading the departmental until she joined PNSB in 2012 as Assistant General Manager of the Human Resources & Administration Division, overseeing the full spectrum of Human Resource Management.

On 1 February 2013, Puan Faridatulzakiah assumed the position of Executive Director of Human Resources & Administration Division of PNSB.

### TUAN HAJI SONARI SOLOR

Aged 58, Malaysian Senior General Manager, Internal Audit Department

Tuan Haji Sonari Solor joined PNSB on 10 September 1998 and was appointed as Senior General Manager, Internal Audit Department of SYABAS for the period 1 September 2006 to 15 February 2012. He re-joined PNSB on 16 February 2012 as the Senior General Manager, Internal Audit Department.

Tuan Haii Sonari Solor is a Chartered Accountant with the Malaysian Institute of Accountants and Fellow of the Association of Chartered Certified Accountants (U.K). He holds a professional qualification from the Chartered Institute of Management Accountants (U.K). Tuan Haji Sonari Solor has more than 25 years of working experience at the managerial level in the area of accounting and auditing with several public listed companies. Prior to joining PNSB, Tuan Haji Sonari Solor held the position of Group Division Head, Internal Audit with Land & General Rerhad

### **PUAN HAFIZAH AHMAT**

Aged 45, Malaysian Senior General Manager, Contract & Procurement Department

Puan Hafizah joined a QS Consultant Company in July 1992 as a Quantity Surveyor for three years. She graduated with an Advanced Diploma in Quantity Surveying from the Universiti Teknologi MARA in 1992 and was bestowed with the Best Student Award. Prior to joining PNSB in January 2010 as General Manager of Contract & Procurement Department ("CPD"), she was with a construction company since October 1996. Overall. Puan Hafizah has more than 22 years of experience in quantity surveying works on construction industry. She was promoted to Senior General Manager of CPD of PNSB on 1 January 2013.

### MADAM JENNY LIM YEW HEANG

Aged 47, Malaysian General Manager, Secretarial Department

Madam Lim Yew Heang (Jenny) joined PNSB on 1 April 2008 as General Manager, Secretarial Department, Corporate Services Division. She was appointed as the Joint Company Secretary for both PNSB and PNHB on 2 May 2008. She is a Chartered Secretary, a holder of the Institute of Chartered Secretaries & Administrator (ICSA) qualification and an Associate Member of The Malaysian Institute Chartered Secretaries Administrators (MAICSA). She has 25 years of working experience in company secretarial practice. Prior to joining PNSB on 1 April 2008, she was a Senior Manager in a leading secretarial consultancy company for 14 years.

### ENCIK AZLAN SHAH TAN SRI ROZALI

Aged 28, Malaysian General Manager, Information Technology Department

Encik Azlan Shah Tan Sri Rozali graduated with a Bachelor of Arts Degree in Business and Marketing from the Middlesex University, Hendon Business Campus, London, United Kingdom. He joined PNSB on 1 November 2011 and is the General Manager, Information Technology Department of PNSB overseeing the overall of Information Technology Department of PNSB.

Encik Azlan Shah started his career in 2009 via an internship at an apparel merchandise company. With his tremendous performance and high commitments, he was subsequently promoted to a Manager responsible for the company's sales and marketing, business development, inventory management and administration functions. In 2010, he joined SYABAS as an Executive and had exposures and experiences in the area of human resources & administration, finance & accounts and managing SYABAS district offices.

Encik Azlan Shah is an EXCO Member of the Youth Chamber in the Malay Chamber of Commerce for the State of Selangor, Founder and Vice President of 1Malaysia Youth Entrepreneurs Club. In 2011, he received the title of 'Leftenan Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Wataniah)'.

### MADAM CHRISTINA LEE CHIN KEE

Aged 53, Malaysian General Manager, Legal Department

Madam Christina Lee Chin Kee joined PNSB on 27 April 2012 as General Manager, Legal Department, Corporate Services Division. She obtained her Bachelor of Law (LLB) from the University of Buckingham. United Kingdom in 1982 and her Certificate of Legal Practice (CLP) from the University of Malaya in 1985. She had been called to the High Court of Malava and a Member of High Court of Borneo and enrolled as a member Sarawak Bar Association. She started her working experience with the Judicial and Legal Services, Malaysia for a period of ten years working as a Magistrate and later with the Attorney-General's Chambers before moving on to join the private sector, firstly, with the legal firm of Messrs. Abu Talib Shahrom and later with Messrs. Zul Rafique & Partners.

Prior to joining PNSB, she was with UEM Builders Berhad for five (5) years as the General Manager, Legal Department. Her expertise lies in terms of drafting and negotiating contractual documents and she had been actively involved in areas of contracts, constructions consultancies matters and concession agreements as well as overseeing legal issues in international projects and other joint ventures.

### **IR YONG OON FATT**

Aged 42, Malaysian General Manager, International Project Department

Ir Yong Oon Fatt (Dacius), is the General Manager, International Project Department of Engineering/ Project Development Division of PNSB. Ir Yong Oon Fatt joined PNSB on 1 July 2010 and was seconded to the PRC China for the Group's water and wastewater business in the PRC China undertaken by Sino Water Pte Ltd. PNHB's 98.65% subsidiary in Singapore. Ir Yong Oon Fatt holds a Bachelor of Engineering degree majoring in Mechanical Engineering from the University Science of Malaysia. He is a qualified Professional Engineer registered with Board of Engineers, Malaysia. He is also a member of Institutional of Engineers Malaysia. Ir Yong Oon Fatt has more than 18 years of experience in the municipal water and waste water treatment systems design and construction works. Besides having experiences in engineering construction, Ir Yong Oon Fatt has also experiences in marketing and business development.

# **ENCIK AIYOB SHAHARUDDIN**

Aged 56, Malaysian General Manager, Protective Services Department

Encik Aiyob Shaharuddin joined PNSB on 3 June 2013 as General Manager of Protective Services Department. Human Resources & Administration Division. Encik Aiyob has 35 years of management experience with the government holding various post covering areas of security, operations & intelligence, research & development and finance & development during his tenure with Royal Malaysia Police. He holds a "Diploma Siswazah Sains Kepolisan" from Universiti Kebangsaan Malaysia. Prior to joining PNSB, he was the Chief of Auxiliary Unit, Management Department, Royal Malaysia Police, Bukit Aman holding the rank of Superintendent.

### **ENCIK KHALID ABDULLAH**

Aged 46, Malaysian General Manager, Human Resources & Administration Division

Encik Khalid Abdullah joined PNSB on 1 November 2013 as General Manager, Human Resources and Administration Division. He graduated with Bachelor Business Administration (Hons) in Human Resource Management in 1999 and obtained Executive Masters Business Administration in 2004 from Universiti Teknologi MARA (UITM), Encik Khalid has more than 20 years of experience in the area of Human Resources Management. Prior joining PNSB, Encik Khalid held various Senior Management positions in Human Resources spanning few industries in Sapura Group of Companies such as Telecommunication, Information Technology, Oil and Gas, Defense and Secured Communication.

### **IR V SUBRAMANIAM**

Aged 64, Malaysian Executive Director, Technical Development Division

Ir V Subramaniam is presently the Executive Director, Technical Development Division of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). He has worked with the Selangor Water Works Department ("JBAS") since 1991 and continued his service with the Perbadanan Urus Air Selangor Berhad ("PUAS") when the Water Works Department was corporatised in March 2002 and subsequently with SYABAS as the Executive Director, Operations when the water supply in Selangor and Federal Territories of Kuala Lumpur & Putrajaya was privatised on 1 January 2005. He holds a Bachelor of Engineering (Hons) (Civil) Degree from the University of Malaya.

Ir V Subramaniam has served in the Public Works Department/Water Supply Department/PUAS/SYABAS in various capacities for the past 40 years since graduation in 1974. He has vast experience in managing water supply and privatisation of water supply. Ir V Subramaniam successfully handled the unprecedented 1998 Water Crisis in Selangor and Kuala Lumpur, then as the Deputy Director of the Selangor Water Works Department and published a complete documentation on the management of the water crisis. He has written and presented more than 25 papers on Privatisation/ Corporatisation of water supply and on other technical aspects of water supply at both international and national level seminars, conferences and publications including International Water Association ("IWA"); Asia Pacific Economic Corporation ("APEC"); Economic and Social Commission for Asia & Pacific ("ESCAP") - United Nations and the Asian Development Bank ("ADB"). He has also assisted ADB in several studies on water supply in Asian cities as a domestic consultant appointed by the ADB.

For his dedication and service to the State and Nation, Ir V Subramaniam was awarded the Darjah Kebesaran Setia Mahkota Selangor ("SMS"), Darjah Kebesaran Setia - Sultan Salahuddin Abdul Aziz Shah ("SSA"), Ahli Mangku Negara ("AMN") and Pingat Jasa Kebaktian ("PJK") (Terengganu). He is the Deputy President of The Malaysian Water Association ("MWA") and also the Deputy President of SWAn, the Water Association of Selangor, Kuala Lumpur and Putrajaya. Ir V Subramaniam truly has a great passion for the water industry with vast experience in drinking water supply from source to tap. He is also a strong advocate of our piped water quality being clean and safe and believes only in drinking water direct from the tap.

### TUAN HAJI SANUSI SULIEMAN

Aged 53, Malaysian Executive Director, Planning Division

Tuan Haji Sanusi Sulieman graduated with a Second Class Upper Degree in Civil Engineering from the University of Malaya in 1984 and started his career with the Penang Water Authority in 1984 holding various positions of Project Engineer, Treatment Engineer and Distribution Engineer until 1993.

In 1993 he joined a consulting engineering firm Ranhill Bersekutu Sdn Bhd as a Senior Engineer involved in the Johor Baharu Water Supplies Privatisation Scheme. In 1994, he joined Puncak Niaga (M) Sdn Bhd ("PNSB") and was appointed as the Project Manager for the RM1.3 billion Sungai Selangor Phase 2 Water Supply Scheme which involves the construction of the Sungai Selangor Phase 2 Water Treatment Plant and its distribution system.

In 2000, he joined Ranhill Engineers and Contractors Sdn Bhd as the Project Director in charge of all water supply construction activities at the Company. He was then promoted to Chief Operating Officer of Ranhill Civil Sdn Bhd until 2004. In 2004, he joined as the Executive Director of WWE Holdings Bhd before joining PNSB in the same year. He was involved in the task force for the privatisation of PUAS to Syarikat Bekalan Air Selangor ("SYABAS") at that time.

Tuan Haji Sanusi was exposed to international construction works when he was assigned for the SR 408 million North Jeddah Branch Sewer Network Project in the Kingdom of Saudi Arabia in 2006. He was then promoted as the Executive Director of Projects in SYABAS in 2007 and then became the Executive Director for Planning Division in 2011 and assumes the responsibility till today.

### TUAN HAJI ZAINUDDIN OTHMAN

Aged 54, Malaysian Executive Director, Human Resource and Administration Division

Tuan Haji Zainuddin Othman joined SYABAS on 1 April 2005. He is currently holding the position of Executive Director, Human Resource and Administration Division. He holds a Master of Science in Resource Human Management from University of Lincolnshire and Humberside, United Kingdom. Prior to ioining SYABAS. Tuan Haii Zainuddin was the Head of Human Resource and Administration Department at Proton Edar Sdn Bhd (subsidiary of Proton Berhad) (1998-2003) and the Head of Human Resources and Administration at PATI Sdn Bhd (subsidiary of United Engineering (Malaysia) Berhad (1993-1997). He has more than 24 years of working experience in the areas of human resource management and general office administration.

With his vast experience in handling occupational safety & health issues, he has been appointed as Board Member of National Institute of Occupational Safety & Health (NIOSH) effective from 27 June 2013.

# ENCIK ABDUL HALEM MAT SOM

Aged 48, Malaysian Executive Director, Public Affairs Division

Encik Abdul Halem Mat Som joined PNSB in 2004 as Personal Assistant to the Executive Chairman before he was assigned to SYABAS as Senior Manager, Corporate Communications and Public Affairs Division ("CCPA"). Encik Abdul Halem was subsequently promoted to General Manager, CCPA on 1 January 2007. He was promoted to Executive Director. Corporate Affairs Division 1 January 2010. He holds a Diploma in Public Administration (1987) and a Bachelor's Degree in Corporate Administration (1998), both from the University Teknologi Mara ("UiTM") and a Certificate in Manufacturing Management from the Sanno Institute of Business Administration (SIBA), Tokyo (1990).

Encik Abdul Halem started his career as a Deputy Assistant Director of Immigration before joining a Japanese Manufacturing company for three years and subsequently attached to an Arab based multinational company for another two years specialising

in Human Resource Management. His exposure in Corporate and PR exercise started when he was the General Manager of Lagenda Abadi Sdn Bhd, an Event Management and PR Agency. He was thereafter appointed as the Managing Director of Comiteg Berhad, a company dealing with Property Development and Investment for four years.

Prior to ioinina PNSB. Encik Abdul Halem was the Group Managing Director of Eeman Group of Companies, which dealt in manufacturing, trading, event consultancy, advertising and production. Encik Abdul Halem has more than 21 years' experience in the areas of event management, film production, advertising, manufacturing, human resource consultancy and training, administration and capital investment. He is currently the President of UiTM Pahang Alumni Association and a committee member of Yayasan Siswazah Malaysia.

### PUAN ROOWINA MERICAN A. RAHIM MERICAN

Aged 52, Malaysian Executive Director, Water Quality Division

Puan Roowina Merican A. Rahim Merican joined the Puncak Group on 22 March 1997 as a Manager in the Operations Division responsible for the Environmental Unit in Puncak Niaga (M) Sdn Bhd ("PNSB"), She was subsequently promoted to Senior Manager, Assistant General Manager and General Manager of the Water Resources and Environmental Surveillance Department in PNSB before assuming her position as the Senior General Manager of the Water Quality Department under the Strategic Resources Division in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). With effect from 1 January 2011, she has been appointed as the Executive Director of the Water Quality, Asset & Strategic Resources Division of SYABAS and the Division was subsequently renamed as Water Quality Division in year 2014.

She graduated with a BSc (Hons) in Civil Engineering from the University of Surrey in 1984 and subsequently obtained her MEng (Hons) in Water Resources Development 1991. She began her career in 1985 as a Civil Engineer with the Public Works Department, Malaysia ("PWD") and held various positions during her tenure with PWD until 1997.

### ENCIK MOHAMAD ISA MOHD YASSIN, AMS, AMK

Aged 55, Malaysian Executive Director, Special Task Department

Encik Mohamad Isa Mohd Yassin joined SYABAS on 8 February 2007 as Special Assistant to the Executive Chairman/General Manager of the Bumiputera Entrepreneurs' Participation & Development Department. He was then promoted to Special Assistant to the Executive Chairman/Senior General Manager in May 2008. Followed with Special Assistant to the Executive Chairman/ Executive Director in January 2011 and later as Executive Director of Special Task Department in 2014.

Prior to joining SYABAS, he was attached to Matsushita Electric Co (M) Bhd as Executive of Research & Development Department and Production Planning Department (1977-1994), Puncak Niaga (M) Sdn Bhd as a Special Assistant to Executive Chairman (1994-2000), Puncak Alam Housing Sdn Bhd as General Manager (2000 - 2004) and Haluan Prisma Sdn Bhd as Managing Director (2004 - January 2007).

In SYABAS, he was in-charge of developing SYABAS' contractors registered with the Bumiputera Entrepreneur Participation and Development Section (2007 – 2013). Currently, he is assisting the Executive Chairman in handling special tasks in various fields. He also played an active role as Special Assistant to the Royal Engineer Regiment Commander of the Regimen Pakar Pengendalian Air Ke-60 Rejimen Askar Jurutera DiRaja ("RAJD") (Askar Wataniah) from 2007 until now.

Encik Mohamad Isa was trained in Industrial & Management Training Matsushita Electric in Co in Osaka, under Look East Policy Scheme in Japan (1986 -1988). He has vast experience in town and building development, project monitoring, public relation, manufacturing and water industries. In 2000. Encik Mohamad Isa was awarded the Darjah Ahli Mahkota Selangor ("AMS") from DYMM Sultan of Selangor, followed with Darjah Ahli Mahkota Kedah ("AMK") from DYMM Sultan of Kedah in 2011.

### **TUAN HAJI YUSOF SAROJI**

Aged 48, Malaysian Executive Director, Operation Division

Tuan Haji Yusof Saroji has 24 years of working experience with 16 years' hands-on experience in the water supply and distribution sector ranging from District water operations to revenue and collection management. Prior to his appointment as the Executive Director (Operations), he was the Senior General Manager, District Department where he is responsible and accountable for overseeing the operations and management of SYABAS' 10 district offices.

Tuan Haji Yusof Saroji is an Engineer by qualification and graduated with a Diploma and Advanced Diploma of Civil Engineering from University Teknologi Mara ("UiTM"). He is also a Graduate Member of the Institution of Engineers Malaysia ("IEM"). He began his career in 1988 as a Technical Assistant with Jabatan Bekalan Air Selangor ("JBAS"). When JBAS was corporatised as Perbadanan Urus Air Selangor Berhad ("PUAS") in 2002, he was made the Senior Manager/Head of District for the Kuala Selangor and Sabak Bernam District Offices. He continued serving

in the same position when PUAS was privatised into SYABAS in 2005 before being promoted to General Manager/Head of Gombak District Office. He was then assigned to head the Operations and Maintenance Department of SYABAS in January 2010, after which he was assigned to head SYABAS' District Department with the position of General Manager and later as Senior General Manager effective from August 2010. Effective 15 February 2012 he has been appointed as Executive Director of the Operation Division.

Tuan Haji Yusof Saroji is also active in several non-profit organisations in the water fraternity which includes Secretary and later as the Chairman of the Jawatankuasa Tindakan Jurutera Air Daerah Se Malaysia ("JTJAD") for the 2011/2013 term. He is also the Commandant of the Rejimen Pakar Pengendalian Air Ke-60 Rejimen Askar Jurutera DiRaja ("RAJD") (Askar Wataniah) for the State of Selangor holding the rank of Major since 2011 and SYABAS' Integrity Officer since 2013.

### **ENCIK YUSOF BADAWI**

Aged 52, Malaysian Executive Director, Project & NRW Division

Encik Yusof Badawi joined SYABAS on 1 May 2011 as Executive Director, Project and Development Division comprising the Project Management Department, Non-Revenue Water ("NRW") Department, Development Department and Contract Administration Department. This Division was later renamed to Project and NRW Division with the exclusion of Development Department. In 2013, Enforcement Department was added into this Division.

Encik Yusof Badawi graduated with a Bachelor of Science in Engineering, majoring in Civil Engineering and minoring in Construction and Mathematics from the Southern Illinois University, United States of America. He has 27 years of experience in the construction industry at various levels including senior and board level. He has been actively involved in management and implementation of various construction, infrastructure, housing development, waterworks and maintenance projects.

Encik Yusof Badawi was involved in the construction, testing and commissioning of Sungai Selangor Water Supply Scheme Phase I and Phase II from 1990 to 1998. He has also successfully managed the implementation of the RM500 million contract for the maintenance and upgrading of schools in Peninsular Malaysia under the umbrella concept for the Ministry of Education.

In May 2003, he was appointed as Chief Executive Officer of a public listed company (PLC). Together with the management and his staff team he managed to successfully construct and complete numerous projects and turned the PLC from a loss making company into a profitable group.

Encik Yusof Badawi is a member of the Board of Engineers Malaysia, the Malaysia Institute of Management ("MIM"), the Malaysian Water Association and Dewan Perniagaan Melayu Malaysia, Selangor (professional).

### MADAM KAREN CHAN YIT HWA

Aged 50, Malaysian Executive Director, Finance Division

Madam Karen Chan holds a Bachelor of Accounting (Hons) degree from the University of Malaya. She is a member of the Malaysian Institute of Accountants.

Madam Karen Chan has vast working experience of more than 26 years in various areas covering Auditing, Accounting, Finance and Corporate Finance.

Prior in joining SYABAS, Madam Karen Chan was the Senior General Manager with the Scomi Group of Companies for a total of 6.5 years, with 2 years of overseas assignment based in Dubai overseeing the Middle East Operation.

She was with Price Waterhouse Coopers from 1987 to 1991. Thereafter, she was with various companies within the Hong Leong Group of Companies and various Public Listed Companies in Malaysia.

### TUAN HAJI MOHD SUHAIMI RAFIE

Aged 58, Malaysian Senior General Manager, Network & Instrumentation Department

Tuan Haji Mohd Suhaimi holds a Diploma, Advanced Diploma in Civil Engineering and a Post Graduate Diploma in System Analyst from the Universiti Teknologi Mara. He has 34 years of working experience in public works and the water supply sector. He began his career in 1979 as a Civil Engineer with Jabatan Kerja Raya, holding various positions until 2001. Thereafter, he joined JBAS as a Senior Assistant Director and continued his service under PUAS (2002 - 2004). He was the General Manager, Information Communication Technology Department before he was promoted Senior General Manager, Information & Communication Technology Department on 1 January 2007.

Tuan Haji Mohd Suhaimi is currently the Senior General Manager of the Network & Instrumentation Department.

### **CIK HAYATI AB WAHAB**

Aged 50, Malaysian Senior General Manager, Internal Audit Department

Cik Hayati Ab Wahab is the Senior General Manager of Internal Audit Department. Previously, Cik Hayati was the Senior General Manager of Billing and Recovery Department from January 2011 to September 2011 and General Manager of the Kuala Lumpur Regional Office from 2007 to 2010. She joined PNSB in July 2001 as an Internal Auditor before she was assigned to SYABAS in 2005 as Secretary of Works for Kuala Lumpur District.

She holds a Bachelor of Accountancy (Hons) Degree from the London Guildhall University, England. She is a Certified Public Accountant with MICPA, Chartered Accountant with the Malaysia Institute of Accountants ("MIA") and member of the Institute of Internal Auditors, Malaysia.

She has 26 years of working experience including 10 years in external audit covering various types of industries (e.g. construction, plantation, timber, manufacturing and government bodies), due diligence review and profit & cash flow forecast. She has 10 years' experience in internal audit in the areas of financial, operational, IT, risk management and investigation. She has experience working in England, Bangkok and Singapore.

### IR NASIR ISMAIL

Aged 51, Malaysian Senior General Manager, Contracts, Procurement & Bumiputera Development Department

Ir Nasir Ismail joined SYABAS in year 2004 and was one of the task force members for the privatisation of SYABAS and has served Puncak Niaga (M) Sdn Bhd ("PNSB") since 1998.

On 15 February 2012, Ir Nasir Ismail was transferred to Puncak Oil & Gas Sdn Bhd ("POG") as the Vice President, Tender & Contract Division. Ir. Nasir was appointed Director of POG and GOM Resources Sdn Bhd on 21 February 2012.

On 1 October 2013, Ir Nasir Ismail joined SYABAS as a Senior General Manager, Contracts, Procurement & Bumiputera Development Department. Ir Nasir had also served Majlis Perbandaran Seremban, Consulting Engineer firms, contractors and Gas Malaysia Sdn Bhd before joining PNSB.

Ir Nasir Ismail is a member of the Board of Engineers ("BEM"), MWA, SWAn, IWA, IACCM and a Registered Gas Engineer with the Energy Commission, Ministry of Energy, Green Technology and Water. He holds a Bachelor of Science Degree in Civil Engineering from the Memphis State University, Tennessee, USA in 1985 and MSc in Environmental Engineering from the Shimane University, Japan in 1992.

### ENCIK AHMAD SUHAIDIN ISMAIL

Aged 53, Malaysian General Manager, Kuala Lumpur District

Encik Ahmad Suhaidin Ismail graduated in 1999 and holds a Bachelor of Engineering (Civil) Degree from the Universiti Technologi Malaysia.

Encik Ahmad Suhaidin started his career with Jabatan Bekalan Air Selangor ("JBAS") in 1984 and continued his services with Perbadanan Urus Air Selangor Berhad ("PUAS") (2002-2004) and currently Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). He served in various capacities for the past 30 years' service with JBAS/PUAS/SYABAS.

Encik Ahmad Suhaidin joined Jabatan Bekalan Air Selangor ("JBAS") on 15 January 1984 as a Technical Assistant at the Gombak District Office. His extensive participation and work commitment over the years led him to become the Manager of the Klang/Shah Alam District Office in the year 2002. He was subsequently promoted to Assistant General Manager/Head of the Kuala Langat District Office in 2007 and as the General Manager/ Head of the Klang District Office in 2009. On 15 January 2012, he was transferred to the Petaling District Office as Head of District. On January 2014, Encik Ahmad Suhaidin was appointed as Head of the Kuala Lumpur District.

Encik Ahmad Suhaidin is an active member of the Malaysian Water Association ("MWA"), KOPEKA and also Secretary of the 'Jawatankuasa Tindakan Jurutera Air Daerah SeMalaysia ("JTJAD") for state of Selangor.

### IR AHMAD MARZUKI HASHIM

Aged 52, Malaysian General Manager, Project Management Department

Ir Ahmad Marzuki Hashim graduated with a Bachelor of Science Degree in Civil Engineering (Hons) from the Ohio University in Athens in 1984 and Master of Science Degree in Environmental, Civil Engineering from the University of Liverpool, England in 1994. He is a Civil Engineer by profession and has been with PNSB since March 1997. He began his career with PNSB as a Manager of the Dam Operation Department and was subsequently promoted to the positions of Senior Manager, Assistant General Manager of the Dam Operation Department and General Manager of the Business Development Department.

He then joined SYABAS as General Manager in the Chief Operating Officer's Office in August 2009. Ir. Ahmad Marzuki is currently the General Manager, Project Management Department.

Ir. Ahmad Marzuki has more than 29 years' experience in the water industry and has held various positions during his tenure with the Public Works Department's Waterworks Branch.

### TUAN HAJI ARIFF IBRAHIM

Aged 53, Malaysian General Manager, Water Quality Operations & Surveillance Department

Tuan Haji Ariff Ibrahim joined PNSB in January 2005 and was assigned to SYABAS as General Manager, Operation & Maintenance in January 2006. He was appointed as the General Manager of NRW Department in 2012 and General Manager of Water Quality Operations & Surveillance Department in 2014.

He graduated with a Bachelor of Civil Engineering (Hons) Degree from the Universiti Technologi Malaysia in 1984 and subsequently obtained a Masters Degree of Business Administration from Universiti Kebangsaan Malaysia in 2001

Tuan Haji Ariff has more than 29 years of working experience in the water industry covering operation and maintenance of water treatment plants, operation and maintenance of water supply, construction supervision of water supply schemes, safety and health and also human resource and administrative matters. Prior to joining PNSB, he worked with Jabatan Bekalan Air Selangor for 10 years and another 10 years with CGE Utilities (M) Sdn Bhd.

Tuan Haji Ariff has been a member of the Institute of Management Malaysia ("MIM"), Selangor Water Association ("SWAn") and International Water Association ("IWA"). He is also actively involved in the Rejimen Pakar Pengendalian Air Ke-60 Rejimen Askar Jurutera DiRaja ("RAJD") (Askar Wataniah) and is currently holding the rank of Major in the Regiment.

### ENCIK SHAHRUDDIN AB RAHMAN

Aged 50, Malaysian General Manager, Billing and Recovery Department

Encik Shahruddin Ab Rahman joined SYABAS on 1 July 2009 as the General Manager of the Billing and Recovery Department. He was subsequently transferred as the General Manager of the Kuala Lumpur District effective from 1 January 2011 to 15 February 2012 to familiarise himself with District Operations and thereafter re-assigned again as the General Manager of the Billing and Recovery Department.

He holds a Bachelor in Accounting (Advanced Diploma in Accounting) from MARA University of Technology.

Prior to joining SYABAS, he served Telekom Malaysia Berhad ("TM") for 22 years with various Divisions and subsidiary Companies of TM. He was the Chief Financial Officer for two TM subsidiary Companies Government Integrated namelv Telecommunication Networks ("GITN") Sdn Bhd and TM Payphone Sdn Bhd. He was also involved in the takeover of GITN Sdn Bhd, a subsidiary Company of Permodalan Nasional Berhad ("PNB"), to be a full subsidiary of TM. His last project with TM was as the Business Controller for the Malaysian Emergency Response System 999 project where TM was appointed by the Kementerian Tenaga, Air and Komunikasi to develop and maintain the system which will provide emergency facilities for the public.

### ENCIK MOHD YAMAN MOHD ZIN

Aged 58, Malaysian General Manager, Administration Department

Encik Mohd Yaman Mohd Zin graduated from the University of Sussex, England in 1982 with a BSc in Structural Engineering. Encik Mohd Yaman has over 30 years of working experience in the building and construction industry involving engineering consultancy, project/construction management, property development and infrastructure construction.

Encik Mohd Yaman joined SYABAS in 2007 as the General Manager of the Water Quality Division and was later appointed as General Manager of the Operation & Maintenance Division in 2009 and as Head of Gombak District from 2010 to March 2011 and appointed as General Manager of the Customer Service Department or PUSPEL until end December 2013.

Effective January 2014, he headed the Administration Department as the General Manager responsible for the management of the Company's general administrative functions, the Company's fleet of vehicles under the Transport Management Section, and the administration of the Company Occupational Safety and Health practice.

### **ENCIK ABD LATIF ISMAIL**

Aged 52, Malaysian General Manager, Human Resource Department

Encik Abd Latif Ismail joined SYABAS on 20 August 2010 and is the General Manager of the Human Resources Department. He holds a Master of Science Degree in Human Resources Management from the University of Lincolnshire & Humberside, United Kingdom.

Prior to joining SYABAS, he was with the Exchange for over 14 years. His experience in the field of human resource includes being the key person involved in job re-design, job evaluation, right-sizing, culture profiling and internalisation.

### **PUAN ROSMIZAH AHMAD**

Aged 45, Malaysian General Manager, Development Department

Puan Rosmizah Ahmad, joined PUAS on the 2 September 2002 as an Engineer at the Development Department.

Upon the corporatisation of PUAS by Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") on the 1 January 2005, Puan Rosmizah continued her appointment with SYABAS based at Development Department.

Puan Rosmizah Ahmad is a Member of the Board of Engineers, Malaysian Water Association ("MWA") and International Water Association.

Upon graduating with a Bachelors Degree in Civil Engineering (Honours) from the Universiti Teknologi Malaysia in year 1994, Puan Rosmizah Ahmad began her career as Engineer in civil and structural engineering design. To date, she has over 20 years of working experience in the field of engineering.

Puan Rosmizah Ahmad has, prior to working at SYABAS, joined a consultancy firm for 8 years majoring in Structural Engineering Design before joining PUAS/SYABAS in 2002.

### PUAN HAYATI ABD RAHMAN

Aged 47, Malaysian General Manager, Information & Communication Technology Department

Puan Hayati Abd Rahman holds a Degree in Social Science majoring in Computer Science from the University of Waikato, Hamilton New Zealand in 1991. She had later furthered her studies and holds a Master of Science in Information Management from the Universiti Institut Technology Mara ("UITM") in 2002. She has 22 years of working experience in the computer environment from various types of industries (eg. plantation, properties and government agencies), system development, core system migration and implementation.

She began her career in 1991 as a Programmer at Sime Darby Plantation and had then later joined Rubber Research Institutes ("RRI") as Analyst Programmer. In 1992 she joined TTDI Development Sdn Bhd and grew her career path from Analyst Programmer to Manager heading the Management Information System Section until 2003. On 1 April 2003 she assumed the post of Senior Manager heading the Application Development Section of the Information & Communication Technology Division at Suruhaniava Syarikat Malaysia ("SSM") prior to ioining SYABAS as General Manager. Information & Communication Technology Department 15 January 2012.

### **IR KHOR TSE TONG**

Aged 39, Malaysian General Manager, Non Revenue Water (NRW) Department

Ir Khor Tse Tong joined SYABAS on 24 January 2011 as Assistant General Manager, Planning & Design Department ("PDD") and was subsequently promoted in 2012 as General Manager of PDD. In 2014, Ir Khor was appointed as General Manager of the Non Revenue Water (NRW) Department. He is a Professional Engineer registered with the Board of Engineers Malaysia ("BEM") and has more than 12 years of working experience as a Design Engineer for property developments in the civil and structural aspects, as a contractor in a high rise building construction, as an Engineer and Project Manager for NRW and Water Supply Distribution Network Modeling projects.

Ir Khor Tse Tong graduated from the Universiti Kebangsaan Malaysia ("UKM") in 1999 with a Degree in Civil & Structural Engineering. He began his career as a Design Engineer for a Civil and Structural consultancy firm. He then joined PABW Sdn Bhd in 2001 to work in the Selangor NRW Project. He joined Salcon Engineering Berhad in 2003 for an NRW project in Sandakan, Sabah. Prior to joining SYABAS, Ir Khor Tse Tong worked for Halcrow Consultant in Malaysia since 2005.

### **MS LEE CHIN SHIN**

Aged 46, Malaysian General Manager, Finance & Accounts Department

Ms Lee Chin Shin joined SYABAS on 18 April 2013 as General Manager of the Finance & Accounts Department. She graduated with a Bachelor of Accounting (Hons) Degree from the Universiti of Malaya in 1992 and is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA"). Prior to joining SYABAS, she was a Manager with HL Management Co Sdn Bhd.

### MR KELVIN SIEW WENG HOE

Aged 38, Malaysian General Manager, Petaling District

Mr Siew Weng Hoe (Kelvin) graduated with a Bachelor in Civil Engineering from the Universiti Putra Malaysia in 1999. He joined SYABAS as a Technical Manager at the Petaling District in 2005. He was promoted several times and assumed the position of General Manager, Kuala Lumpur District in 2013.

Effective January 2014, he assumed the position of General Manager, Petaling Distirict. Prior to joining SYABAS, he was an NRW Engineer with Premier Ayer Sdn Bhd.

### **ENCIK IDROS SAID**

Aged 52, Malaysian General Manager, Enforcement Department

Encik Idros Said joined PNSB in July 2008 and was assigned to the Executive Chairman's Office. He was assigned to SYABAS as Senior Manager of the Enforcement Section at the District Department in November 2009 and he was appointed as the Assistant General Manager of the Enforcement Section at the Legal & Enforcement Department in December 2010. He was then appointed as the General Manager of Enforcement Department in April 2013. Encik Idros has more than 32 years of working experience in the enforcement, investigation and intelligence bodies of the Government, oil & gas and telecommunication industries covering special projects, enforcement and investigation operations on supervision of internal and external enforcement, investigating fraud, intelligence matters and attended court hearing as Company's witness/representative. Prior to joining PNSB, he worked with Polis DiRaja Malaysia in the Special Branch, Special Operations Unit for 13 years, Petroliam Nasional Berhad for 3 years and another 11 years with Celcom (M) Bhd.

Encik Idros has been a member of the Penerima Bintang Kepahlawanan Negara since 1989 after he was awarded the Jasa Perkasa Persekutuan (JPP) gallantry star by the DYMM Yang DiPertuan Agong.

### **KEY PERSONNEL PROFILE - SINO WATER**

# YBHG DATO' SYED DANIAL SYED ARIFFIN

Aged 56, Malaysian Chairman, Sino Water Pte Ltd

YBhg Dato' Syed Danial Syed Ariffin was appointed to the Board of Sino Water Pte Ltd ("Sino Water") and as the Chairman of Sino Water on 1 January 2010, respectively. He is the Chief Operating Officer of Puncak Niaga Holdings Berhad ("PNHB") and Managing Director of Puncak Niaga (M) Sdn Bhd ("PNSB"). YBhg Dato' Sved Danial is a civil engineer by profession and has been with the PNHB Group since December 1995. He holds a BSc (Hons) Degree in Civil Engineering from the University of Aston in Birmingham, United Kingdom.

As Chairman of Sino Water, YBhg Dato' Syed Danial Syed Ariffin is responsible for the stewardship of the Board of Sino Water and its subsidiaries in the People's Republic of China.

The full details of YBhg Dato' Syed Danial's profile are as detailed on page 46 of this Annual Report.

### IR TAN HUI KUAN

Aged 60, Malaysian Managing Director, Sino Water Pte Ltd

Ir Tan Hui Kuan was appointed as Managing Director of Sino Water on 8 June 2011. He is the Chief Operating Officer of PNSB. Ir Tan Hui Kuan graduated with a Bachelor of Engineering (Civil) (Hons) Degree from the University of Malaya in 1979.

As the Managing Director of Sino Water, Ir Tan Hui Kuan is responsible for the day-to-day management, operations and project implementation of all projects undertaken in the People's Republic of China.

The full details of Ir Tan Hui Kuan's profile are as detailed on page 54 of this Annual Report.

#### YBHG TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH

Aged 62, Malaysian Chairman, GOM Resources

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah was appointed to the Board of GOM Resources Sdn Bhd ("GOM Resources") on 1 March 2013.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz graduated with a Bachelor of Economics (Honours) from the University of Malaya, Masters in Philosophy (Development Studies) from the Institute of Development Studies, University of Sussex, Brighton, UK and obtained a Ph.D. (Economics) from the School of Business and Economic Studies, University of Leeds, UK. He also attended the Advanced Management Program at Harvard Business School, Harvard University, Boston USA.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz has spent more than 37 years in the Public Service with vast experiences in finance and economic sectors. He began his career in 1975 as the Assistant Director in the Economic Planning Unit (EPU), Prime Minister's Department and was promoted to Senior Assistant Director in 1984, before assuming the role of Director of Energy Section in the same department. In late 1998, YBhq Tan Sri Dato' Sri Dr Wan Abdul Aziz was seconded by the Government of Malaysia to the World Bank Group, Washington D.C, USA as the Alternate Executive Director representing the South East Asia Group.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz returned to Malaysia in 2001 and assumed the role of Deputy Under Secretary (Macro), Economics, and International Division, Ministry of Finance ("MOF"). In 2004, he served the EPU, Prime Minister's Department as Deputy Director General in the Macro Planning Division.

He was appointed as the Deputy Secretary General of Treasury (Policy), MOF in 2005 and was promoted on 28 February 2007 as the Secretary General of Treasury, MOF. He retired from the Public Service on 23 May 2008 and subsequently continued to serve as Secretary General of Treasury until 23 August 2012.

Currently, he is the Chairman of Malaysia Airport Holdings Berhad, Bank Pembangunan Malaysia Berhad, Samalaju Industrial Port Sdn Bhd, Syarikat Jaminan Kredit Perumahan Berhad, and Pembinaan BLT Sdn Bhd. He is also a Board Member of Permodalan Nasional Berhad, Sime Darby Berhad & Group, Felda Global Ventures Holdings Berhad and RAM Holdings Berhad.

### YBHG DATO' HASHIM MAHFAR

Aged 54, Malaysian Director and Acting President of POG and GOM Resources

YBhg Dato' Hashim Mahfar was appointed to the Board of Directors of Puncak Oil & Gas Sdn Bhd ("POG") on 3 May 2010. He did his tertiary education in 1981 at the University Teknologi Mara ("UiTM") and attended the professional qualification of the Institute of Chartered Secretaries and Administrators (UK). Throughout his career, YBhg Dato' Hashim has been very much involved in the corporate services which includes legal and secretarial, contract administration, marketing and corporate finance.

YBhg Dato' Hashim Mahfar is responsible for the Business Development & Special Function of GOM Resources and Puncak Group's Oil and Gas Division.

On 1 April 2014, YBhg Dato' Hashim Mahfar was appointed as the Acting President for both POG and GOM Resources.

### ENCIK ANGAT ANUM LINGOH

Aged 58, Malaysian Director and Senior Vice President Operations Division of GOM Resources

Encik Angat Anum Lingoh is the Senior Vice President, Operations Division and was appointed as Director of GOM Resources on 21 February 2012.

Encik Angat Anum Lingoh graduated from the University of Newcastle in England with a BSc. in Mechanical Engineering. He started off as a Contracts Engineer in Sarawak Shell Berhad in August 1982 after which he held various technical and senior management positions in Shell and other Installation Contractors. He has more than 32 years of working experience in the Offshore Oil & Gas ("O&G") industry covering corporate office, operations, project, finance and human resource management. He also majors in offshore pipeline design engineering and platform project management, installation, repairs replacements and commissioning.

Encik Angat Anum Lingoh had working experiences in major and established O&G companies locally and internationally such as Sarawak Shell Berhad, Swiber Marine (Malaysia) Sdn Bhd, Brunei Shell Petroleum Co, Technip Engineering in Brunei, Shell Petroleum Development Company of Nigeria, Tengizchevroil Chevron in Kazakhstan and Woodside Energy Limited in Australia.

### YBHG DATO' MAT HAIRI ISMAIL

Aged 52, Malaysian
Director and Vice President,
Human Resources & Administration
Division/Information Technology
Division of GOM Resources

YBhg Dato' Mat Hairi Ismail obtained his Bachelor Degree in Accountancy from the University Kebangsaan Malaysia in 1985. He began his career as an Accountant with the Jabatan Akauntan Negara Malaysia (JANM) in 1985 as Head of JANM in Labuan in 1989. YBhg Dato' Mat Hairi was later appointed as the Representative Accountant of Malaysia in UK and EIRI Office in London from 1990-1992 and upon his return to Malaysia, YBhg Dato' Mat Hairi was appointed as Senior Accountant with the Langkawi Development Authority till 1994.

YBhg Dato' Mat Hairi began his involvement in business in 1994 together with his elder brothers. YBha Tan Sri Rozali Ismail and YBha Dato' Shaari Ismail to set up Puncak Niaga (M) Sdn Bhd ("PNSB") which has now successfully become the leading regional integrated water, wastewater and environmental solutions provider. YBhg Dato' Mat Hairi has held various positions with the PNHB Group including Executive Director of Finance & Corporate Services, Executive Director in the Executive Chairman's office and now as the Vice President of Human Resources & Administration Division and Information Technology Division for POG and Group. He was appointed as Director of GOM Resources on 2 January 2013 and Director of KGL on 7 March 2013.

YBhg Dato' Mat Hairi bring with him an extensive 29 years of experience in strategic planning, corporate finance and business management to help build POG and Group to become a significant player in the O&G sector, both locally and internationally.

### TUAN HAJI JAMEL SALLEH

Aged 55, Malaysian Vice President, Business Development Department (Operation) of GOM Resources

Tuan Haji Jamel Salleh's career started with Elf Aquitaine in 1986. Tuan Haji Jamel has more than 25 years of working experience in the O&G Industry covering corporate office, drilling operations, project, logistics, warehousing and business development.

Tuan Haji Jamel has worked for major and established O&G companies locally and internationally such as Idemitsu Exploration of Japan, Agip Ltd of Italy, PCSB (Baram Delta Operation), Carigali-Triton Operating Co Sdn Bhd ("CTOC"), Carigali-HESS Operating Co Sdn Bhd and PJ Energy Services Co. Ltd of Thailand.

### TUAN HAJI ABU SAMAD NORDIN

Aged 61, Malaysian Vice President, Exploration and Production Division of POG

Tuan Haji Abu Samad Nordin joined GOM Resources as Vice President of Exploration & Production Division. He obtained his BSc. Degree in Geology from the University of Malaya in 1976 and a Master Degree in Earth Resources Management from the University of South Carolina, USA in 1993.

Tuan Haji Abu Samad began his career with Petronas in 1976 to 2010 and holding various positions from Geologist to General Manager/Director covering both local and international Exploration Operations. Tuan Haji Abu Samad brings with him 35 years of technical experience in the upstream operations.

#### **MADAM YAN SIEW CHING**

Aged 46, Malaysian
Vice President, Finance & Accounts
Division of GOM Resources

Madam Yan Siew Ching joined GOM Resources in 2012. Madam Yan received her Bachelor of Business in Accountancy in 1990 from the Royal Melbourne Institute of Technology (RMIT), Australia and is a Chartered Accountant (MIA).

Madam Yan started her career in 1991 with Kassim Chan & Co (Deloitte Touche) before serving Pricewaterhouse Coopers (PWC) as Audit Senior in 1993. Madam Yan has served many established companies in Malaysia such as Kvaerner (Malaysia) Sdn Bhd, EON Berhad, KUB Malaysia Berhad, SYABAS and SCOMI Engineering Bhd in her 23 years of working experience.

#### **ENCIK AZMAN SHABUDIN**

Aged 54, Malaysian Vice President, Commercial Division of GOM Resources

Encik Azman joined GOM Resources in 2012. Encik Azman obtained his BSc. in Mechanical Engineering from the University of Glasgow in 1987 before obtaining his MBA from the University Kebangsaan Malaysia in 2004. He received his Dredgemaster Certificate of Competency in 1982 and is a Member of the American Society of Safety Engineers (ASSE) in1991.

Encik Azman has over 26 years of O&G Industry experience mainly in the installation of subsea pipelines, installation of platforms and jackets, SBMs, FSO, underwater diving and ROV inspection, repair and maintenance of O&G facilities.

Encik Azman worked for many established O&G companies such as Sarawak Shell Berhad, Esso Production Malaysia Inc, TL Offshore Sdn Bhd, Sapura Energy Sdn Bhd and Alam Maritim Group and has held various positions such as Construction Superintendent, Senior Operations Manager and Managing Director.

### **ENCIK ANUWAR ABD WAHAB**

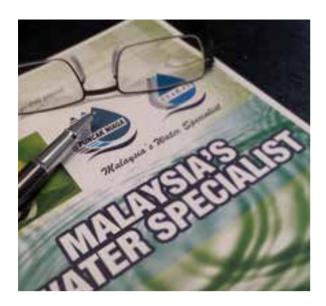
Aged 48, Malaysian Vice President, Technical Department (Commercial) of GOM Resources

Encik Anuwar Abd Wahab was appointed Vice President – Operation on 1 July 2013 and subsequently Encik Anuwar was assigned as Vice President – Technical (Commercial) of GOM Resources.

Encik Anuwar was conferred with Bachelor Degree (Hons) in Mechanical Engineering from the University of Strathclyde, Glasgow, Scotland in 1990.

He started his career in manufacturing for three (3) years, and then he moved into O&G Industry and joined Subsea Pipeline Design Consultant. In 2002, he joined Sarawak Shell Bhd (SSB) and later with Petronas Carigali Sdn Bhd (PCSB). His last position at PCSB was Principal Pipeline engineer, being the technical authority of the design and integrity for the whole PCSB's pipeline networks domestically and internationally. He is a member of Board of Engineers Malaysia (BEM), Technical Team Member Committee for Malaysia Standard (MS) led by SIRIM and Honorary Member of the imminent Professional Competency Examination (PCE) led by BEM during his tenure with PETRONAS.

Encik Anuwar brings his vast technical and project management experience as well as personal networks amongst engineering consultants, Federal Government Agencies such as Department of Occupational Safety & Health (DOSH), Department Of Environment (DOE) and Drainage Irrigation Department (DID), State Governments of Sabah and Sarawak, SSB and PETRONAS (PMU, PCSB and GTS).









# We look for shareholder value



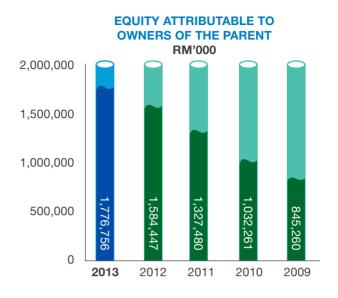
### **FIVE-YEAR FINANCIAL HIGHLIGHTS**

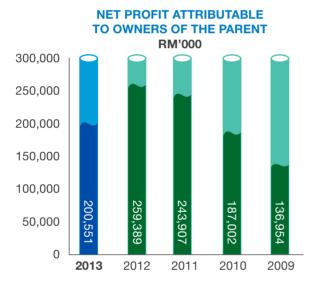
	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
		(Restated) #	(Restated) #	(Restated) #	(Restated) #
	RM'000	RM'000	RM'000	RM'000	RM'000
Key Results					
Revenue	1,146,704	1,563,032	1,015,668	524,587	417,875
Profit before tax	236,364	325,372	365,935	251,485	195,078
Net Profit attributable to owners of the parent	200,551	259,389	243,907	187,002	136,954
Statements of Financial Position					
Property, plant and equipment	426,219	419,799	412,671	197,723	170,504
Operating financial assets	743,771	813,812	890,959	1,049,423	1,091,832
Service concession assets	84,562	67,880	65,908	64,878	43,186
Other non-current assets	1,883,573	1,632,326	1,285,905	534,209	600,741
Current assets	1,508,230	1,313,581	1,081,715	1,397,687	1,196,651
Total assets	4,646,355	4,247,398	3,737,158	3,243,921	3,102,913
Issue and Paid-Up Capital					
Share capital	411,261	411,143	411,143	411,143	411,143
Reserves	1,365,495	1,173,304	916,337	621,118	434,117
Equity attributable to owners of the parent	1,776,756	1,584,447	1,327,480	1,032,261	845,260
Net assets per share attributable to owners of the parent (RM)	4.34	3.87	3.24	2.52	2.07
Ratios and Statistic					
Net profit margin attributable to owners of the parent (%)	17.49	16.60	24.01	35.65	32.77
Basic earnings per share attributable to owners of the parent (sen)	49.02	63.40	59.62	45.71	33.48
Diluted earnings per share attributable to owners of the parent (sen)	46.28	N/A	N/A	N/A	N/A
Loans and borrowings (RM'000)	2,053,751	1,935,717	1,837,840	1,609,746	1,825,826
Gearing ratio (%)	49	54	56	53	59
Current ratio (times)	3.31	1.21	1.40	1.53	2.30

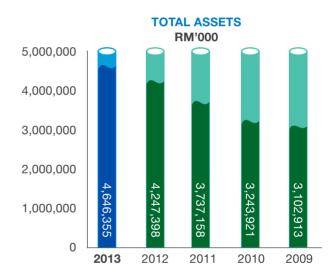
<sup>\*</sup> These comparatives have been restated to take into account the effects of the adoption of MFRS 10 & 11 on Equity account of SYABAS

### **FIVE-YEAR GROUP PERFORMANCE**

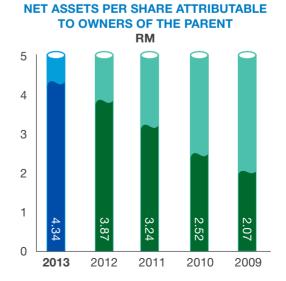








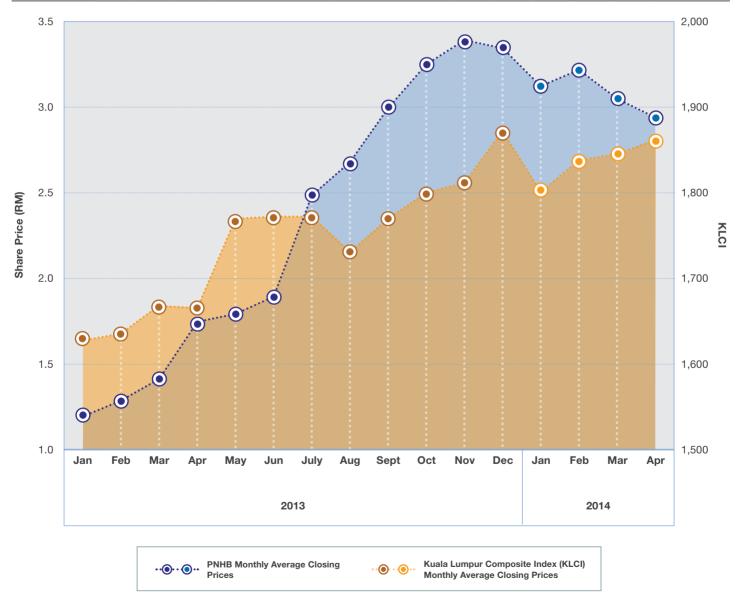




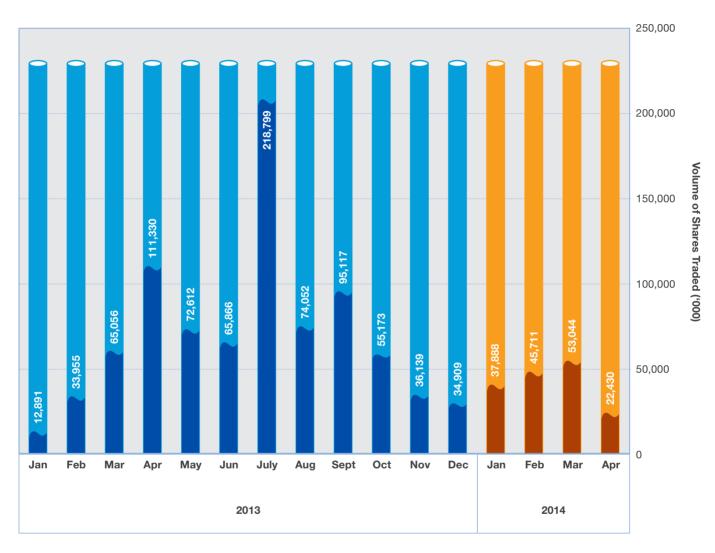
### **SHARE PRICE & VOLUME TRADED**

#### **Share Price Movement**

	2013							20	14							
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Volume of Shares Traded ('000)	12,891	33,955	65,056	111,330	72,612	65,866	218,799	74,052	95,117	55,173	36,139	34,909	37,888	45,711	53,044	22,430
PNHB Monthly Average Closing Prices (RM)	1.21	1.29	1.47	1.76	1.79	1.89	2.48	2.66	3.00	3.24	3.37	3.33	3.13	3.22	3.06	2.93
FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") Monthly Average Closing Prices	1,628	1,638	1,672	1,668	1,769	1,774	1,773	1,728	1,769	1,807	1,813	1,867	1,804	1,836	1,849	1,872



#### **SHARE PRICE & VOLUME TRADED**





#### FINANCIAL CALENDAR

# 2013

### 29 MAY 2013

#### **WEDNESDAY**

First Quarter Results ended 31 March 2013

### 29 AUGUST 2013

#### **THURSDAY**

Second Quarter Results ended 30 June 2013

#### **28 NOVEMBER 2013**

#### **THURSDAY**

Third Quarter Results ended 30 September 2013

# 2014

#### 27 FEBRUARY 2014 THURSDAY

Fourth Quarter Results ended 31 December 2013

#### 28 APRIL 2014 MONDAY

Audited Financial Statements for the financial year ended 31 December 2013

# 4 JUNE 2014 WEDNESDAY

Published Annual Report 2013

#### 26 JUNE 2014 THURSDAY

Seventeenth Annual General Meeting





# We focus on business







# OPERATIONS REVIEW PUNCAK NIAGA (M) SDN BHD



In the year under review, Puncak Niaga (M) Sdn Bhd ("PNSB") weathered the challenges of a difficult operating environment to turn in a strong performance. In the year under review, Puncak Niaga (M) Sdn Bhd ("PNSB") weathered the challenges of a difficult operating environment to turn in a strong performance. The Company's water treatment plants ("WTPs") and dam operations continued to grow from strength to strength with the WTPs continuing to produce high volumes of treated water of excellent quality above their design specifications. A number of plant improvements works were brought to completion in 2013, while new works commenced. The enhancements to PNSB's plants over the course of the preceding year certainly strengthened operational reliability and efficiency and enabled PNSB to meet, and in some instances exceed, its key performance indicators for water quality and production.

PNSB remains committed to upholding good environmental sustainability practices throughout the length and breadth of its operations and in 2013, made good strides forward in several related areas. For more information on PNSB's environmental sustainability efforts, please refer to the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### **WATER TREATMENT PLANT OPERATIONS**

PNSB operates, manages and maintains 29 WTPs with a combined capacity of 1,930 million litres per day ("MLD"). In the year under review, PNSB delivered 727.05 million cubic metres ("m³") of treated water, an increase of 2,26% from the 711.00 million m³

# OPERATIONS REVIEW PUNCAK NIAGA (M) SDN BHD

of treated water produced in 2012. The increase in treated water production came on the back of higher treated water demand from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS").

In 2013, the WTPs achieved an impressive 99.9% compliance with the stipulated treated water quality standards, based on 30,873 samples tested by both the Independent Laboratory and our Central Laboratory. This underscores PNSB's dedication to maintaining the highest standards of quality throughout its operations.

PNSB is also committed to ensuring a dependable supply of water. To ensure that consumers can rely on a constant supply of treated water, PNSB's teams work hard to minimise unscheduled WTP shutdowns. In 2013, whilst PNSB's WTPs have experienced 351.85 hours of shutdowns for reasons beyond our control, this did not cause any interruptions to the water supply for the consumers. Despite the shutdowns, all PNSB's WTPs met production demand in a consistent manner.

Table A: Causes and number of hours of WTPs shutdown

Cause of Shutdown	Hours of Shutdown
Raw water violation	177.12
TNB power supply interruption	30.81
Pipe leak/burst	143.92
Total Hours	351.85

The performances for PNSB's WTPs over 2013 were as follows:

- The Sungai ("Sg") Selangor Phase 2 ("SSP2") WTP produced 348.37 million m³ of treated water, a 0.28% increase over the 347.40 million m³ recorded in 2012. The SSP2 WTP's average daily production increased to 961.33 million litres from 951.79 million litres in 2012, with production exceeding the daily design capacity of 950 million litres.
- The Wangsa Maju WTP produced 16.48 million m³ of treated water, an increase of 4.90% over the 15.71 million m³ recorded in the preceding year. Average daily production rose to 45.73 million litres as compared to 43.04 million litres registered in 2012. The plant has a daily design capacity of 45 million litres while its daily designated quantity in accordance with the Concession Agreement is 31.50 million litres.
- The Sg Sireh WTP produced 7.72 million m³ of treated water, a 2.12% increase over the 7.56 million m³ produced in 2012. The average daily production for 2013 was 21.33 million litres as compared to 20.70 million litres in 2012. This WTP has a daily design capacity of 27.28 million litres.
- The 26 WTPs under the Privatisation Cum Concession Agreement ("PCCA") dated 22 September 1994 produced 354.48 million m³ of treated water, a 4.46% increment over the 339.34 million m³ produced in 2012. The average monthly treated water production for 2013 was 29.54 million litres in



Water quality inspection at Central Laboratory

comparison to the 28.28 million litres produced in 2012. The WTPs also exceeded their monthly designated quantity of 26.28 million litres as required under the PCCA.

• The new Sg Lolo WTP produced 998,097 m³ of treated water, a 0.19% decrease as compared to the 999,974 m³ produced in 2012. The plant's average daily production was 2.70 million litres as compared to 2.74 million litres in 2012. The new Sg Lolo WTP's design capacity is 2.5 million litres daily.

All our 29 WTPs performed well in 2013, meeting SYABAS' requirements for treated water as well as the Drinking Water Quality Standards as required by the Ministry of Health ("MOH").

Over the course of 2013, 15 WTPs namely, SSP2 WTP, Sg Langat WTP, Sg Batu WTP, Wangsa Maju WTP, Rantau Panjang WTP, Bukit Tampoi WTP, Gombak WTP, Ampang Intake WTP, Sg Pangsoon WTP, Sg Dusun WTP, Sg Selisek WTP, Sg Tengi WTP, Sg Serai WTP, Sg Lolo New WTP and Sg Lolo Old WTP operated over and above their design capacity with approval/directives from the authorities to meet the increased demand of treated water.

PNSB has also been tasked with operating the new Bernam River Headworks WTP since August 2013. This WTP has a design capacity of 25 MLD.

#### **PLANT IMPROVEMENT WORKS**

As part of its commitment towards delivering a stable and efficient water supply including meeting treated water quality requirements, PNSB successfully carried out a number of plant improvement works in 2013.

#### **SSP2 WTP**

The improvement projects for the SSP2 WTP included rehabilitation works for the control panel for the Local Control Panel ("LCP") for filtration plant Stream D, an upgrade from the Siemens S5 Programmable Logic Controller ("PLC") system to an improved S7-300 PLC system and the upgrade of the online condition monitoring at the intake and treated water pump house.

Other ongoing works for the SSP2 WTP include the rehabilitation of the Actiflo recirculation pump as well as the refurbishment of raw water pumps.

# OPERATIONS REVIEW PUNCAK NIAGA (M) SDN BHD



SSP2 WTP

#### Sg Langat WTP

The major improvement works for Sg Langat WTP included the successful installation of carbon dioxide ("CO<sub>2</sub>") firefighting systems at the substation room and treated water pumping house in line with the safety agenda of the Company. The Sg Langat WTP also undertook riverbank refurbishment at the pipeline area, pump refurbishment works for its 16 Million Gallon Per Day ("MGD") raw water pumps and the replacement of 20 actuator units for its air scour valves. The Sg Langat WTP also initiated the replacement of an electromagnetic flow meter and works on this are still ongoing.

#### **Ampang Intake WTP**

The improvement works for Ampang Intake WTP included the replacement and refurbishment of the pressure filter complete with piping system, pumps, blowers and auto backwash.

#### **Batang Kali WTP**

The year saw PNSB successfully improving and optimising the alum dosing system utilising the PLC system at the Batang Kali WTP and integrating this with a streaming current detector.

#### Sg Rangkap WTP

The improvement works for the Sg Rangkap WTP involved the refurbishment of the filter for the plant filtration system and the installation of a  $\rm CO_2$  firefighting system.

#### **Bukit Nanas WTP**

The improvement works for the Bukit Nanas WTP involved an upgraded of the chlorine scrubber plant (inclusive of the chlorine storage room).

#### Wangsa Maju WTP

The improvement works for the Wangsa Maju WTP included the installation of a  $\rm CO_2$  firefighting system, CCTV, online analyzer and the rehabilitation and upgrading of the automation system equipment.

The Wangsa Maju WTP has been identified and gazetted by the Jawatankuasa Sasaran Penting Wilayah Persekutuan Kuala Lumpur headed by the Majlis Keselamatan Negara ("MKN") as one of the prime targets that require a high level of security to ensure that the water supply system to Kuala Lumpur is protected against natural and man-made disasters.

In 2013, PNSB had installed a new CCTV system which includes IP cameras using wireless network topology and network video recording. 16 cameras have been placed at the plant area and another eight cameras at the WTP's intake to strengthen ongoing surveillance activities and to mitigate any intrusion or security breach within the WTP buildings and compounds. The installation of  $\mathrm{CO}_2$  firefighting systems at WTPs underscores the fact that PNSB had put in a lot of effort into ensuring the rollout of safe operations.

#### **ONGOING IMPROVEMENT PROJECTS**

In 2013, PNSB also initiated the following plant improvement works:-

- Rehabilitation of the Gerachi Intake weir at the Kuala Kubu Baru WTP:
- Refurbishment of the slope area at the Sg Dusun WTP and Ampang Intake WTP;
- Installation of chlorine auto-closure systems at eight of its WTPs namely, the Batang Kali, North Hummock, Sg Buaya, Sg Pangsoon, Salak Tinggi, Kepong, Sg Batu and Sg Rumput WTPs;
- Installation of a syphon system for the Sg Pangsoon WTP from Sg Langat Dam Source;
- Refurbishment of the filter media for the Sg Batu WTP;
- Replacement of defective and old actuator valves at Sg Langat WTPs;
- Replacement of a submersible de-sludging pump at the three accelerators at Bukit Nanas WTP; and
- Upgrading of the transformer at the Cheras WTP from 750 kVA to 1250 kVA.

#### **Raw Water Drawn For Treatment**

The following table summarises the amount of raw water drawn from the various rivers and dams for treatment at PNSB's WTPs in 2013:-

Source	Volume withdrawn (m³)
Sg Selangor	395,417,305
Sg Bernam	19,000,305
Sg Dusun	505,152
Sg Tengi	713,787
Sg Batang Kali	4,118,162
Sg Darah	195,967
Sg Gerachi	2,657,414
Sg Inki	2,353,514
Sg Ampang	6,929,449
Sg Gombak	14,478,421
Sg Rumput	461,760

# OPERATIONS REVIEW PUNCAK NIAGA (M) SDN BHD

Source	Volume withdrawn (m³)
Sg Rangkap	3,642,292
Sg Kepong	907,430
Sg Langat	186,639,915
Sg Labu	1,942,402
Sg Pangsoon	1,630,767
Sg Lolo	1,660,278
Sg Serai	456,639
Sg Sireh	8,794,333
Klang Gates Dam	62,335,213
Tasik Subang Dam	5,410,257
Batu Dam	49,727,570
Total	769,978,332

#### **DAM OPERATIONS**

PNSB operates and maintains the Sg Langat, Klang Gates and Tasik Subang Dams based on the Malaysian Inter-Departmental Committee's Dam Safety Guidelines for Operation, Maintenance and Surveillance of Dams, October 1989.

The operation of the dams are guided by the Reservoir Operation Rule-Curves ("ORC") in order to meet the demand for raw water release while conserving as much dam water as possible. The Sg Langat and Tasik Subang Dams reservoir levels were maintained above ORC No. 1 at the end of 2013 despite a slight decrease below ORC No. 2 and 3 between August and November 2013. However, the Klang Gates Dam levels dropped below ORC No. 4 by the year's end. All dams performed well in 2013 and there was no critical storage drawdown at any of the dams.

The total annual rainfall at the three dam catchments areas in 2013 was lower than the mean average rainfall as shown in Table B:

Table B: Annual Rainfall 2013

Dam	Annual rainfall 2013 (mm)	Mean average rainfall (mm) (1998 – 2012)	Variance against average (%)
Sg Langat	2,002.30	2,392.23	-16.3
Klang Gates	1,603.70	2,823.12	-43.2
Tasik Subang	2,307.24	2,505.64	-7.9
Total	5,913.24	7,720.99	

To ensure the safety and stability of the dams, PNSB undertakes monthly dam visual safety inspections covering field inspections for all major dam structures, the mechanical and electrical installations, as well as instrumentation. This exercise also includes a monthly inspection of the dams by a competent electrical engineer. Survey level inspections and monitoring works for the dams were completed by a licensed surveyor in the months of June and December 2013.



Maintenance work in progress

PNSB also carried out scheduled dam preventive and maintenance works including civil, mechanical, as well as electrical and instrumentation equipment works in 2013. In addition, rehabilitation works to replace six valves at the Sg Langat Dam draw-off tower are currently being undertaken by the Selangor State Government.

During the year, PNSB worked together with the relevant agencies to safeguard the environment around the dams via operation "Operasi Tindakan Bersepadu" to prevent illegal encroachment. Raw water quality monitoring works too were conducted on a quarterly basis by an appointed independent laboratory. In 2013, Pejabat Kesihatan Klang conducted sanitary survey works at the Tasik Subang Dam.

The safety and health management system is being enforced and practiced at dams. PNSB has conducted the site safety inspection ("SSI"), daily Permit to Works ("PTW"), 5S Programme, U-See U-Act Programme and four mock drills. No accidents or injuries were reported at the dams throughout 2013.

In line with its commitment to upholding good corporate social responsibility practices, PNSB in collaboration with MKN and Lembaga Urus Air Selangor ("LUAS") has allowed various stakeholders to visit the dams. For more information on the visits, please refer to the "Engagement With Our Community" section on pages 139 to 143 of this Annual Report.

In 2013, the dam's raw water quality was within the Recommended Raw Water Quality Criteria set by MOH.

#### **CERTIFICATION**

#### ISO 9001:2008 (Quality Management System)

In 2013, PNSB's three Regional Offices and 26 WTPs successfully maintained their ISO 9001:2008 certification underlining the Company's commitment towards upholding stringent quality management standards in its operations.

#### OHSAS 18001:2007 (Safety Management System)

In 2013, PNSB's three Regional Offices and 27 WTPs successfully maintained their OHSAS 18001:2007 certification.

# OPERATIONS REVIEW PUNCAK NIAGA (M) SDN BHD

#### ISO 14001 (Environmental Management System)

In 2013, the SSP2 WTP successfully maintained its ISO 14001 certification which enabled it to maintain its Integrated Management System certification which encompasses the ISO 9001:2008 (Quality), ISO 14001 (Environment) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems) standards.

### ISO 17025:2005 (Competence Of Testing And Calibration Laboratories)

In 2013, PNSB's Central Laboratory successfully maintained its ISO 17025:2005 certification for the competence of its testing and calibration laboratories.

ISO 22000:2005 (Food Safety Management System), Hazard Analysis & Critical Control Point ("HACCP") And Good Manufacturing Practice ("GMP")

In 2013, Sg Langat WTP, Wangsa Maju WTP and SSP2 WTP have been certified for ISO 22000:2005 (Food Safety Management System), HACCP and GMP on 13 September 2013.

#### **INFORMATION AND COMMUNICATIONS TECHNOLOGY ("ICT")**

The year in review saw PNSB's Information Technology Department ("ITD") introducing several new initiatives to further strengthen PNSB's core business operation.

ITD continues to improve PNSB's business application platform and introduced new systems for the Company to take advantage of cutting edge technologies as well as to future-proof itself.

ITD is tasked with ensuring that a secure infrastructure is in place for corporate data to be delivered reliably and securely across the organisation. To this end, ITD is in the process of leveraging Internet Protocol Virtual Private Network ("IPVPN") technology to deliver secured connectivity between PNHB's Headquarters and its WTPs and dams.

The connectivity will provide employees' at the WTPs and dams direct access to PNSB's business applications and corporate network resources.

#### **PREVENTIVE MAINTENANCE**

#### **Preventive Plant Maintenance**

PNSB undertakes rigorous monitoring and maintenance of its plant and equipment throughout the year to ensure the smooth and continuous operation of all 29 WTPs. The annual maintenance plan is complemented by preventive maintenance while performance is closely monitored by two maintenance software systems named Maximo and Maintpro. In 2013, the WTPs conducted some 28,200 preventive maintenance activities as compared to 25,128 activities in 2012.

#### **INNOVATIVE AND COST-CUTTING MEASURES**

Every year, PNSB conducts the Innovative & Creative Circle ("ICC") Programme to encourage employees to generate innovative inventions or measures.

Details of the activities and achievements of the Company's ICC Programme are set out under the title, "Key Achievements" of the PNSB Operations Review and the "Quality Policy & Report" section on page 190 of this Annual Report.

#### **KEY ACHIEVEMENTS**

The host of awards and accolades that PNSB has achieved to date is apt reflection of its commitment to upholding high standards throughout its water treatment operations.

In 2013, the Wangsa Maju WTP was accorded the Gold Trophy Award under the water utility sector category from the National Council of Occupational Safety & Health ("NCOSH"). Wangsa Maju WTP was also the beneficiary of the Gold Merit Award from the Malaysian Society for Occupational Safety & Health ("MSOSH"). Five other WTPs, namely the SSP2, Bernam River Headworks, Sg Langat, Salak Tinggi and Sg Rangkap WTPs, all received Gold (Class I) Awards from MSOSH attesting to the high OSH standards brought into play at these WTPs.

In September 2013, Sg Langat WTP, Wangsa Maju WTP and SSP2 WTP had been awarded by SGS Malaysia Sdn Bhd with:-

- ISO 22000:2005 (SAS Accreditation)
- ISO 22000:2005 (DSM Accreditation)
- HACCP Codex Alimentarius
- GMP Codex Alimentarius

The Central Laboratory was awarded the 2013 Institut Kimia Malaysia ("IKM") Laboratory Excellence Award from the Institut Kimia Malaysia on 6 December 2013 whilst maintaining the ISO 17025:2005 certification for achieving high international standards in training, health and safety.

PNSB achieved the Excellence Award at the International Convention on Quality Control Circle 2013 ("ICQCC") which was held in Taipei, Taiwan from 22 to 25 October 2013. PNSB's project themed "High Cost of Polymer Consumption" resolved the high consumption of polymer in the water treatment process at SSP2 WTP.

On 24 October 2013, PNSB also achieved the Silver Award for the Malaysia HR Awards 2013 (Employer of Choice).



Periodical process control monitoring



The **SYABAS'** year saw team upholding their commitment to excellence by working hard to ensure the continuous and effective distribution of quality water supply to consumers in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya despite the obstacles faced by SYABAS during the year.

Despite the challenges of 2013's difficult operating environment, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") successfully achieved its key targets for the year with higher revenue as compared to the previous year. The year saw SYABAS' team upholding their commitment to excellence by working hard to ensure the continuous and effective distribution of quality water supply to consumers in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya despite the obstacles faced by SYABAS during the year.

#### **CHALLENGES**

In 2013, the demand for water and the metered consumption in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya grew by an average rate of 6.5% and 3.7% respectively for the year as compared to 2012.

The occurrence of water supply interruptions continued from time to time in 2013 amidst literally no balance between treated water supply capacity-demand situation in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya in a few districts namely, Hulu Langat, Kuala Lumpur, Gombak, Petaling Jaya and Klang. The water supply interruptions occurred principally due to peak demand seasons exceeding supply capacity, raw water pollution affecting production capacity, and trunk main bursts.

The critical water supply situation is expected to continue given the limited additional distributable capacity. In 2013, the reserve margin stands at less than 2% of average demand for the supply of treated water and towards the end of the year, reserve margin went down to below 0.5% with ever increasing demand. This situation is expected to persist in spite of the expected completion of the KeTTHA Mitigation 1 Programme by end of 2014. The increased capacity from the KeTTHA Mitigation 1 Programme simply will not be able to cater for the rapid rise in demand as the supply capacity is already inadequate. Unless the Government implements more programmes to increase the supply of treated water to meet the continuous increase in demand, the critical water supply situation will persist and continue.

As in the previous year, 2013 saw SYABAS, being an agent to the National Water Services Commission [Suruhanjaya Perkhidmatan Air Negara] ("SPAN") and endorsed by SPAN, again has to defer its support for projects relating to additional water demand. SYABAS has not been able to provide support letters for any new development projects in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya as there has not been any certainty of new additional water supply capacity. As of 31 December 2013, 722 projects were affected and all this has been endorsed by the regulator, SPAN.

The impending issue of the Selangor State Government's Proposed Restructuring since 2008 and the refusal of the Selangor State Government from 1 January 2009 and once again on 1 January 2012 to either gazette the water tariff adjustment or to pay compensation in lieu thereof under the SYABAS Concession Agreement dated 15 December 2004 signed between SYABAS, the Federal Government and the Selangor State Government ("SYABAS Concession Agreement") continued in spite of the most recent offer received from the Selangor State Government in February 2014, which again was unacceptable. Hence, SYABAS' financial capacity constraints continues with no respite in sight.

SYABAS is still not able to draw down its arranged loan facilities or take on any new commercial loans and the water treatment operators are still not being paid in full. The accumulated outstanding debt to water treatment operators has sparked legal suits of claims by all the three water treatment operators, namely Konsortium ABASS Sdn Bhd ("Konsortium ABASS"), Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") and PNSB.

The prolonged suspension of the SYABAS Capital Expenditure ("CAPEX") programme which have been suspended since 2008 by the Selangor State Government through SPAN, continued to hamper implementation of planned CAPEX programme except for very critical projects, particularly the programme to reduce the Non-Revenue Water ("NRW") and rehabilitate the old distribution assets. This has resulted in further frequent pipe bursts and pipe leaks, water supply interruptions and inevitable detrimental service from SYABAS to the consumers. In 2013, SYABAS was unable to implement many rehabilitation and upgrading of old assets despite the urgent needs for such exercises to be implemented to avoid increased operational and maintenance costs and to achieve reduction in NRW resulting from the prolonged delay in CAPEX programme.



SYABAS' "Ops Cegah"

Nevertheless, despite the wave of challenges which hampered SYABAS' operations, through the collective efforts and commitment of its management and staff, the Company was successfully able to meet and manage the high expectations and demands of consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya in 2013.

#### **ACHIEVEMENTS**

Despite the year's many challenges, SYABAS continued to maintain the high service levels as required by the SYABAS Concession Agreement and the Ministry of Health's ("MOH") National Standard for Drinking Water Quality (2004) ("NSDWQ"). By the year's end, SYABAS once again successfully exceeded the performance targets it had set for itself for 2013, which were higher than the requirements of the SYABAS Concession Agreement. SYABAS, for the second consecutive year emerged the leading operator for water quality supplied to consumers achieving 99.58% compliance with MOH Quality Assurance Programme ("QAP") with zero violations recorded on microbiological parameters.

SYABAS through various initiatives such as improvements to the existing Standard Operating Procedures ("SOPs"), the introduction of new SOPs, researching into more efficient methodologies and the development of innovative solutions for greater overall operational efficiency and cost optimisation, continued its efforts to provide good quality treated water in 2013 despite limited funding for CAPEX investment.

The year saw SYABAS implementing only very critical CAPEX programme given the limited approval of work programmes by SPAN in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya and with very limited funds available internally. Works mainly centred on the rehabilitation and upgrading of old pumphouses and leaking water tanks, improvements to the distribution network to resolve low pressures zones, and activities to mitigate NRW levels.

The year also saw the completion on upgrading of the Wangsa Maju Pumphouse with higher capacity pumps in December 2013, one month ahead of schedule. Since its completion, the pumphouse has been operating smoothly without any interruption as happened a year ago when it had endured a prolonged overloading condition.

In 2013, SYABAS successfully managed a 97.37% response rate for "Half Hour Respond Time" for water quality complaints, higher than the previous year's of 93.90% rate. This came in the wake of the implementation of a major change in 2013 by PUSPEL while billing and collection efficiency too improved. The details of these activities are set out under the respective "Immediate Response to Consumer Complaints" and "Billing & Collection" sections in this Operation Review.

Amidst the SYABAS CAPEX freeze, the average NRW level for Selangor and the Federal Territories of Kuala Lumpur and Putrajaya rose to 34.52% from 33.06% in previous year. This was higher than the NRW target of 32.50% set for 2013 due to various constraints imposed to SYABAS. The details of NRW-related activities are spelt out in the "Non-Revenue Water" section of this Operation Review.

The year also saw SYABAS, receiving a host of awards and accolades for the good work undertaken in several areas. SYABAS earned the Malaysian Society for Occupational Safety & Health ("MSOSH") Awards for all of its ten districts in 2013. Seven SYABAS' districts, namely Kuala Lumpur, Hulu Langat, Klang/Shah Alam, Sepang, Sabak Bernam, Hulu Selangor and Kuala Selangor obtained Gold (Class I) Awards. The remaining three districts, namely Kuala Langat, Petaling and Gombak earned the Gold (Class II) Awards.

Three SYABAS' districts namely, Klang/Shah Alam, Gombak and Kuala Selangor were accreditated with OHSAS 18001:2007 (Health and Safety). In addition, SYABAS' Human Resource & Administration Department was accreditated with ISO 9001:2008 (Quality Management System) certification.



"Sumbangan Air Bersih" by SYABAS to Hindu Sevai Sangam temple in conjunction with Thaipusam

In 2013, six SYABAS' districts, namely, Kuala Lumpur, Petaling, Hulu Langat, Gombak, Klang and Kuala Selangor participated in the National Council of Occupational Safety and Health ("NCOSH") Award. SYABAS earned second place in the Video Contact Centre (Open) category at the Customer Relationship Management & Contact Centre Association Malaysia's 14th Malaysia CRM & Contact Centre Industry Awards 2013 event.

#### WATER DISTRIBUTION SERVICES

In 2013, SYABAS distributed a daily average of 4,602 million litres per day ("MLD") of treated water to about 7.5 million domestic and commercial consumers in Selangor and Federal Territories of Kuala Lumpur and Putrajaya, representing an increase of 280 MLD or 6.50% of treated water in comparison to 2012.

As of 31 December 2013, SYABAS maintains 26,958 km of water pipes, 1,536 service reservoirs, elevated water tanks and suction tanks; and 619 booster pumping stations. The number of these assets increased by 2.0%, 0.5% and 5.0% respectively over 2012. As of 31 December 2013, water supply coverage is 100% in urban areas and 99% in rural areas.

#### **NON-REVENUE WATER**

Efforts to reduce the NRW level have been ongoing since the signing of SYABAS Concession Agreement in 2004. As at end 2013, the NRW level stood at 1,589 MLD representing an 8.26% reduction achievement over a nine-year span (NRW from 42.78% in 2005 to 34.52% in 2013). The increased level in water input from 3,766 MLD in 2005 to 4,602 MLD in 2013 was accompanied by a corresponding increase in metered consumption over this period from 2,155 MLD in 2005 to 3,014 MLD in 2013.

**Table A: NRW Reduction Achievement** 

	Water Input	Metered Consumption	NRV	N
Period	MLD	MLD	MLD	%
2005	3,766	2,155	1,611	42.78
2013	4,602	3,014	1,588	34.52
Difference in figures for 2005	000	050		0.00
and 2013	+836	+859	-	-8.26

Note: Unbilled Authorised Consumption (UAC) averaging 0.5% has been included and counted as NRW.

Though NRW levels have seen a decline over the years, the programme to reduce NRW levels has been significantly impaired due to the prolonged partial suspension of CAPEX, whereby only very critical works are undertaken as approved by the Selangor State Government through SPAN. The non-approval of the tariff review that were to take place on 1 January 2009 and 1 January 2012, respectively, has also affected the financial capacity of SYABAS to implement more programmes to reduce the NRW level from 2008 until now.



SYABAS' Meter Migration Programme

#### **PROPOSED NRW MASTER PLAN 2.0**

In view of the delay in the implementation and completion of Langat 2 Project where its completion date is uncertain at this juncture, the present NRW level and more importantly the current treated water supply capacity which has very low reserve margin and is heading towards inadequacy, SYABAS is proposing a NRW Reduction Master Plan 2.0. This five-year programme (from 2014 to 2018) calls for an aggressive plan to have more comprehensive and significant NRW reductions in relation to both physical and commercial water losses. These efforts are to take priority over all other programmes except very critical works.

The proposed NRW Reduction Master Plan 2.0 requires a total investment of RM808.0 million, part of which is to be settled from an increase in billing, and savings from water purchase costs. This master plan is targeting a reduced NRW level of 26.2% and NRW savings of 913 MLD. SYABAS' planned efforts to further reduce the NRW level from 33.06% in 2012 to 32.5% have not materialised and with an aging water distribution network, NRW levels can increase if the NRW reduction programmes are not maintained or intensified. However, the NRW Master Plan 2.0 is still pending approval from SPAN as of end April 2014.

SYABAS projects that Selangor will face even more serious treated water problem in 2014 and beyond if there is no new source for treated water.

#### **NRW REDUCTION WORKS IN 2013**

Despite a severely limited budget and approved CAPEX, SYABAS managed to conduct several NRW reduction works in 2013 with some loan from the Federal Government as follows:-

- (a) KeTTHA Mitigation 1 Programme The continuation of 210 km pipe replacement programme at 30 critical areas progressed on schedule and scheduled to be completed by September 2015.
- (b) KeTTHA Mitigation 2 Programme A proposed additional NRW Reduction programme to be implemented from February 2013 to February 2015 to reduce physical losses by 110 MLD within the existing NRW zones and outside the zones.

Apart from the NRW reduction works conducted in 2013, SYABAS was granted approval by SPAN to carry out NRW reduction works using its own internal funding as follows:-

- (a) The continuation of the NRW Phase 3 Contract comprising 573 District Metering Zones ("DMZ") which was extended till March 2014. Accumulated and maintained savings of 300 MLD was achieved as of December 2013.
- (b) Two meter replacement programmes in 2013 to control and further reduce commercial losses:-
  - Under the first programme which commenced in June 2013 and targeted to be completed by end of December 2013, a total of 193,000 numbers of aged meters have been replaced with average saving of 1.9 MLD or 0.01 m<sup>3</sup>/day/meter.
  - Under the second programme, the replacement of aged meters with electromagnetic flow meters at large consumer accounts commenced in July 2013 and targeted completion by end December 2013. A total of 113 numbers of meters have been replaced with electromagnetic flowmeters with average savings of 6.6 MLD or 58.9 m³/day/meter.

Other NRW activities undertaken over 2013 included reservoir overflow monitoring, maintenance and monitoring of the existing 80 KTAK DMZ and 112 Pressure Managment Zones ("PMZ") as well as enforcement against illegal connections and leak detection programmes.

Illegal usage of water is another factor limiting SYABAS' ability to control and reduce the NRW factor. As of todate, a total of 3,335 illegal connection cases have been reported of which, 441 cases have been identified as genuine cases with estimated water losses of 4,070,724 m³. Under the Water Services Industry Act ("WSIA") 2006, all cases of water pilferage must be investigated in the presence of government officers who are the only party that can prosecute illegal users in court.

Under the present circumstances, SYABAS has applied for the revision of KPI targets including NRW Reduction target to the Selangor State Government and SPAN. However, to date, there has been no decision made on the proposed revision. It is pertinent to note that factors such as CAPEX freeze, no increase in tariff and the delay in the proposed restructuring of the water sector in Selangor and other factors that are beyond SYABAS' control have seriously hampered SYABAS' NRW reduction performance.

Despite the many issues and challenges faced in reducing NRW level such as limited CAPEX works, cash flow constraints, delays in the relevant authority's approval, frequent Emergency Response Plan ("ERP") incidences, illegal connections, very thin treated water reserve margin and unstable production levels from WTPs, SYABAS was able to meet high consumers demand and prevent the controlled NRW level from creeping up to a much higher level in 2013.

#### **CAPEX WORKS**

Under the privatisation of water supply services in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, SYABAS has developed a CAPEX programme for the rehabilitation and upgrading of the water distribution assets it operates.

The CAPEX programme for 2013 was funded mainly from KeTTHA Mitigation Programme funding and SYABAS' internal funding of RM136.0 million, while the cumulative CAPEX expenditure from 1 January 2005 to 31 December 2013 amounted to RM2,800.87 million.

Total expenditure in 2013 amounting to RM258.25 million was invested to upgrade and rehabilitate the distribution infrastructure including the replacement and/or repair of leaking water tanks and slopes; improvement works to low pressure areas; improvement works to enhance the water quality; pump-house upgrading and rehabilitation works; as well as ICT upgrading works and old pipe replacement works.

As mentioned under the heading "Achievements" of this Operations Review, SYABAS also implemented a very critical CAPEX programme with the approval by SPAN in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. In 2013, SYABAS continued implementation of 39 projects.

### Operation Command Centre And The Geographical Information System

The Operation Command Centre ("OCC"), established in 2010, continued to invest in improving its facilities and applications to support the ever changing operational needs. The OCC essentially hosts three core applications namely Supervisory, Control and Data Acquisition Systems ("SCADA"), Hydraulic Modelling ("HM") and Geospatial/Geographical Information System ("GIS").

From 2012 to 2013, SYABAS has developed new set of applications from SCADA, HM and GIS to support SYABAS' Emergency Response Plan ("ERP") and planned shutdown for repair or upgrading works and have helped improve operational efficiency, managing NRW and handling of crises. Additionally, SYABAS has developed its OCC further which in turn has enabled the districts and the personnel from other departments to monitor reservoir level without the constraint of software installation and licenses. SYABAS also used the hydraulic modelling to model pipeline flow and pressure to reduce pipe bursts and to enable SYABAS to estimate the duration of the water supply maintenance and recovery time for repair.

#### WATER QUALITY ENHANCEMENT

The quality of drinking water has always been SYABAS' top priority. For 2013, water quality results indicated that SYABAS continued to meet the high standards as set out in the MOH's NSDWQ and its QAP. The results also complied with the requirement of the Mandatory Level of Service specified under the SYABAS Concession Agreement.



SYABAS' OCC

SYABAS has been aggressively implementing the Water Quality Improvement Master Plan ("WQIM Plan") since 2008 with continuous water quality monitoring at 1,112 water sampling stations located at water treatment plant outlets, balancing reservoir outlets, service reservoirs and distribution mains. All have shown substantial reductions in water quality violations which in turn have seen a drop in water quality complaints from consumers as compared to previous years.

In 2013, approximately 99.75% of the total water quality analyses carried out by SYABAS and the MOH complied with the NSDWQ with zero violation in the microbiological parameters.

The details of the programmes under the WQIM Plan namely, the Air Scouring Programme and the Reservoir Cleaning and Inspection Programme are set out in the "Delivering Quality" section on pages 104 to 110 of this Annual Report.

#### **Immediate Response To Consumer Complaints**

In 2013, SYABAS achieved an improved compliance rate of 97.37% in comparison to 93.90% in 2012 for its response to consumer complaints within half an hour. In 2013, PUSPEL implemented a major change with various initiatives to accommodate increased capacity and manpower. The total number of consumer complaints received during 2013 was 2,127.

Details of the various initiatives implemented by PUSPEL are as set out in the "Delivering Service Excellence" section on pages 100 to 103 of this Annual Report.

#### **Consumer Awareness & Education Programme**

In 2012, SYABAS devised SOPs for the Consumer Awareness & Education Programme ("CAE Programme"), as well as an enhanced consumer feedback survey to evaluate the programme's effectiveness. The Company has been actively promoting these programmes at its headquarters and District levels throughout 2013. The CAE Programme aims to create greater consumer awareness about the water quality as well as inculcate a greater sense of consumer responsibility in relation to maintaining internal plumbing systems and storage tanks.

Details of the CAE Programme are as set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### **BILLING & COLLECTION**

A key area of SYABAS' operations is the billing and collection section which continued to show an improvement in 2013. Total billings in 2013 amounted to RM1.666 billion, a 4.3% increase as compared to total billings of RM1.598 billion in 2012. The total collection for 2013 rose by 4.3% to RM1.658 billion, in comparison to RM1.590 billion in 2012.

As at 31 December 2013, the total number of active water supply accounts stood at RM1.94 million.

The table below shows the cumulative billing over the last five years.

Table B: Billing For the Last Five Years

Year	2009	2010	2011	2012	2013
Billing (RM Million)	1,435.1	1,487.2	1,531.6	1,597.8	1,666.6

Total overall collection efficiency in 2013 was 99.5% with total receivables as at 31 December 2013 amounted to RM181.4 million. The total receivables as at 31 December 2013 increased in comparison to receivables as at 31 December 2012 of RM158.9 million primarily due to the increased number of new consumer accounts, and the increased amount of water rebate owed by the Selangor State Government.

Debtors' Day levels excluding that of the Selangor State Government remained at an average of 36 days. SYABAS' Management continued to implement aggressive monitoring and controls to ensure the efficient recovery of debts.

Disconnection enforcement actions by SYABAS increased by 12.8% to 207,264 disconnections in 2013 from 183,740 in 2012. The reconnection actions' ratio improved to 87.8% in 2013 from 85.7% in 2012, mainly as a result of improved communication procedures which enabled better customer engagement.



'Misi Bantuan Air RAJD' to Kemaman, Terengganu and Kuantan, Pahang

#### **MIGRATION**

The migration of bulk meter water supply accounts to individual meter water supply accounts ("Migration") for high rise residential buildings since May 2007 continued to be active.

As at 31 December 2013, SYABAS has received 1,406 bulk meter applications involving 285,111 individual meter accounts for the Migration. This accounted for 54% of the total bulk meter accounts identified for Migration.

Table C: Status of Migration from Bulk Meter Water Supply Accounts to Individual Meter Water Supply Accounts up to 31 December 2013.

	2007-	2012
Particulars	Bulk Meter Account	Individual Account
No. of applications received	1,406	285,111
No. of applications approved	601	124,748
No. of applications approved and migrated	389	85,615

The Migration will enable the individual dwelling unit in an apartment or condominium to enjoy the domestic tariff rate for landed premises. The individual meter in turn would enable SYABAS to enforce actions for non-payment accounts individually.

With the gazettement of the New Water Supply Rules under WSIA 2006, the Migration has now become mandatory and enforceable by law from 1 February 2014.

### INFORMATION AND COMMUNICATION TECHNOLOGY ("ICT")

The Company was able to resolve many ICT related issues internally through the expertise of its own staff while maintaining an average monthly service availability of 99.98% for all systems.

2013 saw a number of ongoing projects and new initiatives introduced to enhance the effectiveness of SYABAS' business operations and to provide better service to end users. The long-term asset replacement programme and purchase of IT equipment and software upgrades continued. A Virtualization Infrastructure Upgrade was also undertaken and this accorded the entire system much higher performance with larger memory and disk storage. Through incorporating high availability and replication capabilities, the system is now able to withstand partial component failure.

Mobile applications via smartphones and ipads were also introduced to reduce delays in updating information, reduce paperwork and eliminate repetitive processes. The software was developed complete with real-time integration with the Billing and Meter Management System. In-house applications were also improved for process simplification and operational efficiency while new applications that included Total Asset Management were introduced in stages throughout 2013.

# OPERATIONS REVIEW PUNCAK OIL & GAS SDN BHD, GOM RESOURCES SDN BHD AND KGL LTD.



2013 marked the second full year of operation for Puncak Niaga Holdings Berhad's ("PNHB") whollyowned subsidiary, Puncak Oil & Gas Sdn Bhd ("POG") via wholly-owned subsidiaries, GOM Resources Sdn Bhd ("GOM Resources") and KGL Ltd. ("KGL").

2013 marked the second full year of operation for Puncak Niaga Holdings Berhad's ("PNHB") wholly-owned subsidiary, Puncak Oil & Gas Sdn Bhd ("POG") via wholly-owned subsidiaries, GOM Resources Sdn Bhd ("GOM Resources") and KGL Ltd. ("KGL"). While the Oil & Gas ("O&G") Division had high expectations for the year with an existing Integrated Transportation & Installation ("T&I") of Offshore Facilities contract in hand, unfortunately things did not work out as planned as revenue clinched for this contract and other existing contracts was lower than expected. As such, the O&G Division refocused its efforts and put the necessary building blocks in place to strengthen its position going forward amidst a dynamic O&G playing field.

#### **BACKGROUND**

By 2035, global energy consumption will increase by 41% from today's levels with virtually all (95%) of the growth in non-OECD countries and more than half coming from India and China.

(Source: BP Energy Outlook 2035)

The oil, gas and energy industry plays a prominent role in the Malaysian economy, contributing to one-fifth of the national GDP over the past decade. This NKEA places emphasis on building Malaysia's services and manufacturing sector while retaining incentives to ensure constant production levels, as well as moving

## OPERATIONS REVIEW PUNCAK OIL & GAS SDN BHD, GOM RESOURCES SDN BHD AND KGL LTD.



Stinger installation

into alternative forms of energy, ranging from solar power to electric vehicles. Collectively, the Entry Point Projects for this NKEA are projected to generate GNI of RM131.4 billion and create 52,300 new jobs by 2020.

(Source: PEMANDU's Oil, Gas and Energy NKEA Fact Sheet)

Amidst this backdrop, PNHB's O&G Division continues to bolster its foundations to take advantage of the abundant opportunities that the O&G sector offers.

#### **PUNCAK OIL & GAS SDN BHD ("POG")**

POG is primarily involved in the provision of services for offshore logistics and marine management.

#### **GOM RESOURCES SDN BHD ("GOM RESOURCES")**

GOM Resources undertakes engineering, procurement, installation and commissioning ("EPIC") contracting services as well as subsea and marine support services for offshore O&G players in Malaysia. The company has a proven track record in implementing simple to highly complex O&G works on the domestic and international fronts.

The year saw GOM Resources completing works under the Integrated T&I of Offshore Facilities contract 2010-2012 (Extension 2013) for Pipelay Barge Package A for Petronas PSCs under the Offshore Installation Contractor status, as follows:-

- Installation of pipeline for Tangga Barat Field;
- Riser Clamp installation for pipeline leak rectification at Bekok Field:
- Dewatering and Intelligent Pigging at Kinabalu Non Associated GAS ("KNAG") Project;
- Tukau pipeline installation;
- EVA-NMB gas delivery system shore approach pipeline installation;
- Offshore pipelaying from Kinabalu Processing Gas-B ("KNPG-B") to Sabah Oil & Gas Terminal ("SOGT");
- Installation of three riser guards in Sarawak waters; and
- Offshore pipelaying from SOGT to KBO (Kebabangan) for KPOC.

In March 2013, GOM Resources signed a service contract worth RM187.3 million with HESS Exploration And Production Malaysia B.V. ("HESS") for works relating to the Integrated T&I of Offshore Facilities for the Early Production Scheme, Integrated Gas Development Project, North Malay Basin field. The works involved

T&I of pipeline at the Offshore Peninsular Malaysia, south of the Malaysia-Thailand Joint Development Area ("MTJA") and was completed in October 2013.

In December 2013, Petroliam Nasional Bhd ("Petronas") awarded Pan Malaysia offshore T&I contract ("Pan Malaysia Contract") amounting to some RM10 billion to industry players. GOM Resources secured Package B of the Pan Malaysia Contract for an estimated RM1.8 billion, which involves a three-year T&I contract commencing 2014. The contract involves T&I for offshore facilities and includes all the necessary services required for the execution of the scope-of-work such as marine spread services, required tools, specialised equipment and manpower services. The offshore installation contractors are to provide T&I services to 11 production sharing contractors ("PSC") collectively.

GOM Resources was awarded the 2014 works for the EVA-NMB Gas Delivery System ("ENGDS") Project under the Integrated T&I of Offshore Facilities for Year 2014 – 2016, Contract Package B which entails the installation of a pipeline from onshore Kerteh in Terengganu towards the border of the MTJA, the installation of pipeline tie-in skids and subsea spools, pipeline precommissioning, post lay trenching and related services.

#### KGL LTD. ("KGL")

KGL is involved in the business of offshore leasing of vessels on a bareboat basis. KGL owns the Derrick Lay Barge 264 ("DLB264") which GOM Resources operates during offshore installation and pipe laying activities.

#### **CHALLENGES**

In 2013, PNHB's O&G Division saw the scope-of-work for its T&I contracts for offshore facilities reduced as Petronas deferred works in anticipation of the new Pan Malaysia Contract.

As a consequence, the O&G Division's revenue dipped 41.5% to RM454.9 million from RM778.0 million in 2012. The lower revenue was attributable to the reduced scope-of-work within the existing contracts and deferment of works by Petronas. As a result, the O&G Division recorded a loss after taxation of RM30.7 million as compared to the profit after taxation of RM62.9 million recorded in 2012.

Apart from the lower revenue, the O&G Division was also affected by higher operating costs and overheads cost incurred in relation to the Group's expansion programme into other viable areas of business segments within the O&G sector as well as exploring potential business development opportunities, both locally and in the ASEAN region and other regions.

Due to the high investment cost coupled with high risk for exploration and production areas, the O&G Division is now focusing on its expertise in EPIC contracting services, both locally and abroad.

#### **ADVANCES IN INFORMATION TECHNOLOGY**

The Information Technology Department ("ITD") of GOM Resources continues to diligently address the O&G Division's ever-evolving technology needs and explore innovative ways to move forward whilst minimising costs.

# OPERATIONS REVIEW PUNCAK OIL & GAS SDN BHD, GOM RESOURCES SDN BHD AND KGL LTD.

Following the launch of its SAP System on 7 January 2013 and its alignment with Puncak Niaga (M) Sdn Bhd's ("PNSB") SAP system, the O&G Division is reaping the benefits of an effective integrated platform. Today, the number of SAP user licenses has increased twofold from 20 to 40 user licenses and more users are able to leverage on the system's Financial Accounting & Controlling, Fund Management, Material Management and Project System modules.

Over the course of 2013, ITD undertook measures to merge POG's and GOM Resources' email systems as well as to enhance the O&G Division's network and telephone infrastructure, asset registration and tagging system as well as network and Internet access services, amongst other things. Today, users are experiencing a high level of uptime on all services which helps to drive business efficiency and communications.

#### **ACHIEVEMENTS**

The O&G Division continues to maintain stringent Health, Safety and Environment ("HSE") measures throughout all its operations. It believes that there must be a prevailing HSE influence to ensure standards are adhered to in a manner in which the entire supply chain is safeguarded. GOM Resources' HSE motto, "Productivity is a Priority, Safety is Mandatory" sets the tone for how the Division upholds good HSE practices.

On 10 April 2013, GOM Resources successfully achieved 3.5 million manhours without a Loss Time Injury ("LTI"), attesting to its solid commitment towards ensuring strong HSE practices and an injury-free workplace. Ongoing efforts to enforce several HSE related policies namely, the HSE Protection Policy, Drug & Alcohol Abuse Policy, Smoking Policy and Stop Work for Safety Policy, have certainly helped ensure that workplace health and safety remain a priority at all worksites.

Over the course of the year, Petronas Carigali Sdn Bhd ("PCSB") recognised GOM Resources for its strong HSE performance for achieving 1.5 million manhours without LTI and awarded the latter the HSE Awards and Recognition 2012. At the HESS' project base, GOM Resources achieved a milestone of 250,000 manhours without LTI during the 2013 Installation Programme.



Construction crew working in the pipe tunnel

In 2013, GOM Resources' Integrated Management System ("IMS") was certified by DNV Business Assurance Malaysia. The IMS comprises the ISO 9001-2008 (Quality), ISO14001-2004 (Environment), ISO/TS 29001-2010 (Petroleum, Petrochemical and Natural Gas Industries – Section Specific Quality) and OHSAS 18001-2007 (Occupational Health and Safety). These accreditations underscore GOM Resources' commitment to implementing quality management systems throughout the length and breadth of its operations.

#### **BUSINESS DEVELOPMENT**

To drive sustainable growth, the O&G Division is focusing on local ground whilst extending its footprint across ASEAN. While GOM Resources' Exploration & Production ("E&P") Department is making progress evaluating and undertaking business development activities locally and internationally for E&P, the O&G Division is focusing on its expertise in EPIC contracting services.

The year saw GOM Resources venturing into several collaborative ventures that included a working arrangement with consortium partners for engineering, procurement, construction, installation and commissioning ("EPCIC") projects for offshore structures.

In April 2013, GOM Resources signed a Memorandum of Agreement ("MoA") with PT Medco Energi Internasional Tbk ("MedcoEnergi"), a public listed company in Indonesia to explore technical cooperation on the latest technology available in the area of exploration. The MoA will enable GOM Resources to bid for marginal field development projects and risk service contract projects in Malaysia as well as exploration and production regionally. Both MedcoEnergi and GOM Resources have agreed to jointly carry out the evaluation and study of technical data to assess the viability of identified opportunities.

In June 2013, GOM Resources entered into a MoA with Yiu Lian Dockyards (Shekou) Ltd of the People's Republic of China ("PRC") ("Yiu Lian Dockyards") to cooperate on the O&G EPCIC project in Malaysia. The partnership will see the sharing of EPCIC expertise for projects in Malaysia and is expected to further strengthen ties between Malaysia and China. Yiu Lian Dockyards is the owner of a modern shipyard overhaul which is the largest in PRC.

In 2013, the O&G Division ventured into the Republic of the Union of Myanmar via a Myanmar newly incorporated entity, GOM Resources Limited. This entity was set up to undertake the business of transportation and installation of pipelines and other services for onshore and offshore O&G operations.

The O&G Division will market its barge in a more aggressive manner and expand this capability domestically and regionally in collaboration with other partners. It is confident that by leveraging on an expert and experienced team, it will be able to deliver exceptional results for the Group and its clients.

The Group's O&G Division is expected to continue growing its operations organically and/or by merger and acquisition, and to contribute to the Group's earnings in a more robust manner.



All these situations augur well for the Group in that it opens up new areas of opportunity for us to gain traction in the water, wastewater sectors and environment-related sectors on both the domestic and international fronts.

Water security in Asia and the Pacific is under threat from many sources: population growth, urbanisation, increasing water pollution, the over-abstraction of groundwater, water-related disasters, and climate change. Current planning and management have proven insufficient to address the challenges of meeting society's diverse needs for water. Improving agricultural water productivity, achieving energy objectives, satisfying growing industrial water requirements, and protecting water quality and vitally important natural ecosystems are challenges we still face. The social, economic, and political consequences of water shortages are real, as are the effects of water-related disasters exacerbated by climate change.

(Source: Asian Water Development Outlook 2013: Measuring Water Security in Asia and the Pacific)

With global demand for water projected to increase by 55% by 2050, the issue of water security is one that has become a priority for many nations.

(Source: OECD Global Forum on Environment: Making Water Reform Happen)

All these situations augur well for the Group in that it opens up new areas of opportunity for us to gain traction in the water, wastewater sectors and environment-related sectors on both the domestic and international fronts. The developments in the dynamic Oil & Gas ("O&G") sector too are set to propel us forward as we expand our horizons. All in all, as we look beyond our traditional markets to explore new horizons in China, India and neighbouring ASEAN countries, we remain focused on achieving sustainable long-term growth. In all our ventures, we will adopt a prudent approach and carry out the necessary due diligence given the volatile global economic environment and political risks in certain markets.

#### **MALAYSIA**



Batang Kayan Booster Pump Station & Ground Water Tank

#### Sarawak

#### The Rural Water Supply Project

The Federal Government has initiated the upgrading of the living standards of the rural population of Sarawak under The Rural Water Supply Project in Sarawak (Sarawak Bekalan Air Luar Bandar (BALB) Project) ("Sarawak BALB Project") in 2010 with an implementation allocation of RM1.378 billion. Under the Sarawak BALB Project, clean piped water was provided to 91,356 houses, thus increasing the water coverage from 59% to 90% at the end of 2013.

A 40:60 unincorporated joint venture between Puncak Niaga Holdings Berhad ("PNHB") and Quality Concrete Holdings Bhd namely, Konsortium Puncak Niaga Holdings Berhad–Quality Concrete (Consortium KPNHB-QC) was awarded a RM667.32 million contract for the Sarawak BALB Project from Kementerian Kemajuan Luar Bandar dan Wilayah ("KKLW").

Within the Sarawak BALB Project 2010-2012, the 15 Work Orders of the Sarawak BALB Project awarded to Consortium KPNHB-QC by KKLW amounted to RM422.59 million. These comprise four main & delivery pipe laying works; three water treatment plants ("WTPs") at Serian, Stumbin and Lubau; and eight special projects covering pipe laying, construction and the commissioning of booster pumping stations and reservoirs. These projects under the work orders have benefited 23,650 household across six Divisions in Sarawak.

All the 15 work orders were completed in 2013 and today, PNHB is a name to be reckoned with in the waterworks industry of Sarawak. We are looking forward to securing more of such projects in the near future.

#### **Selangor**

Kelana Jaya ("KLJ") Line Extension Project

The KLJ Line Extension Project, Puncak Niaga (M) Sdn Bhd's ("PNSB") RM15.3 million contract from Syarikat Prasarana Negara Bhd ("SPNB") involving the relocation works of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") water mains and Indah Water Konsortium Sdn Bhd ("IWK") sewer pipes is scheduled to be completed by May 2014.

#### **CHINA**

China's real GDP growth is expected to moderate to around 7.7% in 2014-18 (compared to 10.5% during 2000 and 2007), as the country rebalances its growth model towards growth driven by domestic consumption. Implementation of structural reforms will also be a critical factor in driving the Chinese economy towards sustainable development and growing beyond the middle-income trap. The slowdown in China, in particular, could weaken the growth momentum of Southeast Asian economies, as they become more dependent on China as a key trading partner.

(Source: Economic Outlook for Southeast Asia, China and India 2014 - OECD and ASEAN Secretariat)

In 2011, the People's Republic of China (PRC) Number One Decree, an annual policy paper that details the central government's policy priorities, committed to doubling annual investment in the water sector, reaching CNY4 trillion (\$608 billion) by 2020. These significant investments will focus on addressing the country's growing water scarcity, degradation of water resources and water quality, and increased exposure to flood hazards. In 2012, the PRC set performance targets for industry, irrigation, and water quality, supported by institutional measures to drive increased water security as an essential base for a sustainable economy.

(Source: Asian Water Development Outlook - ADB)

Via a 98.65% owned Singapore subsidiary, Sino Water Pte Ltd ("Sino Water"), the PNHB Group ventured into China in 2008 and has since been involved in several water supply and wastewater treatment projects.



Our investment in China is conducted via our Singapore subsidiary, Sino Water Pte Ltd

#### **Lushan Water Supply Project**

Located in Lushan County, Pingdingshan City, Henan Province

Luwei (Pingdingshan) Water Co Ltd ("Luwei Co Ltd"), Sino Water's 92.40% (as at 17 March 2014) owned China subsidiary is supplying water to approximately 6,600 consumer accounts in Lushan County Township. Luwei Co Ltd abstracts underground water from the existing six tube wells via direct pumping and delivers water to consumers through the existing old distribution pipeline network. The daily supply volume ranges from 1.4 million litres per day ("MLD") to 1.8 MLD.

Phase 1 of the Lushan Water Supply Project, with a total final investment cost of RMB90.0 million (which was partly funded by World Bank loan) and which involved the building of a new 30 MLD Water Treatment Plant ("WTP"); the laying of 14.7 km of raw water pipelines; as well as the rehabilitation of the existing water distribution network in Lushan County Township was completed. The new 30 MLD WTP has been fully operational since the official launch in September 2013.

With the supply of treated water from the new 30 MLD WTP, existing private wells in Lushan County Township will gradually be closed down with enforcement from the Lushan County Government. Over the next two years, it is expected that the number of consumer accounts will increase from 6,600 to 24,000 with the daily supply volume increasing to more than 11 MLD. More efficient systems for registering water usage, customer service, billing and collection as well as non-revenue-water ("NRW") reduction programmes will be implemented within the next three years to serve the estimated 130,000 population in Lushan County Township.



Clarifier Weir Overflow - Binzhou

#### **Binzhou Wastewater Treatment Project**

Located in Yangxin County, Binzhou City, Shandong Province

Sino Water's wholly owned China subsidiary, Xinnuo Water (Binzhou) Co Ltd ("Xinnuo Co Ltd") is responsible for the construction of a 30 MLD wastewater treatment plant ("WWTP") in two phases of 15 MLD each. The WWTP is designed to treat wastewater mainly from the tannery factories located in the Chenlou Industrial & Commercial Park. The 15 MLD WWTP under the first phase with a total final investment cost of RMB57.0 million was completed and became fully operational in August 2012 with incoming wastewater volume ranging from 2.5 MLD to 3.0 MLD.

The operation of the Binzhou WWTP has helped to clean up the wastewater discharge by factories, thus improving the environment within the Chenlou Industrial & Commercial Park. It is expected that daily wastewater discharge volume will increase to more than 10 MLD once the factories achieve full production with the current upgrading works of the treatment facilities to solve the problem of changes on the incoming waste parameters.

With the development of the Chenlou Industrial & Commercial Park, it is expected that works on the second phase will commence in 2018.

#### **Yuanshi Industrial Water Supply Project**

Located in Yuanshi County, Shijiazhuang City, Hebei Province

Sino Water's 80% owned China subsidiary, Hebei Sino Panlong Industrial Water Supply Co Ltd, is supplying water abstracted from Ba-Yi Reservoir directly to the thermal plant in Yuanshi County via a 15.5 km gravity flow pipeline. No capital expenditure works were carried out in 2013.

#### **Luancheng Dayu Water Supply Project**

Located in Luancheng County, Shijiazhuang City, Hebei Province

Sino Water's 83.99% owned China subsidiary, Luancheng Dayu Water Supply Co Ltd ("Luancheng Co Ltd") supplies water abstracted from underground via ten pumping stations to around 3,500 consumers in Luancheng County Township with daily supply ranging from 1.8 MLD to 2.5 MLD.

Since the development of Luancheng County Township has been further delayed due to the slowdown in the development of the industrial park, Sino Water had on 6 September 2013 entered into an Equity Transfer Agreement with Luancheng County Water Supply Station to dispose its 83.99% equity interest in Luancheng Co Ltd ("Proposed Disposal"). The Proposed Disposal was completed on 20 February 2014.



Binzhou Wastewater Treatment Plant

#### **INDIA**

India's growth is expected to moderate to 5.9% (2014-2018), compared to 7.1% between 2000-2007.

(Source: Economic Outlook for Southeast Asia, China and India 2014 - OECD and ASEAN Secretariat)

Adding a word of caution to the growth projections, Denis Medvedez, senior country economist for the World Bank, India, said India's growth potential remains high but its macroeconomic vulnerabilities, high headline inflation, an elevated current account deficit, and rising pressure on fiscal balances from the depreciation of the rupee, could impact the speed of economic recovery in the country.

(Source: World Bank India Forecast 2013-14, Indian development update Economic Times of India)

PNHB's wholly owned subsidiary in India namely, Puncak Niaga Infrastructures & Projects Private Limited ("PNIP Pte Ltd") was set up to facilitate PNHB's expansion plans to pursue business development efforts in India.

The vision of PNIP Pte Ltd is to establish itself as an effective Integrated Water, Wastewater and Environmental Solutions provider in India and to contribute significantly in delivering value to PNHB's stakeholders.

#### **ASEAN**

In Vietnam, a healthier banking sector with a lower proportion of non-performing loans will encourage GDP growth this year. While investment growth is expected to be robust, the US tapering will take the shine off what would otherwise have been a stronger performance. Nevertheless, increased net exports should help Vietnam's economy grow by 5.4% in 2014.

(Source: ICAEW Economic Insight South East Asia, Quarterly briefing Q1 2014 - produced by The Centre for Economics and Business Research or Cebr)

The current economic outlook for Myanmar is favourable. Real GDP growth in fiscal year ("FY") 2012/13 (year ending March) reached 7.3%, led by services and manufacturing and this is expected to rise further to 7.5% in FY2013/14 and 7.75% in FY2014/15.

(Source: Statement by the IMF Mission to Myanmar for the Second Review of Staff-Monitored Programme, January 2014)

#### **Vietnam**

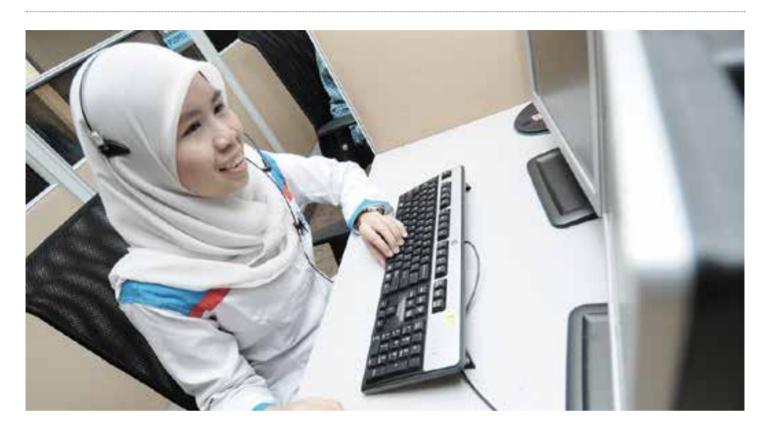
PNHB's Representative Office in Ho Chi Minh City continues to be on the lookout for potential water-related projects as well as the possibility of collaborating with local Vietnamese partners for potential O&G projects in Vietnam.

#### **Myanmar**

The Company's wholly-owned subsidiary, Puncak Oil & Gas Sdn Bhd ("POG") has incorporated a wholly owned limited company in The Republic of the Union of Myanmar, namely, GOM Resources Limited on 9 January 2013. The Form of Permit (Permanent) is valid untill 8 January 2018.

GOM Resources Limited will facilitate PNHB Group's expansion plan to undertake the business of transportation and installation of pipelines and other services of the onshore and offshore operations of the O&G industry in Myanmar.

Separately, PNHB Group has on 31 December 2013 established a branch in Myanmar to facilitate PNHB Group to explore potential water and wastewater related businesses in Myanmar. The Form of Permit (Permanent) is valid until 30 December 2018.



As a consumer focused business, we open as many channels of communication as possible to provide outreach and support.

The most important responsibility to our consumers is a steady supply of good quality water. The ways in which we manage this water supply from source to tap is of fundamental importance. We aim to provide high quality water with minimum interruption.

#### **CHANNELS OF COMMUNICATION**

As a consumer focused business, we open as many channels of communication as possible to provide outreach and support. To do this, we have initiated the Consumer Awareness and Education Programme in 2007 to raise awareness about water quality and to gauge consumer perception through talks, dialogues, exhibitions and demonstrations. We have a very established Customer Service Department or PUSPEL comprising five integrated core functions.

#### (1) PUSPEL Contact Centre

PUSPEL has been entrusted to undertake vital roles in ensuring that consumers and the general public receive the highest level of services as prescribed in the Concession Agreement signed between SYABAS, the Federal Government and the Selangor State Government.

At PUSPEL, consumers receive prompt feedback on all water and water supply related queries, reports and complaints in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. PUSPEL's logo with the service motto, "Courteous, Committed, and Reliable", launched on 10 January 2009 is a symbol of our relentless efforts and ongoing commitment to consumers.



Visit by SPAN to SYABAS' Headquarters

PUSPEL operates 24 hours a day, 365 days a year. In delivering service excellence, customers may interact with PUSPEL staff via toll-free number 1-800-88-5252, facsimile, Short Messaging Service ("SMS"), emails, and letters and follow PUSPEL via social network tools namely, Twitter and Facebook to contact and interact with us easily and without hassle

PUSPEL's staff practise "CASH" principles in their daily work, namely, C - Courtesy, A - Accuracy, S - Speed and H - Helpfulness.

PUSPEL continues to introduce initiatives and innovations that are geared towards increasing efficiency and productivity at the workplace, while striving to minimise costs.

The number of calls received in 2013 increased significantly by 106.21% to 1,498,827 calls compared to 726,837 calls in 2012.

This significant increase in calls volume can be attributed to the migration of the call centre operations to the new contact centre at the start of 2013. The newly established contact centre is now equipped with 120 lines as compared to only 60 lines in the previous contact centre. In addition to this, the total number of workstations has also increased from 20 in the previous contact centre to 40 workstations in the new contact centre.

Table A: PUSPEL's statistics of calls received

	2009	2010	2011	2012	2013
Calls received	567,970	538,525	640,242	726,837	1,498,827
Cases for investigation and remedial					
action	204,430	202,270	223,551	382,964	471,157
Remaining Calls *	363,540	336,255	416,691	343,873	1,027,670

<sup>\*</sup> The remaining calls were either general inquiries and dropped calls (abandoned) where consumers not wanting to wait for the calls to be picked up particularly during peak periods.

Apart from the enhancements made in the new contact centre, the number of unscheduled water disruptions, pipe bursts and activated Emergency Response Plan ("ERPs") namely, issues concerning the booster pump in Wangsa Maju and the shutdown in SSP1, 2, 3 and Rantau Panjang WTPs in 2013 have also contributed to the high volume of calls received by SYABAS.

Table B is a summary of cases for pipe leaks and pipe bursts reported in 2012 and 2013. Many of the calls represent cooperation and useful reports from consumers to enable better and faster service by SYABAS. The cases were attended to within the targeted time, as shown in Table C which shows the average number of hours the repair took to complete:-

Table B: Summary of cases for pipe leaks and pipe bursts

	2012	2013
Pipe leaks	89,137	84,979
Pipe burst	4,889	5,447

From Table B above, the number of cases of pipe leaks reported had reduced by 4.66%. There were 173,908 cases of complaints received for no supply of water.

Table C: Summary of pipe repair cases

Target	Repair period as provided in Concession Agreement (Target)	SYABAS' internal target for repair time (Hours)	Average time taken to complete repair (Hours)
<200 mm	<1 day	4	1.74
201-600 mm	<2 days	10	7.10
601-1,200 mm	<3 days	16	10.02
>1,200 mm	<4 days	20	**

Note:

<sup>\*\*</sup> depends on site conditions



Visit by delegation from Binzhou County, China to SYABAS' Headquarters



Study visit by Management & Science University to SYABAS' Headquarters

Table D: Breakdown of Cases for Investigation and Remedial Action in 2012 and 2013

Type of cases	2012	2013
Water supply problems	311,853	392,556
Billing problems	30,402	31,355
Faulty water meters	24,188	21,740
Disconnections and related complaints	16,201	22,199

Based on Table D, cases of water supply problems received increased from 311,853 in 2012 to 392,556 in 2013, a rise of 25.88%. During this time, cases of billing issues also rose by 3.13% to 31,355 cases in 2013, up from 30,402 cases in 2012. The cases of faulty water meter issues reduced from 24,188 cases in 2012 to 21,740 cases in 2013. The increase in water supply issues were due to various reasons, inter alia, including the treated water shortage problem which became more critical in year 2013, and the increased awareness of consumers in communicating with PUSPEL.

In 2013, SYABAS hosted the following technical visits and briefings for various agencies at SYABAS' Headquarters and at the contact centre:-

Date	Visitors
22 January 2013	Visit by The Federation of Malaysian Manufacturers Selangor
4 April 2013	Visit by students from the Management & Science University ("MSU")
18 July 2013	Visit by Suruhanjaya Perkhidmatan Air Negara ("SPAN")
12 September 2013	Visit by delegation from Binzhou County, China

#### **Focus: Connecting to Consumers**

The PUSPEL Contact Centre has gone through major changes in 2013 to accommodate increased capacity and manpower. Some of the key initiatives in 2013:-

- Phonelines were increased from 60 to 120.
- Telephone system was improved to enable more effective and efficient answering of calls.
- Improvements made in the call monitoring system to enable supervisors of the contact center to better manage and monitor the performance of call centre officers.
- Manpower increased in call centre to 62 call center agents and the working roster improved based on peak and nonpeak hours.
- Training of non-call centre staff from other departments to support the call centre during high surge of call volume. The 'ERP support staff' will support the call centre by answering incoming calls and assist the correspondence unit in handling non-voice interactions during major water disruptions and ERPs.

PUSPEL constantly seeks to enhance its relationship with its customers and all counters adhere to PUSPEL's code of ethics, "M.E.S.R.A." which carries the meaning, M – "Minat"(Interest), E – "Efisien" (Efficient), S – "Sabar" (Patience), R – "Ramah" (Friendly) and A – "Adil"(Just).

#### (2) COUNTER SERVICE UNIT

Counter Service at SYABAS is to provide a convenient and effective counter service for all SYABAS' consumers and also enhance consumer relationship with the consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.

At SYABAS Counter Service, transaction facilities include Change of Ownership, Closing of Account & Refund of Deposit, Water Supply Application, Bills Payment, Checking and Printing of Bills, Part Payment on Arrears (Instalment) Meter Testing Request, Disconnection on Request, Water Reconnection, Loss of Meter, Buying Water through Water Tanker, Renting of Static Tank, General Enquiries and Complaints.

SYABAS Counter Service is responsible to serve the consumers within 15 minutes. In 2013, we have achieved 99.58% in handling consumers within 15 minutes.

#### (3) UNIT KERJASAMA INFORMASI PELANGGAN (YAKIN)

Unit Kerjasama Informasi Pelanggan (YAKIN) is one of the units of Customer Service Department in SYABAS. YAKIN serves the needs of the domestic or residential consumers in the state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. It is a community based unit and it interacts directly with the domestic consumers in the dissemination of information and resolving problems on water supply related issues via SMSes and email through resident association, Jawatankuasa Ketua Kampung or Joint Management Body.

The facilities provided by YAKIN are as follows:-

- Issue advance water disruption notice through the Integrated Consumer Service Information System ("ICSIS") to the community leaders and domestic consumers.
- Manage customer database created for industrial consumers, trade association and residential through ICSIS system.

In 2013, YAKIN successfully held 2,083 programmes and activities. YAKIN has sent in a total of 424 water disruptions notices in 2013. Respective YAKIN consumers have been notified accordingly via ICSIS System on the disruption with a total of 12,477 SMSes and 889 emails.

PUSPEL's "follow@puspel" online transaction channels on the social networks, Twitter and Facebook, allow our customers to connect with SYABAS and to lodge their complaints or queries easily and effortlessly since their launch on 14 January 2010. As at 31 December 2013, PUSPEL has a total of 11,411 followers on Twitter and 14,440 friends and fans on Facebook. SYABAS is continuously seeking to make this online interaction channels more effective and interesting for our consumers.



Programme Sahabat YAKIN SYABAS Wilayah Hulu Langat



Industrial Consumer Unit Programme at MARA

#### (4) INDUSTRIAL CONSUMER UNIT (ICU)

Industrial and commercial customers are one of the important customer sectors to SYABAS. This sector also demands SYABAS' special attention due to its impact on their business and operations from reliable water supply services, which is different in nature as compared to the domestic consumers.

The ICU provides a single point of enquiry for all industrial and commercial consumers who have problems with their water supply.

Throughout 2013, the ICU successfully held 1,678 programmes and activities for industrial and commercial consumers including RAKAN ICU, Relationship Enhancement Program (REP), site visits, follow-up cases, meetings and others.

ICU has sent in a total of 427 water disruptions in 2013. Respective ICU consumers have been notified accordingly via ICSIS System on the disruption with a total of 10,146 SMSes and 6,199 emails.

#### (5) CONSUMER DATABASE MANAGEMENT UNIT (CDMS)

CDMS is responsible to organise the collection of customers' data, the procurement of appropriate database processes to ensure its structured verification and compilation, and to make the relevant data available to the various SYABAS' processes and application systems.

CDMS is an integral part of SYABAS' customer relationship management platform that will provide updated information and provide the consumers better consumer services.

### **DELIVERING QUALITY**



It is becoming ever more challenging to ensure that consumers can rely on a constant supply of good quality treated water due to the increasing water demand and climate change. It is becoming ever more challenging to ensure that consumers can rely on a constant supply of good quality treated water due to the increasing water demand and climate change. We endeavour to minimise unscheduled water treatment plant ("WTP") shutdowns.

While all our WTPs consistently met production demands, in 2013, our WTPs experienced 351.85 hours of shutdown for reasons beyond our control such as raw water pollution/violation, Tenaga Nasional Berhad power supply interruptions and repair of major pipe leaks/bursts. The breakdown of the 351.85 hours of shutdown registered in 2013 is set out in the "PNSB Operations Review" section on page 83 of this Annual Report.

#### **DEPENDABILITY OF WATER SUPPLY**

Whilst planning to ensure an adequate supply of raw water and treated water to the consumers in 2013 is outside the scope of the Group, the Group focused on the responsibilities that fall under its ambit, as follows:-

 (a) Under PNSB, we ensure our WTPs operate and produce at their maximum output with minimum interruptions as per the WTPs' respective designated capacity; and

#### **DELIVERING QUALITY**

(b) Under SYABAS, we ensure all the treated water produced by PNSB and other WTP operators are distributed efficiently with minimum breakdowns to the distribution system.

In undertaking these roles, we face many challenges relating to the availability of raw water supply such as dependability on the authority for adequate supply of raw water, the quality of the raw water supply and climate change. Depleting raw water quantity and deteriorating raw water quality is a direct impact of climate change, environmental degradation as well as irresponsible human activities such as discharging waste into rivers or earthworks for development without care and protection.

The regulatory challenges that we face are still ongoing and there is still no light at the end of the tunnel. The scheduled water tariffs adjustments by the authority has not been implemented on 1 January 2009 and then again on 1 January 2012. This has been further compounded by delays in infrastructure refurbishment following the suspension of SYABAS Capex Programme since 2008 by the Selangor State Government through Suruhanjaya Perkhidmatan Air Negara ("SPAN"), which has resulted in further frequent pipe bursts and water supply interruptions. Water shortages, though rare in the past, have been of late occurring with higher frequency in more and more areas with the reserve margin approaching zero towards the end of the year.

The higher frequency of water shortages incidences indicates the need to ensure a reasonable treated water supply capacity margin with a minimum level of 10% and a desirable level of 20%, which will provide resilience to handle any unforeseen circumstances such as incidental production losses due to raw water pollution, peak demand due to hot weather and even scheduled shutdowns of WTPs and pump house for essential maintenance works to speed up recovery works, water incidences or water crisis.

With over 7.6 million people currently dependent on a clean treated water supply, the organisation and implementation of a contingency plan to deal with the challenges as mentioned above, while providing sufficient treated water on timely basis (particularly during a critical supply-demand situation as we are currently facing), can prove to be a daunting experience and challenge for both PNSB and SYABAS. However, the Management and staff of PNSB and SYABAS continue to take things in their stride and perform to the best of their abilities during these difficult times to ensure that all consumers receive a sufficient and clean treated water supply.

#### **CONTINUOUS MANAGEMENT AND MAINTENANCE**

We plan and manage our water operations value chain constantly. Starting from dams to WTPs, all the way to the consumers' premises in concession areas, our operations in water-stressed conditions, due to climatic changes, require stringent and continuous water quality monitoring to ensure compliances with the Ministry of Health's ("MOH") National Standard for Drinking Water Quality (2004) ("NSDWQ") and its Quality Assurance Programme ("QAP").



'Program Penyerahan Sumbangan Air Bersih' at Buddhist Maha Vihara, Brickfields

Our sites have in-situ water sampling stations for an average of 3,379 samplings, which are carried out each month to deliver a daily average of 4,602 million litres per day ("MLD").

Throughout the year, there is rigorous monitoring and maintenance of plant and equipment to ensure a smooth and continuous operation for all the 29 WTPs. There is predictive and preventive plant maintenance followed by an annual plan, the performance of which is closely monitored by two maintenance software systems.

In 2013, our WTPs carried out 28,200 activities of preventive maintenance as compared to 25,128 activities in 2012. The process fine-tuning at WTPs involves continuous process improvement cycles. The objective is to improve the treatment process for water quality enhancement and to optimise production costs. Aside from this, research and innovation also provided solutions for continuous water treatment process optimisation.

#### WATER QUALITY MONITORING OF RAW WATER

#### **PNSB**

Activities such as the river water quality index programme, balancing reservoir water quality monitoring programme and the monitoring of ammonia level carried out at four critical WTPs along the Sg Langat Basin namely, Sg Langat, Salak Tinggi, Bukit Tampoi and Cheras Mile 11 WTPs are to ensure the quality of the treated water supplied to consumers is always in compliance with MOH's NSDWQ.

#### 1. Water Quality Index Programme ("WQI Programme")

A River Water Quality Index ("WQI") Programme is conducted on a monthly basis at all WTPs to determine the suitability of the raw water for the drinking water supply. Details of the WQI Programme are detailed in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### **DELIVERING QUALITY**

#### 2. Raw Water Quality Monitoring At WTP Intake

Raw water at each of the WTP intake is continuously monitored for crucial parameters at the WTP such as, pH and turbidity to detect for its changes and to enable necessary process control adjustment to be made. In addition, raw water quality is also monitored for the full range of parameters as listed in MOH's Recommended Raw Water Quality Criteria by the Central Laboratory and accreditated Independent Laboratory appointed by PNSB following the recommended frequency of monitoring by MOH. The MOH's Recommended Raw Water Quality Criteria comprises of microbiological, physical, inorganic and organic chemical parameters.

The routine monitoring of raw water quality at WTP Intake will enable detection of raw water quality changes or deterioration for which PNSB will highlight and report to the relevant authorities for necessary action.

#### 3. Ammonia Level Monitoring

For early detection and necessary action on whether the WTPs should shut down due to high ammonia level, the ammonia level at four critical WTPs along the Sg Langat Basin namely, Sg Langat, Cheras Mile 11, Bukit Tampoi and Salak Tinggi WTPs are closely monitored on hourly basis.

Details of the Ammonia Level Monitoring are set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### WATER QUALITY MONITORING OF DISTRIBUTED WATER

#### **SYABAS**

#### Quality Assurance Programme ("QAP") by the Ministry of Health ("MOH")

Water quality supplied from WTPs into SYABAS' distribution system are both systematically and randomly monitored by MOH by way of sampling and testing for residual chlorine, Total Coliform, E. Coli, and aluminium, and tracked by its QAP.

Based on latest report from SPAN dated 31 March 2014, SYABAS, for the second consecutive year has emerged as the leading operator for water quality supplied to consumers achieving 99.58% compliance with MOH QAP with zero violations recorded on microbiological parameters.

Details of the QAP by MOH are set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### 2. In-House Water Quality Assurance

SYABAS started the In-house Water Quality Assurance in 2006 based on a different frequency of sampling and sampling station from MOH to ensure wider spectrum of water quality monitoring.

Details of the In-house Water Quality Assurance are set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### **WATER SECURITY**

Dams are provided with the Dam Operations Control Curves with daily monitoring of rainfall intensity and dam water level. This helps the operators to meet the demand for raw water release while conserving the dam water.

Details of the management of the dams operated and maintained by PNSB are set out in the "PNSB Operations Review" section on pages 82 to 86 of this Annual Report.

#### **CENTRAL LABORATORY**

Central Laboratory have successful expanded the number of parameters for testing in order to become a full pledge laboratory. In fact, this certification allows the Central Laboratory to offer services to external party.

### RESEARCH AND PROCESS UNIT OF WATER QUALITY AND RESEARCH SECTION

The Research and Process Unit ("RPU") of the Water Quality and Research Section ("WQRS") carried out a range of projects and studies in 2013 as part of PNSB's initiatives to improve water treatment efficiencies and to ensure the quality of water supply. The different categories of project undertaken by RPU consist of process improvement, water quality monitoring, filter performance monitoring and value-added projects.



Sample for precipitation test



Water Quality Inspection

### **PROCESS IMPROVEMENT**

Process improvement comprise the process of fine-tuning at WTPs with the objective to improving its treatment process for water quality enhancement and or production cost optimisation. RPU also played the role to provide solutions for continuous water treatment process optimisation.

During the year 2013, RPU had conducted processes improvement as follows:-

### 1. Process Improvement at North Hummock WTP

North Hummock WTP has persistent carry-over-flocs problem whereby various studies had been carried out such as study on different coagulant and coagulant aid as well as installation of a variable speed drive at the accelerators to enable better mixing.

PNSB's Operation & Maintenance Department ("OMD") had conducted a plant trial by installing tube settler at one of the accelerators with the purpose to increase effective settling area and improve clarification process in April 2013.

### 2. Process Improvement at Sg Rumput WTP

Sg Rumput WTP adopted UF membrane technology since 2007 to produce treated water. Since upgrading to full treatment using UF membrane technology, shutdowns due to high raw water turbidity has been reduced. However, as the plant had been operating for five years, thorough assessment was carried out to ascertain the membrane performance.

OMD jointly with the Research & Development Department have identified some action plans to improve feed water quality to the membrane plant including installing additional strainers. These works are expected to be carried out in 2014.

### 3. Filter Performance Monitoring

The filtration process is the final step in the water treatment process, removing fine suspended solids remaining after the clarification process, and further cleansing the treated water. Details of the Filter Performance Monitoring are set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

#### **WATER QUALITY**

In 2013, we received certification for the ISO 22000:2005 Food Safety Management System ("FSMS"), Hazard Analysis and Critical Control Point ("HACCP") and Good Manufacturing Practice ("GMP"). These standards are normally adopted by the food and beverage industries in meeting the industries' requirement. PNSB has now adopted it in the water treatment processes as a commitment to the general public, specifically for the consumers in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya as a systematic preventive approach to water safety rather than finished product inspection for maximum protection of the consumers. With this achievement, PNSB is one of the pioneers in water supply industries for this certification in the country.

## WATER QUALITY SURVEILLANCE MONITORING PROGRAMME

### (a) At the catchment area; raw water

SYABAS has developed Water Resources Surveillance Programmes via its Sanitary Surveys, its Water Quality Index ("WQI") Programme, Environmental Impact Studies and investigations of raw water quality violations. These programmes with the objective of preservation and improvement to raw water quality, focuses on identifying and monitoring potential pollution sources and activities and making appropriate liaisons and recommendations to stakeholder groups including water operators, government departments/authorities, government agencies and civil society to mitigate incidences of pollution, and to ensure environmental care.

### (b) At the water treatment plant production

The water quality surveillance monitoring programme for all the 29 WTPs is managed by PNSB and conducted by our Central Laboratory as well as an independent accredited laboratory appointed by PNSB. The programme is carried out as per the requirement stated in the Concession Agreements and MOH's NSDWQ.

For 2013, Central Laboratory had achieved 99.8% sampling for both raw and treated water for all the WTPs operated by PNSB. 100% sampling was not achieved as there were cases of WTP shutdown due to raw water pipe burst or reservoir full whereby sampling would not be carried out.

Details on the raw water quality and analysis conducted by the Central Laboratory and the Independent Laboratory are set out in the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

### (c) At the distribution system

### **CLEANING OF WATER RETICULATION PIPELINE**

### (1) Air Scouring Programme ("ASP")

The ASP is designed to systematically clean all the reticulation pipes using compressed air on a twelve-month cycle, employing 29 Air Scouring ("AS") machines designated for this purpose. In 2013, a total of 8,091 km of reticulation pipes were cleaned in the district's workable ASP zones. However, 35% of the reticulation main pipe could not be cleaned via ASP ("Non-workable ASP zones") due to the unavailability of fixtures in the system. Such fixtures have been installed in stages since 2008 depending on CAPEX's approval.

The ASP has measurably improved the water quality and consequently reduced the number of complaints received from consumers pertaining to water quality.

### (2) Scheduled Manual Flushing Programme ("SMFP")

To ensure that all reticulation pipeline diameter are cleaned, non-workable ASP zones are also cleaned using the conventional method via SMFP.

In 2013, a total of 2,246 km of reticulation pipes were cleaned in the districts' non-workable zones using manual flushing method.

# RESERVOIR CLEANING & INSPECTION PROGRAMME ("RCP")

Under the RCP, all service reservoirs are cleaned manually or using robotic methods and thereafter inspected every six months to test the water quality using 'depth samplers'. Subsequent cleaning of the reservoirs is conducted if threshold water quality violations are detected.

SYABAS' distribution system has a total of 1,536 service reservoirs, elevated water tanks and suction tanks as at 31 December 2013.

In 2013, 45 reservoirs were cleaned manually, one reservoir was cleaned by Robotic Cleaning Method and five reservoirs were cleaned via open scour flushing method to remove the sediment at the bottom of the reservoirs.

### **RESEARCH AND INNOVATION**

Over the years, we have built specialised technical skills in holistic water management. Our expertise is evident in the manner in which we respond to the challenges of our business and how we strive to improve the quality, sustainability and reliability of Malaysia's water supply via various projects to modernise and advance the nation's water technology.

The JERNIH system is the outcome of our constant dialogue with stakeholders and our ability to build significant partnerships to advance the nation's water technology.



Water Quality Inspection

### **JERNIH**

We have in association with the Malaysian Armed Forces developed a new innovative field water purification system known as JERNIH which is solar-powered and can treat and produce clean drinking water.

First Successful JERNIH Mission

In 2013, Typhoon Haiyan hit the Philipines. A pressing need of the survivors was clean water. JERNIH was a practical solution as the water supply in the area was completely cut off. We, together with the Malaysian Armed Forces deployed JERNIH units in province of Leyte, in Tacloban whereby we distributed clean water to the typhoon victims in the province. It was a successful mission.

### Second Successful JERNIH Mission

In December 2013, floods occurred in the East Coast of Malaysia. We, together with the Malaysian Armed Forces deployed two JERNIH units to the East Coast under mission, 'Ops Murni' to enable clean water to be channelled to the flood victims. It was a successful mission.

Since its inception in March 2013 at LIMA 2013 in Langkawi, JERNIH continues to receive interest from various governments and aid agencies around the world.

With regards to research and innovation activities, apart from infrastructure work, we aim to introduce improvements to help us move towards achieving 100% compliance with drinking water standards. We are committed to saving water and our plans will be executed through a combination of education on sustainability at the school level through more water awareness campaigns by optimising treatment process and by addressing NRW issues.

### **DHI-PRC COLLABORATION**

Puncak Research Centre Sdn Bhd ("PRC") has extended its collaboration with DHI Denmark ("DHI"), a global leader in the field of water treatment on 26 March 2014 until 14 March 2015. Under the collaboration with DHI, our R&D team completed a study entitled "Optimisation of Coagulation Process". The findings have eventually led to the aluminium chlorohydrate (ACH) plant trials at Sg Sireh WTP, which was piloted in February 2013. DHI and PRC has also embarked on new collaboration projects on a membrane improvement project at Sg Rumput/ Kepong WTPs to expand the membrane life-span as well as on Actiflo process opimisation at SSP2 WTP.

### **OTHER RESEARCH ACTIVITIES/INITIATIVES**

In 2013, PNSB continued the energy efficiency initiatives previously conducted, as well as conducted new activities as follows for energy savings:-

- A. Continuing Energy Efficiency Initiatives from previous years:-
  - Replacement of fluorescent Light to Low Bay Light at Lime Plant Stream C & D at SSP2 WTP (generated estimated energy savings of RM3,286.62 in 2013).
  - Re-utilisation of sampling water for SSP2 WTP usage at Filtration Plant (generated estimated energy savings of RM127,334.00 in 2013).
  - Decommissioning of Coagulation Mixer at SSP2 WTP Coagulation Process Actiflo Plant (generated estimated energy savings of RM80,210.00 in 2013).
  - Introducing Bicycle Riding Programme to promoting green iniative where six (6) units bicycle are utilised within SSP2 WTP plant compound (generated estimated 1,395 kg CO<sup>2</sup> emission per year).
- B. Energy Efficiency Initiatives conducted in 2013:-
  - Refurbishment of Raw Water Pump P6 at SSP2 WTP at Intake Plant (generated energy savings estimated at RM59,321.00 per year).
  - 2. Refurbishment of Raw Water Pump P10 at SSP2 WTP at Intake Plant (generated energy savings estimated at RM110,259.00 per year).
  - Refurbishment of Treated Water Pump P1 at SSP2 WTP at TWPS (generated estimated energy savings of RM18,869.00 per year).

### **WATER SAFETY**

PNSB made an outstanding achievement by receiving the ISO 22000:2005 Food Safety Management System ("FSMS") conferred by the Swiss Accreditation Services ("SGS"), a certification body in Switzerland. FSMS is an internationally recognised standard that specifies the requirements for a food safety management system where an organisation in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption. Our commitment to upholding the highest standards in relation to our products and services is backed by the FSMS.

The FSMS certification achieved by PNSB was acknowledged by the Department of Standards Malaysia. Aside from that, PNSB also received certification for HACCP and GMP. PNSB received the following certifications for SSP2 WTP, Wangsa Maju WTP and the Sg Langat WTP:-

- ISO 22000:2005 (SAS Accreditation)
- ISO 22000:2005 (DSM Accreditation)
- HACCP Codex Alimentarius
- GMP Codex Alimentarius



Programme 3P, Klang

### **WATER SAFETY PLANS**

The World Health Organisation ("WHO") in its third Guidelines for Drinking Water Quality, has promoted the development and implementation of risk management strategies to ensure the safety of drinking water supplies through the control of hazardous constituents of water termed as Water Safety Plan ("WSP"). SPAN and MOH have made it a requirement for all Water Operators to develop WSP. Since early 2011, PNSB had endeavoured to develop WSP as tools to manage drinking water quality in line with WHO, MOH and SPAN's requirements.

WSP had been developed for 8 WTPs, namely SSP2, Wangsa Maju, Sg Langat, Sg Sireh, North Hummock, Sg Batu, Bukit Nanas and Cheras WTPs. As for the remaining WTPs, WSP will be developed progressively for all WTPs and are expected to be completed in 2015.

### **CRISIS MANAGEMENT**

Our capacity to deal with crises is an important aspect of delivering quality services to our customers and stakeholders. In achieving our aspirations, the Crisis Management Centre ("CMC") oversees the activation of the Emergency Response Programme ("ERP") in each district.

The CMC was activated three times in 2013. The details of these events are as follows:

Date	Incident
25 June 2013 – 28 June 2013	Haze incident in Kuala Lumpur and Selangor
30 August 2013 – 31 August 2013	SSP2 and Rantau Panjang WTPs plant shutdown due to diesel spillage
17 December 2013	SSP2 WTP plant shutdown due to scheduled upgrading and improvement works

The Emergency Response Plan ("ERP") is integrated with the PUSPEL telephone system. This ensures quick response and support from the network to facilitate ERP's implementations.

The Crisis Management Plan ("CMP") and ERP are reviewed on a yearly basis and updated, if required. Both plans ensure the most effective response to any form of emergency, crisis or disaster on our premises with minimal disruption to the Group's business operations.

### **SYABAS' EMERGENCY RESPONSE PLAN ("ERP")**

The ERP is an action plan developed by SYABAS to handle water distribution to consumers during emergency or water crisis situation. ERP activities are also a requirement in the SYABAS Concession Agreement. The ERP is constantly updated to ensure its effectiveness in all circumstances.

SYABAS' 10 districts each has their respective ERP Secretariat and Crisis Operations Centre to manage ERP activation in the respective district. In 2013, a total of 27 ERP activations were made encompassing 22 Green Code ERPs, 4 Yellow Code ERPs and 1 Red Code ERP.





Four Yellow Code ERPs and one (1) ERP Red Code ERP were activated in 2013 due to the following incidents:-

Date	ERP Code	Incident
1 – 17 January 2013	Yellow	Wangsa Maju and Pudu Ulu Pump Houses shutdown due to high demand of water supply.
11 – 21 January 2013	Yellow	Production by WTP was unable to meet the growing demand for water.
11 – 16 April 2013	Yellow	Pipe burst at Kampung Melayu and Batu Caves.
30 August – 5 September 2013	Red	SSPI, II, III and Rantau Panjang WTPs were shutdown due to raw water pollution.
17 – 19 December 2013	Yellow	Scheduled shutdown of SSP2 WTP to facilitate upgrading and repair works.

To ensure smooth management assistance, SYABAS has intensified efforts to conduct training for its ERP staff, upgraded PUSPEL telephone system and upgraded its contact information.

# IMMEDIATE RESPONSE TO CONSUMER COMPLAINTS

Beginning March 2009, the initial response time for water quality complaints was set at half an hour. As at 31 December 2013, compliance with this half-hour response time was 97.37%.

The main reason for not achieving a 100% compliance rate for immediate response to consumers was because some complaints were received late at night. All complaints received were recorded and investigated to enable improvements to take place. The most significant area of consumer complaints centred on the issue of long-term suspended solids or iron deposits arising from corrosion in the water mains caused the water to be discoloured.

# CONSUMER AWARENESS & EDUCATION PROGRAMME ("CAE PROGRAMME")

The CAE Programme leveraging on media coverage is ongoing with an emphasis on consumers' understanding of the quality of water supplied to their premises and related issues, and their responsibility for maintaining their own internal plumbing system and internal storage tanks. Consumers have greatly benefited from SYABAS' efforts under the CAE Programme.

For further details of the CAE Programme, please turn to the "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

# We help the community













Our employees are central to our business. They are, at all times, tasked with delivering good customer service, operating and maintaining our assets in an optimal manner, and resolving service problems expeditiously when they occur.

Our employees are central to our business. They are, at all times, tasked with delivering good customer service, operating and maintaining our assets in an optimal manner, and resolving service problems expeditiously when they occur. It is essential that all employees are empowered with the right skills and the responsibility and motivation to carry out their roles effectively.

Employee training and development as well as the sharing of good practices helps ensure that we retain and attract staff who want to be a part of our organisation and our future. Our aim is to maintain and develop appropriate levels of skills, competencies and awareness among our employees so that all employees have the capabilities we need to take our business forward. By helping to realise individual potential we are ensuring that our core business activities continue. Our workplace goals are supported by an extensive learning and development programme, various employee benefits and an employee support network.

We also continue to hold employees engagement activities to boost the spirit of solidarity and team work among the employees.

### **EMPLOYEE PROFILE**

At end 2013, PNHB Group's workforce stood at a total of 4,860 employees including those in our overseas operations totalling 170 employees. This was an increase of approximately 3.85% as compared to the 2012 figure of 4,680 employees.

Due to the nature of our business, the majority of the Group's workforce consists of non-executives (69.6%), with executives at 23.9% and management at 6.5%. The gender ratio of our workforce is approximately 3:1 (3,634 men: 1,226 women).

Table A: Categories of Employees and Ethnic Grouping

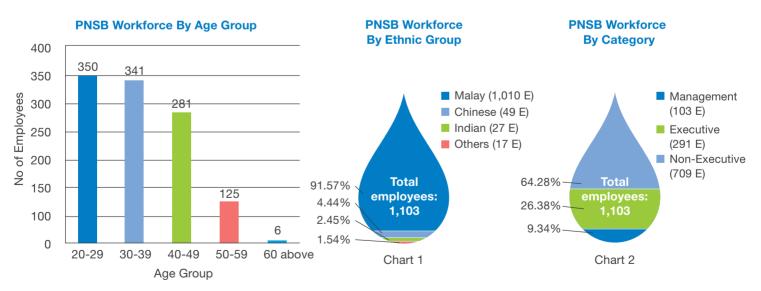
	Categories			Ethnic Group				
	Management	Executive	Non- Executive	Malay	Chinese	Indian	Others	Total
PNSB	103	291	709	1,010	49	27	17	1,103
SYABAS	149	728	2,500	3,147	37	177	16	3,377
POG	3	0	0	3	0	0	0	3
GOM Resources	45	133	29	187	7	4	9	207
PRC	14	10	146	0	170	0	0	170
Total	314	1,162	3,384	4,347	263	208	42	4,860

#### Notes:

- PNSB denotes Puncak Niaga (M) Sdn Bhd
- SYABAS denotes Syarikat Bekalan Air Selangor Sdn Bhd
- GOM Resources denotes GOM Resources Sdn Bhd
- POG denotes Puncak Oil & Gas Sdn Bhd
- PRC denotes The People's Republic of China

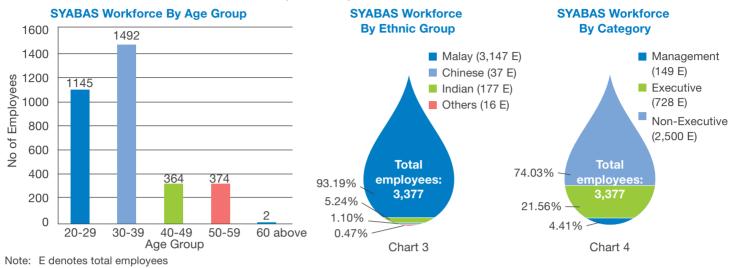
### **ETHICS AND INTEGRITY**

### **PUNCAK NIAGA (M) SDN BHD ("PNSB")**

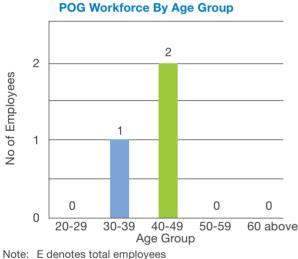


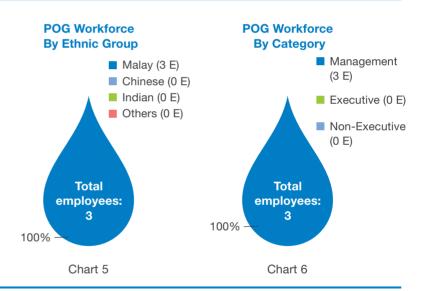
Note: E denotes total employees

### SYARIKAT BEKALAN AIR SELANGOR SDN BHD ("SYABAS")

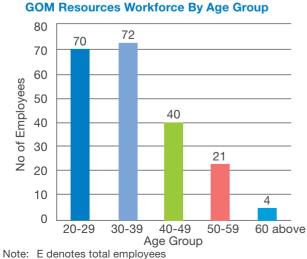


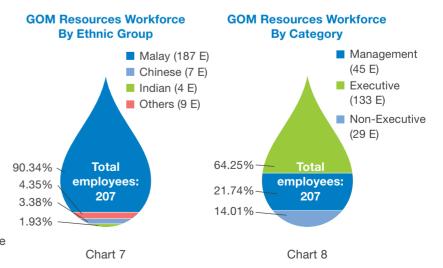
### **PUNCAK OIL & GAS SDN BHD ("POG")**



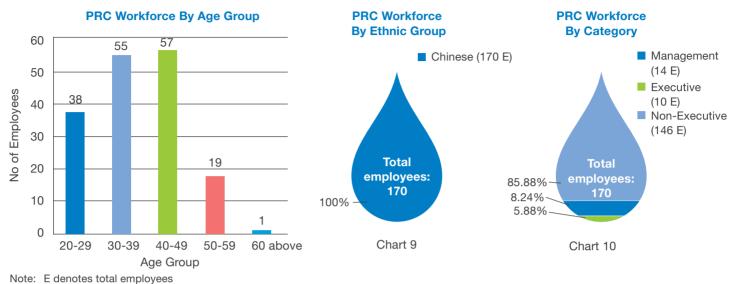


### **GOM RESOURCES SDN BHD ("GOM Resources")**





### THE PEOPLE'S REPUBLIC OF CHINA ("PRC") OPERATIONS



In our Employees Code of Conduct, it is very clear that principles of bonesty, integrity and fairness and high ethical standards are

of honesty, integrity and fairness and high ethical standards are the cornerstones of our business. All employees are expected to adhere to the highest standard of professional ethics and personal action. The Employees Code of Conduct acts as a clear guide for all employees in the discharge of their daily duties and when dealing with others.

We have in place various policies to support our value proposition to all stakeholders, including employees and in line with good corporate governance. The different entities within the Group employ the following Codes and Policies:

### PNHB/PNSB

- Standard Operating Procedures
- Corporate Disclosure Policy
- Information Technology Policies (Software Licence Policy, IT Security Policy and Copying Software Statement)
- Investor Relations Policy
- Health, Safety & Environmental Policy
- Quality Policy
- Risk Management Policy
- Sexual Harassment Policy
- Water Quality Policy
- Gender Diversity Policy
- Whistle Blowing Policy
- Corporate Social Responsibility Policy
- Code of Conduct Board of Directors
- Code of Conduct Employees
- No Smoking Policy
- Board Charter
- Energy Management Policy

#### **SYABAS**

- Standard Operating Procedures
- Quality Telephone Ethics
- Standard People Practices Handbooks
- Sexual Harassment Policy
- Corporate Responsibility Policy
- Code of Business Ethics
- Service Counter Ethical Code
- Health, Safety & Environment Policy
- No Smoking Policy
- Paperless Office Policy
- SYABAS Employee Handbook
- Collective Agreement between PUAS Berhad and PUAS Berhad Workers' Union

### POG

- Standard Operating Procedures
- Quality Policy
- Health, Safety and Environment Protection Policy
- Drug & Alcohol Abuse Policy
- No Smoking Policy
- Stop Work for Safety Policy

### **GOM Resources**

- Standard Operating Procedures
- Quality Policy
- Health, Safety and Environment Protection Policy
- Drug & Alcohol Abuse Policy
- No Smoking Policy
- Stop Work for Safety Policy

### **PRC Operations**

- Anti-Corruption Policy
- Standard Operating Procedures
- Birth Control Policy
- Safety Incident Emergency Response Measures

### **HUMAN RIGHTS**

We respect the rights of employees to assemble and form unions. A total of 744 number of employees in the Group are unionised. Employees at our PRC operations are allowed to form a union, in accordance with PRC Labour Laws. However, as of 31 December 2013, there were no unions formed by our PRC employees.

We have a private security services team. Our Auxiliary Police team is fully trained by the Royal Malaysia Police ("PDRM") who grants authority to enforce law, rules and regulations.

PNHB Auxiliary Police team was formed on 9 June 2006 with the objectives of enhancing PNHB's security services, creating and maintaining a safe working environment for employees and customers; and protecting the Group's assets. The PNHB Auxiliary Police projects a good image by overseeing all security aspects of our operations. With the staff strength of 322 employees, the Auxiliary Police have been placed at PNHB Group's offices, store, residences, billing counters, water treatment plants ("WTPs"), pump houses, balancing reservoirs and all other sites belonging to PNHB Group. Aside from their standard security duties, the Auxiliary Police performs the task of developing the trust of PNHB, the Government and the public when necessary.

The Auxiliary Police perform the following tasks:-

- Crime prevention
- Beat, patrol and static duties
- Crowd control and inspection on persons and vehicles
- Protecting and escorting the employer's property
- Detecting and apprehension of offenders
- Assisting PDRM in carrying joint patrols in specified area under the National Key Result Area (NKRA)
- Participating in PDRM's official activities by invitation

In 2013, our Auxiliary Police team continued its strong commitment and outstanding services to PNHB and Group. The Auxiliary Police also worked in tandem with PDRM and local authorities in dealing with any security issues. We constantly monitor the training provided to the team to reinforce human rights awareness and any potential impact that they may have.

#### **WORKPLACE DIVERSITY**

Our ability to embrace diversity will influence our success. Our stand is to support national aspirations in providing equal opportunities for both male and female employees and to ensure that the Group is free from gender discrimination. We believe in creating a work environment where there is equal opportunity in hiring, training and career advancement. As a Malaysian company, our intention is to prioritise employment for Malaysians and we are proud to say that our operations in Malaysia consists of 100% Malaysian nationals.

We have in place a Gender Diversity policy which is part of our broader agenda to embrace a diverse workplace. The Board is responsible for fostering an environment where every individual is respected and equal opportunities are given to all employees in respect of career development with a special focus on the participation of female employees in the Group's Board and Senior Management as encouraged by the Government for increased female Board representation by 2016.

Gender Age Total Levels Male **Female** 20-29 30-39 40-49 50-59 60 above Staff **MANAGEMENT PNSB** 38 26 65 1 46 26 4 **SYABAS** 108 41 40 66 42 1 2 **POG** 2 1 1 **GOM Resources** 35 10 9 18 15 3 **PRC** 3 3 8 11 3 93 1 79 **Total** 221 140 86 8 314 (70.4%)(0.3%)(25.2%) (27.4%) (100%)(29.6%)(44.6%)(2.5%)

Table B: Gender and Age Group by levels of Management

	Ger	nder			Age			Total
Levels	Male	Female	20-29	30-39	40-49	50-59	60 above	Staff
EXECUTIVE								
PNSB	151	140	79	108	77	27	0	
SYABAS	400	328	235	392	69	31	1	
POG	-	-	-	-	-	-	-	
GOM Resources	76	56	60	51	19	2	-	
PRC	6	4	4	2	3	-	1	
Total	633	528	378	553	168	60	2	1,161
	(54.5%)	(45.5%)	(32.6%)	(47.6%)	(14.5%)	(5.2%)	(0.1%)	(100%)
NON-EXECUTIVE								
PNSB	648	61	270	207	158	72	2	
SYABAS	2,026	474	910	1,060	229	301	-	
POG	-	-	-	-	-	-	-	
GOM Resources	21	9	10	12	3	4	1	
PRC	85	61	34	50	46	16	-	
Total	2,780 (82.1%)	605 (17.9%)	1,224 (36.2%)	1,329 (39.3%)	436 (12.9%)	393 (11.6%)	3 (0%)	3,385 (100%)

### Notes:

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- GOM Resources denotes GOM Resources Sdn Bhd
- POG denotes Puncak Oil & Gas Sdn Bhd
- PRC denotes The People's Republic of China

Table C: Nationality and Ethnicity by levels of Management

	Nationali	ty	Ethnicity			Total	
Levels	Malaysian No	n-Malaysian	Bumiputra	Chinese	Indian	Others	Staff
MANAGEMENT							
PNSB	103	-	75	22	4	2	
SYABAS	149	-	127	14	6	2	
POG	3	-	3	-	-	-	
GOM Resources	44	1	36	4	1	4	
PRC	3	11	-	14	-	-	
Total	302	12	241	54	11	8	314
	(96.2%)	(3.8%)	(76.8%)	(17.2%)	(3.5%)	(2.5%)	(100%)

	Nati	onality		Ethni	city		Total
Levels	Malaysian	Non-Malaysian	Bumiputra	Chinese	Indian	Others	Staff
EXECUTIVE							
PNSB	291	-	258	27	4	2	
SYABAS	728	-	674	18	31	5	
POG	-	-	-	-	-	-	
GOM Resources	131	1	123	3	1	5	
PRC	1	9	-	10	-	-	
Total	1,151	10	1,055	58	36	12	1,161
	(99.1%)	(0.9%)	(90.9%)	(5%)	(3.1%)	(1.0%)	(100%)
NON-EXECUTIVE							
PNSB	709	-	690	-	19	-	
SYABAS	2,500	-	2,346	5	140	9	
POG	-	-	-	-	-	-	
GOM Resources	30	-	28	-	2	-	
PRC	-	146	-	146	-	-	
Total	3,239	146	3,064	151	161	9	3,385
	(95.7%)	(4.3%)	(90.5%)	(4.5%)	(4.8%)	(0.2%)	(100%)

#### Notes

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To be a gender sensitive workplace, there must be various family friendly opportunities and benefits for all employees and a holistic workplace. Some of our family friendly opportunities include medical benefits that cover outpatient treatment, hospitalisation, surgical, dental and maternity benefit for up to five children.

A diverse workforce for us also means having employees who bring to the table their various academic backgrounds, experiences, skill-sets, languages and cultural differences. The various perspectives and experiences can be tapped and a greater variety of solutions to problems at the workplace can be developed, allowing us to provide better services to customers.

We also believe that an inter-generational mix amongst our employees adds a positive dimension to the work environment. In the past few years, we have had more young people joining our workforce. Having a good mix of the younger and older generations creates fluidity of ideas at the workplace. Along with an extensive benefits and compensation packages, we have various programmes and activities that help foster unity and instil values among our employees.

The table below shows the turnover rates in 2012 and 2013:

Company	2012 Turnover (%)	2013 Turnover (%)
PNSB	9.5	9.6
SYABAS	9.6	6.6
POG	91.67	28.57
GOM Resources	15.59	23.83

The turnover rate for POG in 2013 reduced substantially as POG's turnover rate in 2012 was high due to the transfer of 44 employees to GOM Resources in 2012, the then new Oil & Gas unit of the Group.

### LISTENING TO OUR EMPLOYEE

As we become a bigger and more diversified group, we realise the importance of effective communication in the workplace. Employees can sometimes feel disconnected as the organisation grows and operations are spread out.

It is imperative to establish a two-way communication channel between PNHB Group and its employees and to keep in touch with their apprehensions and achievements. We continue to build various communication channels and networks to reach out to our employees such as arranging for Motivational Transformation Programme, recognition of staff commitment by awarding them in the form of monetary or certificate or words of encouragement, sharing information and knowledge, Meet the-CEO session, employees town-hall meeting and conducting "Satu Hari Bersama Pengurusan PNSB" programme at the WTPs to foster engagement and to help build better team spirit between the Management and staff. Some measures that the Group adopts to engage and interact with all our employees include Monthly Staff Assemblies and staff meetings at divisional and departmental levels. Our senior management adopts a hands-on approach and engages with our employees regularly to provide key messages as well as recognition.

### A SHARED CULTURE

Growing and nurturing a culture of togetherness is a key priority moving forward. We feel that if employees are united and share a common culture, these values will become deeply embedded in the DNA of organisation. This culture will give us an added advantage when it comes to marketplace competitiveness and effectiveness. This overarching priority is particularly applicable as we move into new areas of business.

In the effort to build a sense of identity, PNHB Group continues to conduct team building exercises in 2013 focusing on employees' unity in strength as one team to achieve the Company's vision, mission, and goal for the Group.



Puncak 02 Cyclist (Tar & Grime) participated in OCBC Cycle Malaysia 2013

### **BENEFITS AND COMPENSATION**

Due to the complexity of the water as well as oil and gas businesses, the wide spread of customer touch-points and the highly regulated nature of our operations, many of our employees, especially those on the ground, tend to work long hours. In addition, some of our operations run around-the-clock and the intensity of these long hours can be very challenging.

Recognising this, we have set up comprehensive benefits and compensation packages to ensure that our employees are appropriately rewarded and supported at work through the provision of resources, facilities and various forms of assistance. Effective 1 January 2013 onwards, the whole Group are on a five-day work week for non-operations staff. This is part of the Group's ongoing efforts to enhance employee engagement through a healthy work-life balance, to improve employee-employer relationships, and to enhance staff benefits all of which will help drive the Group's closer towards achieving its ambition of being recognised as an employer of choice. Our efforts in this area were recognised externally when PNSB garnered a Silver Award at the Malaysia HR Awards 2013 (Employer of Choice).

We ensure that our employees are adequately remunerated at all times and in accordance with prevailing market conditions and cost of living indices. Our comprehensive employee benefits package includes:

- Competitive salary packages with insurance coverage for staff and their immediate families
- Housing and car loan interest subsidies
- An interest free education assistance loan scheme
- Tabung Kebajikan (welfare fund)
- Personal Computers Loans
- Personal loans
- Medical benefits that cover outpatient treatment, hospitalisation and surgical, dental and maternity benefit for up to five children

 High statutory rate of employer's contribution to the Employees Provident Fund ("EPF") for employees who have served more than two years.

For the Oil & Gas ("O&G") Division, POG and GOM Resources, there has been very high priority in attracting the best in the market and our benefits reflect this as a retention strategy and to increase recruitment ability.

In our PRC operations, to ensure that our employees are compensated adequately for their work, we abide by the minimum wage as set by the PRC local authorities. Although all PRC employees are hired on a contractual basis, they also receive benefits such as overtime pay, leave in lieu, a welfare allowance, pension fund contributions, unemployment fund contributions, medical insurance, work injury insurance and maternity insurance, as required by PRC Labour Laws and the Social Contribution Act. All local PRC employees have their medical costs covered by a PRC Medical Insurance Contribution plan. We do not hire those below the age of 18, which is the minimum age to commence working under PRC Labour Laws.

Expatriate employees are covered by hospitalisation, medical and personal insurance plans. A subsistence allowance is also provided to our PRC employees for any outstation duties.

None of our operations was identified as having a significant risk of incidents of forced labour, child labour or affecting indigenous workers.

Through the Malaysian Employers Federation ("MEF") and other external sources, we constantly review and benchmark our benefits and packages. Our competitive remuneration packages have helped us recruit some of the best talent in the market. A good internal talent pool is key to developing strong teams and to support succession planning.

### PERFORMANCE AND APPRAISAL

The Group's human capital retention policy is aimed at retaining the company's best employees and to providing avenues for employee development and advancement as well as to equip them with necessary skills as they grow with the Group. With a structured performance evaluation framework in place and an emphasis on self development, career development and advancement, we have managed to groom and retain the best employees and we provide them with the necessary opportunities and a career path in the Group.

With the exception of the PRC Operations who conduct performance appraisal exercises once a year, the Group conducts performance appraisal exercises for all confirmed employees twice annually.

At PNSB, the Independent Employees Performance Review Committee ("IEPRC") is responsible for reviewing, evaluating and harmonising the assessment and scoring as rated by the Heads of Departments/Divisions. The final recommendations of

the IEPRC are submitted to the Executive Committee ("EXCO") for approval and decision on appropriate rewards, based on the individual performance of each employee and that of the Company.

It also proposes an appropriate plan of actions for any employees whose performances are not up to the Company's requirements. Non-performing employees will undergo Performance Improvement Programme ("PIP") with counselling by the Head of Division and the Counselling Committee to improve their performances. Review of their performance is conducted for six months on a monthly basis.

At SYABAS, performance appraisals of all employees are also conducted twice annually. Every division, department and district are also required to achieve a set of KPI set for the respective division, department and district which will also be taken into account in their performance appraisal. Apart from that, performance appraisal involves a discussion session on performance which is called the Challenge Session. Through the Challenge Session, the respective divisions, departments and districts are given the opportunity to present their achievements and their performance for a fairer and more objective evaluation.

At POG/GOM Resources, the performance appraisal of all employees are conducted twice annually with challenge session for assessment of scoring rated by Supervisors/Heads Of Departments and the final recommendation are submitted to EXCO for approval and decision on appropriate rewards based on staff individual performance and that of the Company. Appropriate actions such as PIP with counselling will be taken against non-performing staff.

### A COMMITMENT TO TRAINING

Continuous training and development is crucial not just to build technical and management skills but also to ensure that our employees are constantly being challenged to reach their potential.

The PNHB Group is committed to providing our employees with the necessary tools and knowledge to develop their potential at work. The Group benefits from having capable and motivated employees. In addition to in-house training, we send employees for external training, locally and overseas.



XPDC Everest 2013 by SYABAS team led by YBhg Dato' Ruslan Hassan, SYABAS' Chief Executive Officer

New employees are required to attend a comprehensive Induction Programme ("IP"). At PNSB, the IP was for a duration of two days whereas at SYABAS, the IP is for a duration of three days and at POG/GOM Resources, the IP runs for one day.

At PNHB Group, the learning and development approach is to reach as many employees as possible in any one year to develop employee skills.

SYABAS has a KPI on training to ensure all employees undergo necessary training as approved by management.

PNSB's KPI provides an average three (3) man days for each employee in a year.

POG/GOM Resources has a KPI to provide at least one training for each employee in a year.

In 2013, SYABAS had trained a total of 3,078 staff (which represents 91% of total SYABAS staff) with a total cost of RM766,944.42.

In 2013, PNSB had trained a total of 950 staff (which represents 86% of total PNSB staff) with a total cost of RM908,637.66.

	PNSB	SYABAS	GOM Resources	POG
	RM	RM	RM	RM
Internal	720,159.99	641,006.70	322,094.20	-
External (Public Program)	188,477.67	125,937.72	666,020.72	29,572.15
Total	908,637.66	766,944.42	988,114.92	29,572.15

Trainings enable employees to develop interpersonal, leadership and language skills along with job functional skills/knowledge and health and safety knowledge. The Group's training departments also organises motivational talks for staff.

We continue to support our people through training and development so that they can successfully meet the challenges of our industries. In 2013, PNHB Group's training programmes were spread out across various categories of employees to ensure that opportunities and trainings were provided at all levels.

Table D: Trainings Conducted In 2013 For PNHB Group

	Categories						
	Management (including directors)	Executive	Non- Executive	Total			
PNSB	95	269	586	950			
SYABAS	149	728	2,500	3,377			
POG	4	-	-	4			
GOM Resources	37	89	19	145			
PRC	2	2	2	6			

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### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT PERFORMANCE

Health and safety is high on our agenda. Our commitment is reflected in our processes and systems. We have a systematic risk management system with the aim of creating a broad Occupational Health and Safety ("OHS") landscape in order to eliminate or minimise risk to employees, visitors, contractors and other parties who are exposed to OHS risk within its operations. Amidst rapid expansion over the years, the Group has been extensively investing in establishing, maintaining and improving our OHS practices.



Employees participated in Youth Day 2013 held at Putrajaya

In 2013, we attained the following certifications:

# Occupational Health and Safety Assessment Series ("OHSAS") Certification

For PNSB: 18001:2007 certifications for 27 Water Treatment Plants ("WTPs") and three Regional Offices.

For SYABAS: 18001:2007 certificates for 6 districts.

#### **Quality Management System Certification**

For PNSB: ISO 9001:2008 certifications for 26 WTPs and 3 Regional Offices.

For SYABAS: ISO 9001:2008 certification for Human Resource & Administration

For GOM Resources' Integrated Management System ("IMS"):-

- ISO 9001:2008 (Quality)
- ISO 14001:2004 (Environment)
- ISO/TS 29001:2010 (Petroleum, Petrochemical and Natural Gas Industries – Section Specific Quality)
- OHSAS 18001:2007 (Occupational Health and Safety)

### 2013 Institut Kimia Malaysia ("IKM") Laboratory Excellence Award

For PNSB: ISO 17025:2005 certification for the Central Laboratory

# IMS Certification – ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

For PNSB (SSP2 WTP):-

- ISO 9001:2008 Quality Management System
- ISO 14001:2004 Environment Management System
- ISO 18001:2007 Health & Safety Management System

The OHSAS 18001:2007 industry certification is evidence of our commitment to good OHS practices and is proof of our high standards in safety awareness. The standards that we have adopted can be traced back to the very first day of our operations. The recent OHSAS 18001:2007 award attests to PNSB's compliance with the International Occupational Health & Safety management system specifications and adherence to

exemplary standards in delivering a high quality potable water supply as well as rolling out excellent health and safety practices at the workplace.

We established an OHS management system prior to the prestigious accreditation. The certification has also motivated us to further strengthen our initiatives towards efficiently meeting our health and safety obligations and is a rewarding recognition of our dedicated efforts to achieve results that are favourable to all our stakeholders, shareholders, employees and customers.

### **OHS Training**

For proper implementation of OHS procedures, PNSB's employees and permanent contractors are trained in three categories, namely:-

- (1) Statutory Requirements;
- (2) Competency Training; and
- (3) Awareness Training.

All WTPs and Dam staff are required to undergo a minimum of two man-days of training annually while permanent contractors must undergo at least one man-day of training a year.

In 2013, the Health, Safety and Environment ("HSE") induction training, and mock drills as well as Emergency Response Plan ("ERP") training were carried out at all the 28 WTPs and the three dams to ensure all staff are ready and prepared in the event of an emergency or crisis. ERP drills were conducted to familiarise and to measure the level of readiness among our employees in responding to unforeseeable crises. In addition, our Safety and Health Officers conducted 31 Site Safety Inspections at the WTPs and Dams.

The objective of these programmes is to ensure that all our WTPs and Dams comply with safety regulations and adhere to the safety management system established within PNSB. During the process, various other safety points such as adequate signage as well as proper storage of chemicals and usage of personal protective equipment ("PPE") at the workplace, are reviewed annually.

On 27 November 2013, the HSE Day was organised by GOM Resources to allow all staff to have a quick health screening and attended the wellness talk by the cardiologist.

In 2013, the following health and safety trainings and briefings were conducted by the Group:-

- Chlorine Handling Training
- Authorised Entry and Standby person Training
- Authorised Gas Tester and Entry Supervisor
- First Aid and CPR Training
- OHSAS Awareness Training
- ERP Training
- Malaysian Society of Occupational Safety & Health ("MSOSH") Training

- Audit-HSE Briefing
- Safety Induction Briefing
- Fire Prevention Training
- HSE-SOP Briefing Workshop
- Forklift Defensive Driving Training
- HSE Training for Pump Operations
- Laws, regulations and code of practice for safety, health and environment
- HSE Induction for all new hires
- Project Pre-Mobilization Induction
- Quarterly Marine Safety / Contractor forum/conference
- Tripod Beta Training and system utilisation for incident investigation reporting
- First Aid Training for floor warden

# Malaysian Society for Occupational Safety and Health (MSOSH) OSH Award 2012

In year 2013, SYABAS' seven districts namely, Kuala Lumpur, Hulu Langat, Klang, Sepang, Sabak Bernam, Hulu Selangor and Kuala Selangor obtained Gold Class I and three (3) districts namely, Kuala Langat, Petaling and Gombak obtained Gold Class II.

In year 2013, one of PNSB's WTPs namely, Wangsa Maju WTP obtained Gold Merit Award and five WTPs namely, SSP2 WTP, Bernam River Headwork WTP, Sg Langat WTP, Salak Tinggi WTP and Sg Rangkap WTP obtained Gold Class I.

### National Council of Occupational Safety & Health (NCOSH) Award 2013

In year 2013, PNSB's Wangsa Maju WTP obtained a Gold Trophy Award under the water utility sector.

### Fire Safety Training for ERP Team

PNSB conducted four sessions of Fire Safety Training from September to December 2013 at the Akademi Bomba & Penyelamat Kuala Kubu Bahru, attended by 120 employees from various WTPs, dams and Headquarters. The objective of the training was to expose the staff to fire safety equipment, to enhance their knowledge of fire safety, and educate them on how to handle fire during an emergency.



SYABAS personnel performing 'Seni Silat Sukmo Rogo'

SYABAS conducted a fire and evacuation drill at Districts level. The drill is one of the KPIs to be achieved by the ten SYABAS' districts. In 2013, there were ten programmes of fire and evacuation drill conducted at district-level in collaboration with the Fire Rescue Department. The purpose of this programme is to ensure that the staff is prepared to handle any fire-related incidents and to test the effectiveness of emergency procedures developed by SYABAS. The programme need to be conducted annually as it is one of the requirements listed in the OHSAS 18001:2007 standards achieved and maintained by SYABAS.

#### Hazard Identification and Risk Assessment

We have in place a hazard identification and risk assessment methodology to identify hazards associated with the workplace facilities and the activities of all personnel (including subcontractors and visitors), as well as to evaluate and categorise any identified risks. Through the system, we are able to track the objectives and targets of the management programme, with the aim of preventing and controlling risk. We are also able to check, monitor and review the system at the managerial level to ensure the effectiveness of the management system.

### Emergency Preparedness and Response Plan

PNSB's Emergency Preparedness and Response Plan has been continuously enforced and improved and in 2013, the following activities were implemented:-

- Modification of the signal system to better distinguish the type of alarm.
- Reorganisation and retraining of the fire fighting and rescue team and plant support team for increased efficiency.
- One major and three minor mock drills at each of the WTPs and dams.
- Regular drills conducted both internally and with the collaboration of external parties such as chemical suppliers.

### Surveillance Audit/Inspection

Corporate audit of the health and safety management system was performed in 2012 by the OHSAS 18001 Internal Auditors for various Regions and Headquarters to ensure compliance with OHS requirements and to enhance the health management system.

### Management Review

The Management reviewed and assessed opportunities for improvement, the status of the OHS policy and objectives, the OHS resources, and the needs as well as other elements of the OHS management system.

### Confined Space Training

Authorised Entrant and Standby Person ("AESP") in Confined Space Training was conducted at NIOSH for those who work in confined spaces. The training serves to inform and educate staff on their responsibilities as AESPs, about the safety measures that need to be taken during working in confined spaces and about the equipment therein.

### First Aider Training

SYABAS had initiated refresher training at Academy of Safety & Emergency Care for 32 employees from Headquarters and District offices that has been selected.

PNSB had conducted eight sessions of Basic Occupational First Aid & CPR training from February 2013 to May 2013 by the Academy of Safety & Emergency Care ("ASEC"), attended by 205 employees from various WTPs, Regional Offices, dams and Headquarters.

### Annual HSE Audit

HSE internal audit was conducted to evaluate the level of implementation of HSE requirement at districts level. It is done on bi-annually basis. The audit was conducted by HSE qualified and trained internal auditors selected from the Heads of Section at districts level.

In 2013, we were also in full compliance with the statutory requirements regulated by the Department of Occupational Safety and Health ("DOSH").

In 2013, our O&G Division conducted the following HSE activities:-

- Monthly Management visit to project site namely, DLB264, EVA, DPDSV (pre-comm) and riser installation.
- Monthly safety campaigns at project sites namely, Hand & Finger Injury Prevention, Housekeeping, Slip Trip & Fall, Eye Protection & Lifting Safety.
- DLB Monthly Drill Performed namely, Muster Drill, Fire Drill, Helicopter Crash Drill, CPR and First Aid & Stowaway.
- Performed Construction Risk Assessment for all installation/ project campaign.
- Integrated Management System activities including IMS Internal Audit, IMS Awareness, Implementation & Maintaining, IMS Management Review, Lead Auditor Training and DNV Surveillance Audit.

### **OUR SUPPLY CHAIN**

### **Health and Safety Management Improvement for Contractors**

PNHB Group has implemented a clear health and safety management policy for our contractors.

At PNSB, the policies and system have been put in place to enhance the health and safety performance of contractors working for PNSB. As at 31 December 2013, PNSB had enlisted 220 contractors as either panel contractors, suppliers or consultants. To ensure the quality of services provided by the contractors', suppliers' or consultants', we have incorporated clauses in our contracts which state that any work done has to be of the highest quality and must conform to our standard practice. If contractors, suppliers or consultants fail to meet such desired standards, PNSB has the right to reject the goods or services provided by them.

At SYABAS, a series of guidelines namely,(1)"Garis Panduan Kontraktor, Pembekal dan Penyelia Perkhidmatan", and (2)"Garis Panduan Bagi Kerja-Kerja Penyenggaraan Paip SYABAS", are in place to ensure the quality of suppliers and service providers. Their work is monitored by the respective Superintendent Officer ("SO") or the SO's representatives. Any contractors can be suspended for any of these reasons:

- Failure to complete work on time.
- Failure to carry out works as specified.
- Failure to supply goods within the agreed schedule.
- Failure to supply goods according to SYABAS' specifications.
- Failure to comply with safety aspects at construction sites.
- Failure to have SPAN registration renewed.
- Failure to renew relevant permits or licences with statutory authorities.
- Failure to wear SYABAS T-shirts or name tags during working hours.

A total of 431 contractors, suppliers and service providers are registered with SYABAS. In addition, SYABAS has registered 216 panel contractors for pipes and meters to carry out emergency works for 10 SYABAS' District offices.



Fire drill at Wisma Rozali

We do not condone contractors who are unable to provide proper services, which put us and consumers at risk due to water supply disruptions and other inconveniences. Irresponsible contractors can put our customers in danger as they may become exposed to tainted water. We do not hesitate to penalise or terminate contractors who do not practise safety at the work site or who fall short of our requirements for these reasons:-

- Use of inappropriate tools/equipment at site.
- Causing road safety issues.
- Late delivery.
- · Lack of safety measures on site.
- Poor work quality.
- Lack of personnel protective equipment on site.

### Lost Time Injury ("LTI")

There were no LTI incidences in 2013 at all PNSB's WTPs.

For PNSB, the LTIs recorded in 2013 were as follows:-

Table E: Breakdown of LTIs

		Accidents/Incidents Occurred in 2013							
Type of Incident	SSP 2 WTP	Wangsa Maju WTP	Central Region	Southern Region	Northern Region	PNSB HQ			
LTI	0	0	0	0	0	0			
Medical Treatment	0	0	0	0	0	0			
First Aid	0	0	0	0	0	0			
Near Miss	0	0	0	0	0	0			
Property Damage	0	0	0	0	0	0			
Spillage	0	0	0	0	0	0			
Fire	0	0	0	0	0	0			
Dangerous Occurrence	0	0	0	0	0	0			
Chemical Release	0	0	0	0	0	0			
Explosion	0	0	0	0	0	0			
Total	0	0	0	0	0	0			

The total manhours with zero LTIs were as follows:-

WTP	Million Manhours with Zero LTI
SSP 2 WTP	4,915,403.80 (SSP 2 WTP has had zero LTI since its commissioning on 17 July 1998)
Wangsa Maju WTP	1,220,833.74 (Wangsa Maju WTP has had zero LTI since its commissioning on 18 July 1998)
Central Region	4,109,456.27
Southern Region	3,465,727.72
Northern Region	4,170,020.84
PNSB HQ	5,504,055.00

At PNSB, the SSP2 WTP from the time of its commission in July 1998 has had no industrial accidents while it has demonstrated a high level of commitment to health and safety standards at the workplace and its practices and procedures have constantly followed the Integrated Management System or covering ISO 9001:2008 (Quality), ISO 14001 (Environment) and OHSAS 18001:2007 (Safety) Management Systems.

The SSP2 WTP became the first WTP in Malaysia to gain Environmental Management System accreditation and the certification maintained until todate without any significant non-compliance.

Likewise, the Wangsa Maju WTP also has no industrial accidents since its commissioning in July 1998.

It is worth noting that since September 2002, the LTI definition now encompasses the manhours of contractors and suppliers after they have undergone extensive health and safety training and familiarisation at the SSP2 WTP.

At SYABAS in 2013, there were 29 accident cases. All accident cases recorded were categorised under commuting accidents, accidents involving motorcycles being the highest with 27 cases, followed by 2 cases of car accidents. However, considering that only occupational accidents are to be taken into account for LTIs, it is noteworthy that there were no LTI cases recorded in SYABAS for the year 2013.

There were no occupational diseases recorded in 2013.

For SYABAS, the LTIs recorded in 2013 entailed the following:-

	2013	3
Type of Injuries	Employees	Contractors
FATALITIES	3	0
LTI	0	0
Restricted Work Cases	0	0
Medical Treatment Cases	0	0
First Aid	0	0
Equipment Damage	0	0
Near Miss	0	0
Fire	1	0
Spill	0	0
Hydrocarbon Release	0	0
Vehicle Accident	26	0
Others	0	0
Hazards Report	0	0
Manhours	35,751,389	-



PEKA's event: 'Kejohanan Golf Amal PEKA 2013'

GOM Resources achieved 3.5 million manhours of LTI free operations in April 2013.

For GOM Resources, the LTIs recorded in 2013 were as follows:-

	201	3
Type of Injuries	Employees	Contractors
FATALITIES	0	0
LTI	0	0
Restricted Work Cases	0	0
Medical Treatment Cases	0	1
First Aid	0	1
Equipment Damage	1	-
Near Miss	9	-
Fire	0	-
Spill	0	-
Hydrocarbon Release	0	-
Vehicle Accident	0	-
Occupational Illness	1	-
SOR	2,891	-
Manhours	1,658,699	-

To enhance awareness of commuting accidents especially those involving motorcycles, the HSE Section initiated a programme to educate motorcyclists among the staff. The programme called 'Kursus Kemahiran Menunggang Motosikal Secara Berhemah' (the Prudent Motorcycle Riding Course) was established in order to promote awareness to motorcyclist on the importance of road safety; the actions to take during an emergency; and safe riding methods.

Table F: Number of accidents recorded for the last five years

Year	No. Of Accident
2009	34
2010	35
2011	45
2012	27
2013	29

### **Engaging Our Employees**

#### **PEKA**

The Group recognises the importance of providing staff with an adequate work-life balance. The Association of Water Supply Workers for Selangor, Kuala Lumpur and Putrajaya or Persatuan Kakitangan Bekalan Air Selangor, Wilayah Persekutuan Kuala Lumpur dan Putrajaya ("PEKA") was set up on 15 September 2006. It is a staff association established to provide welfare assistance and to foster social and cultural bonds between the Group's employees and the community. PEKA is opened to all employees of PNSB, SYABAS, POG and GOM Resources.

In 2013, PEKA organised various events that included recreational activities, sporting events as well as cultural and religious programmes with full support and encouragement from our Executive Directors and Senior Management. PEKA's objective to encourage recreational, welfare, art, cultural, social, religious and sports activities among all members in 2013 was successful and the members were able to enjoy programmes such as OCBC Cycle Malaysia 2013, Kejohanan Golf Amal PEKA 2013, Walkathon "Walk For Nature", Kejohanan Boling PEKA 2013, Programme "Jasamu Dikenang" Percutian Ke Krabi, Thailand, Programme Bubur Lambuk PEKA 2013, Majlis Berbuka Puasa, Programme Gotong-Royong, Jamboree Fotografi PEKA 2013, Kejohanan Futsal Peka 2013 Piala Tan Sri Rozali, Badminton Competition PEKA 2013 and Karnival Sukan PEKA 2013.



An important part of corporate responsibility is the impact that we have on the environment and the Group continues to strengthen its performance in this area.

An important part of corporate responsibility is the impact that we have on the environment and the Group continues to strengthen its performance in this area. In providing quality potable water, we aspire to practise responsible use of raw water that is environmentally sustainable.

We face several challenges in our bid to provide high quality potable water on demand and these can take the form of burst pipes, raw water pollution at intake points as well as inadequate supply of raw water due to hot and dry season. Water pollution has become a serious problem in Malaysia and is beginning to impact negatively on the sustainability of our water resources. Our priority is to ensure clean and safe drinking water with minimal environmental impact.

### **ENSURING CLEAN AND SAFE DRINKING WATER**

### **Raw Water Quality**

To maintain high drinking water standards, we carry out tests on water samples routinely. In 2013, raw water pollution was one of the leading causes that led to water treatment plant ("WTP") shutdowns and operational interruptions. To determine pollutant levels in raw water sources, we monitor raw water quality violations at 27 water intakes located within six water catchment areas operated by Puncak Niaga (M) Sdn Bhd ("PNSB").

The raw water quality data is compiled based on the monthly water quality reports. The raw water quality is monitored according to the parameters set out under the Recommended Raw Water Quality Limit of the Ministry of Health's ("MOH") National Standard for Drinking Water Quality (2004) ("NSDWQ") which are categorised into the Microbiological, Group I (Physical), Group II (Inorganic matter), Group III (Heavy metals), Group IV (Pesticides) and Group V (Radioactivity) categories.

There were a total of 1,121 raw water quality violations detected in 2013. The breakdown of violations is as follows:-

Table A: Breakdown of PNSB's Violated Parameters in 2012 and 2013

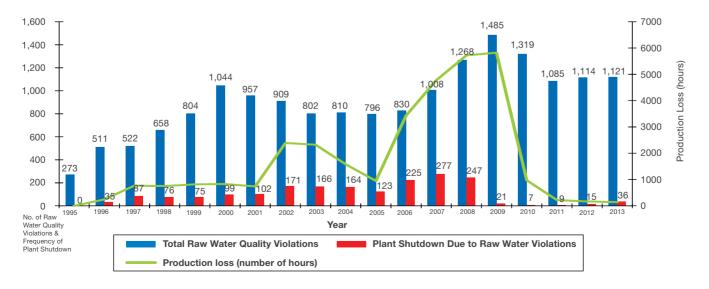
		Raw Water Quality plations Recorded
Parameter group	2012	2013
Microbiological	465	509
Group I - Physical	464	407
Group II - Inorganic matter	184	204
Group III - Heavy metals	1	1
Group IV - Pesticides	0	0
Group V - Radioactivity	0	0
Total	1,114	1,121

It is noted that raw water quality violations have increased. Based on our surveys, several human activities that might have raw water pollution impacts were identified. These included land clearing, illegal sand mining, stone quarries, open landfills and illegal waste dumping sites with no leachate treatment facilities.

Occasionally, unforeseen events may affect the usual high quality of water we provide resulting from WTP shutdowns. In 2013, out of 30,873 analyses conducted for treated water, a total of 31 instances of non-compliance at 0.1% were detected, which were mainly relating to fluoride and aluminium issues, such as those detected at the Bernam River Headworks ("BRH") New and Ampang Intake WTPs.

Due to recurring landslides within the water catchment areas since March 2012, the raw water quality in particular turbidity at Ampang Intake WTP has not normalised but deteriorated despite effort by the authorities to carry out slope repair and grass turfing works along the riverbanks at 2 km up-stream of Sungai ("Sg") Ampang. The situation at Ampang Intake WTP has been further impeded by infrastructure and design of the treatment process. The treatment process adopted at Ampang Intake WTP is a conventional method with slow sand filtration, and is not equipped to handle the current low raw water quality at the plant especially after heavy rain.

Chart A: Annual Raw Water Quality Violations & Plant Shutdowns (1995 - 2013)





Water Sampling at Tasik Subang Dam

PNSB's raw water quality data in Chart A shows that the number of violations increased by 0.63% from 1,114 violations in 2012 to 1.121 violations in 2013.

PNSB works closely with Lembaga Urus Air Selangor ("LUAS") and the Forestry Department in conducting joint monitoring at the catchment area to prevent further raw water quality deterioration.

Based on analysis conducted, most of the raw water quality violations occurred in the Sg Langat, Sg Selangor and Sg Bernam River basins as illustrated below:

Table B: Breakdown of PNSB's Violations by Catchment Area in 2012 and 2013

Catchment	Total	Total Raw Wa Violations F	
Area	WTPs	2012	2013
Sg Langat	8	437	451
Sg Selangor	7	272	276
Sg Bernam	4	198	201
Sg Kelang	6	42	41
Sg Buluh	2	24	15
Sg Tengi	2	141	137
Total	29	1,114	1,121

### **Treated Water Quality**

Based on the treated water quality testing programme carried out from January to December 2013, treated water compliance achieved was 99.9% as against MOH's NSDWQ as follows:-

Period	Nos of analyses	Nos of compliance	% Compliance
January – December 2013	30,873	30,842	99.9

Note: The above is based on analysis by the Central Laboratory and the Independent Laboratory

In 2013, the production capacity and treated water quality of some of the WTPs were affected by raw water pollution, as follows:

Table C: Incidences of Raw Water Pollution in 2013 affecting operations of the plants

No	WTP	Type of pollution	Probable source of pollution	Interruption of WTP operation
1	Sg Langat (I)	High raw water turbidity and colour	Discharge from sand mining area near Sg Sub, tributary of Sg Langat	Reduced production from 10% – 50% during pollution
2	Salak Tinggi (II)	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations
3	Bukit Tampoi (II)	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations
4	Cheras (II)	High raw water ammonia level	Suspected industrial and domestic effluent	Could cause treated water quality violations

Note: (I) Monthly event

(II) During low river water level

In 2013, a total of 36 cases of plant shutdown was recorded as the results of raw water pollution due to high loading of silt because of heavy rainfall, diesel/oil spillage, discharge from workshop and illegal dumping with most cases affected Ampang Intake WTP (31 cases). Other affected plants were Sg Gombak, Cheras Mile 11, Rantau Panjang and SSP2 WTPs.

We do not leave any of these issues to chance. Where a failure is encountered, we conduct a thorough investigation to ensure the water is safe for drinking and where appropriate, take remedial action to prevent a recurrence.

### **Raw And Treated Water Quality Analysis**

The 2013 water quality analysis breakdown on raw and treated water as conducted by the Central Laboratory and the appointed Independent Laboratory is as shown below:-

Table D: The 2013 water quality analysis breakdown as conducted by the Central Laboratory and the Independent Laboratory

Number of Analyses conducted for PNSB's WTP			
	By appointed By Central Independent		
	Laboratory	Laboratory	Total
Raw water	6,823	7,491	14,314
Treated water	18,663	12,210	30,873
Total	25,486	19,701	45,187

Continuous Research, Surveillance And Monitoring Water Quality

#### **PNSB**

### **Surveillance Monitoring Programme**

### **Treated Water Quality Assurance Programme**

Treated water quality performance was also gauged using the indicators for Quality Assurance Programme ("QAP") by MOH. Based on monitoring conducted between January and December 2013 by the Central Laboratory, and the Independent Laboratory appointed by PNSB, the treated water quality produced by all the 29 WTPs managed by PNSB complied with the MOH's requirement as shown below:-

**Table E: Treated Water Quality Compliance to QAP** 

Parameter	QAP (% violation)	2012	2013
E. Coli	< 0.4	0	0
Free residual chlorine ("FRC")	< 2.3	0.005	0.003
E. Coli & FRC	< 0.2	0	0
Turbidity	< 2.0	0.015	0
Aluminium	< 10.2	0.351	0.077

Note: The above is based on analysis by Central Laboratory, Independent Laboratory and WTPs

Table E shows that treated water produced by PNSB has high percentage of compliance as well as meeting MOH's requirement.



World Water Day 2013, Morib

Raw Water Quality Monitoring

A Water Quality Index ("WQI") Programme is conducted on monthly basis on raw water for all WTPs to determine the cleanliness and suitability of raw water for drinking purposes.

The WQI assessment that is carried out for the 27 water intakes in Selangor and the Klang Valley serves as a basis for environmental assessment. The WQI is calculated based on six parameters, namely Dissolved Oxygen, BOD5, COD, Ammoniacal Nitrogen, Total Suspended Solids ("TSS") and pH.

Based on the WQI value, the rivers can be classified under Class I, II, III, IV or V quality, whereby Class I value indicates best river water quality.

Table F: Water Quality Index Classification According to the Department of Environment Malaysia

WQI Class	Range	Treatment/Water Usage Description
I	> 92.7	Practically no treatment necessary
II	76.5 - 92.7	Conventional treatment required
Ш	51.9 - 76.5	Extensive treatment required
IV	31.0 - 51.9	Irrigation only
V	< 31.0	Water unsuitable for any of the above uses

(Source: Department of Environment Malaysia)

Table G: Water Quality Index ("WQI") Record at the WTPs for 2013

WQI Class	Nos of WTPs	WTP
I	8	Kuala Kubu Bharu, Sg Lolo, Sg Serai, Sg Gombak, Sg Kepong, Sg Rangkap, Ampang Intake and Sg Rumput WTPs
II	13	Sg Sireh, Rantau Panjang, Kalumpang, Bernam River Headworks, Batang Kali, Sg Selisek, Sg Dusun, Sg Tengi, Sg Buaya, Sg Langat, Sg Pangsoon, Sg Batu and North Hummock WTPs
III	6	Sg Selangor Phase 2 ("SSP2"), Bukit Tampoi, Cheras Mile 11, Salak Tinggi, Bukit Nanas and Wangsa Maju WTPs
IV	0	None
V	0	None
Total	27	

Note: Sq Keroh WTP has been shutdown

Table H: Average monthly WQI readings for 2012 and 2013

		Nos of WTPs
WQI Class	2012	2013
1	8	4
II	12	18
III	7	5
IV	0	0
V	0	0
Total	27	27

The average monthly WQI readings in 2013 showed that the raw water quality was observed slightly improved as compared to 2012.



BPS River Monitoring Day 2013

#### Ammonia Level Monitoring

Ammonia levels at four critical WTPs along Sg Langat Basin namely, Sg Langat, Cheras Mile 11, Bukit Tampoi and Salak Tinggi WTPs are monitored on an hourly basis to ensure early preparation to be made and the necessary action taken should the plant be required to shutdown due to high ammonia level. Based on monitoring conducted in 2013, the ammonia level both in the raw and treated water at the four WTPs is as summarised below:

Table I: 2013 Summary of Daily Ammonia Level at Four (4) WTPs Along the Sg Langat Basin

		Ammonia level (mg/L)		
No.	WTP	Raw Water Min – Max (Average)	Treated water Min – Max (Average)	
1.	Sg Langat	0.00 - 0.40 (0.08)	0.00 - 0.40 (0.01)	
2	Cheras Mile 11	0.00 – 3.18 (0.54)	0.00 – 1.30 (0.01)	
3.	Salak Tinggi	0.03 – 1.08 (0.51)	0.00 – 0.32 (0.01)	
4.	Bukit Tampoi	0.00 – 2.04 (0.77)	Old: 0.00 - 0.80 (0.07) New: 0.00 - 0.98 (0.07)	

Note: MOH's Standard is 1.50 mg/L for both raw and treated water

PNSB had highlighted the reading of the high raw water ammonia level to LUAS for LUAS to take the necessary action to reduce pollution and to prevent further raw water quality deterioration.

### Balancing Reservoir Water Quality Monitoring

The treated water from WTPs will be stored in balancing reservoirs prior to distribution to consumers by SYABAS. In order to ensure that high quality water is being continuously supplied to consumers, routine treated-water and reservoir water quality monitoring at different depths will be conducted on a quarterly basis.

The status of water quality in the reservoir will be monitored through the analysis of water quality parameters such as pH, turbidity, colour, aluminium, iron and manganese. The monitoring results will be used to determine whether the reservoir requires flushing or cleaning.

Based on the monitoring conducted in 2013, a total of four reservoirs at Rantau Panjang, Sg Selisek, Sg Rangkap and Sg Lolo (Old) WTP had been cleaned either manually or by robotic method.

#### Filter Performance Monitoring

Filtration process is the final step in a water treatment process to remove fine suspended solids which cannot be removed during the clarification process. Most of the filtration processes at PNSB applied the rapid sand gravity filtration process.



### Filtration process

Monitoring of the filter performance, namely running hours and headloss is essential to ensure that the filter is in proper operating condition. Whenever the filter has been operated to the specified running hours or has reached its headloss level, whichever comes first, backwashing will be initiated.

The Research & Process ("R&P") Unit of Water Quality & Research Section ("WQRS") constantly monitors filter performance by tracking each filter's running hours to ensure it is operated effectively.

In 2013, the overall filter performance was observed to deteriorate in terms of increased number of filters to 47 utilised in 2013 as compared to 43 utilised in 2012 with running hours of less than 30 hours. This could be due to deteriorating raw water quality and also due to problems faced with the aging filter system itself that requires either rehabilitation or refurbishment.

As a measure to improve filter performance and operation, a Filter Team was set up in August 2013. The team comprises of representatives from the Regional Offices, the Central Laboratory and the WQRS. In 2013, PNSB's Operation & Maintenance Department ("OMD") had carried out filter refurbishment works at selected filters at Gombak, Sg Batu, North Hummock, Sg Rangkap, Batang Kali and Rantau Panjang WTPs.

PNSB has set up a team to carry out in-depth assessment of problematic filters and to recommend action to be taken to improve filter performance.

#### **SYABAS**

### Water Quality Monitoring

### Quality Assurance Programme by Ministry of Health ("MOH")

Water quality supplied from WTPs into SYABAS' distribution system are both systematically and randomly monitored by MOH by way of sampling and testing for residual chlorine, total coliform, E. coli and aluminium, and tracked by its QAP. The percentage



### BPS River Monitoring Day 2013

of violation for each parameter must be less than the QAP limit. Until December 2013, a monthly average of 2,768 water samples were taken and 103,006 tests or analyses were carried out by MOH and of these, 99.58% complied with the National Standard with zero violations recorded on microbiological parameters.

### In House Water Quality Assurance

Based on the existing number of sampling stations and the frequency of sampling according to the MOH's NSDWQ, a monthly average of 1,831 samples were taken and 78,336 analyses were carried out for the year 2013. Based on the results, 99.97% of the total 78,336 analyses complied with MOH's NSDWQ.

### Sanitary Survey

The sanitary survey is a programme conducted to assess the general impact that human activities have on raw water resources and their corresponding quality. It also assesses the efficiency of the WTPs' treatment process in respect of the raw water components as well as the treated water quality in the distribution lines.

In 2013, nine sanitary surveys were jointly conducted by SYABAS' team with MOH and WTP operators at the following study areas covering the water catchment area, the WTP processes and the distribution area:-

- 1. Rantau Panjang WTP
- 2. Sg Langat WTP & Cheras Mile 11 WTP
- 3. Batang Kali WTP
- 4. Sg Batu WTP
- 5. Tasik Subang Dam & North Hummock WTP
- 6. Sg Labu WTP
- 7. Sg Selangor WTP's Distribution System (Petaling)
- 8. Sg Labu WTP's Distribution System (Kuala Langat)
- 9. Sg Sireh WTP's Distribution System (Sabak Bernam)

Based on these surveys, several activities that might cause raw water pollution were identified and highlighted to the authorities. These included industry, land clearing, illegal sand mining, stone quarries, open landfills, encroachment, livestock farming and illegal waste dumping sites. This provides early detection and also a general idea about the potential sources of contamination to look for during the occurrence of river pollution events which may lead to a WTP shutdown.

### Environmental Impact Study (EIS)

In 2013, land use assessment activities relating to the Environmental Impact Study ("EIS") were carried out for Sg Selangor, Sg Langat, Sg Bernam, Sg Klang, Sg Tengi and Sg Buluh catchment areas. Land use within the water catchment areas refer to various natural or human activities that may result in contamination of raw water and cause deterioration of its quality. The pollution may affect the raw water quality to the point where water treatment processes are unable to cope, consequently leading to disruptions in drinking water supply.

In addition to land use assessments, raw water quality monitoring and WQI assessment were also carried out for the water intakes in 2013 on monthly basis in order to determine the current raw water quality.

The EIS programme provides information on the current condition of the raw water quality and pollution issues or the risks faced, within the water catchments. The findings together with recommendations are highlighted to the relevant agencies and authorities to mitigate the environmental risk before any of the WTP's operation and water supply are jeopardised.

Multi Stakeholder Approach to Ensure Clean and Safe Water

### **Working Together**

When incidences of raw water pollution occurs, an environmental investigation is conducted to identify the source of the raw water pollution. The investigation will involve co-ordination and feedback with the various regulatory agencies. As soon as the source is identified, authorities such as the National Water Services Commission ("Suruhanjaya Perkhidmatan Air Negara") ("SPAN"), Jabatan Alam Sekitar Selangor ("JAS") and Selangor Water Management Authority (Lembaga Urus Air Selangor) ("LUAS") will be informed for further action. Following this, full investigation reports are forwarded to these authorities and other government agencies such as the Ministry of Energy, Green Technology and Water ("Kementerian Tenaga, Teknologi Hijau dan Air") ("KeTTHA"), the Selangor State Government and the respective municipal councils.

Cooperation from these authorities is necessary for action to be taken against the perpetrators of pollution. The multi stakeholder approach enables us to quickly form recommendations and solutions in order to resolve the issue at hand and put in place measures to ensure that such incidences of pollution do not recur.

In working with stakeholders, SYABAS has highlighted these concerns to the authorities, and is working closely with the Department of Environment Selangor (Jabatan Alam Sekitar) ("DOE" or "JAS"), LUAS and other relevant authorities at state and federal levels to prevent pollution. Through these relationships, SYABAS supports the enforcement agencies' efforts to mitigate incidences of pollution.



Citra Aidilfitri BPS

### **Biodiversity**

There is now general consensus that climate change will lead to more frequent extreme weather events. Associated increases in the likelihood of intense flooding or extreme dry spells are placing greater pressure on our water and sewerage infrastructure, providing us with a range of challenges. This illustrates the type of weather we may experience in the future due to climate change and we are working on plans for risk mitigation.

Maintaining biodiversity is extremely important as it often results in wider benefits for ecosystems such as improved water and landscape quality. PNSB works closely with LUAS and the Forestry Department in conducting joint monitoring at the catchment areas in order to take the necessary action to prevent further raw water deterioration.

PNSB has successfully rehabilitated slope area at Sg Dusun WTP and Ampang Intake WTP. The repair work at Ampang Intake WTP is the riverbank protection and culvert rectification works on the damage slope due to the flash flood occurred in a year before. Action was taken to rectify the failing slope and river bank. The method used on the slope was rock fill and the slope on the river bank was protected by using sand tabular method.

The other work is the slope protection at Rantau Panjang WTP, act as safety precaution to protect the reservoir and other structures residing on top of the slope.

Another concern is fluctuations in weather, in terms of long spells of dry weather or flooding. In 2013, there were no serious effects of flooding or dry weather. However beginning 2014, Sg Selangor river basin has been seriously affected by extreme dry weather which has led to water rationing in nine (9) districts.

### **Use of Resources**

Our environmental initiatives include energy performance, waste and effluent management. In order to reduce stress on the environment, SYABAS also monitors and incorporates consideration for carbon footprint in programmes which are in-line with its vision of preserving the environment.

### Water Utilisation For Operations

Water is used for cleaning and maintenance works such as WTP filter backwashing, reservoir and storage tank cleaning, cleaning of pipelines, and flushing. We constantly endeavour to find new ways to further reduce water usage. Already, we have cut plant water losses by adopting wash water recovery and by increasing the filter backwash cycle to 72 hours. In addition, since 2007, SYABAS has used air scouring technology to clean pipelines instead of conventional flushing, which has resulted in less water usage.

### Energy and Electricity

The water industry is electricity intensified. At PNSB, the WTPs' pumping systems account for the highest electricity consumption, while SYABAS requires electricity to drive its 613 pumping stations. PNSB's and SYABAS' electricity consumption in 2013 can be seen as follows:-

- Although our electricity optimisation programme is ongoing at the WTPs, only relatively small reductions in electricity consumption are possible as the WTPs are operating at optimal efficiency in terms of electricity consumption.
- At SYABAS, total electricity consumption was 176,755,392 kWh. SYABAS' measures to replace old and inefficient pumping equipment to reduce electricity usage at booster pumping stations and office buildings have been hampered by the ongoing CAPEX freeze.
- At our headquarters in Wisma Rozali, electricity consumption decreased to 1,817,009 kWh in 2013, from 1,842,228 kWh in 2012. The decrease was attributable to a more efficient use of resources and inculcation of energy saving culture among our employees.
- At Puncak Oil & Gas Sdn Bhd ("POG")/GOM Resources Sdn Bhd ("GOM Resources"), total electricity consumption in 2013 was 184.247 kWh.

In order to make savings wherever possible, in 2013, PNSB conducted the following energy efficiency initiatives:-

### (1) Up-grading works at SSP2 WTP

- Rehabilitation works for Control Panel for Filtration Plant.
- Upgrade of Siemens S5 PLC to S7-300 PLC.



BPS Event, Shah Alam

- Completed upgrade of the on-line condition monitoring at Intake and WTP.
- Upgraded the motor starter to Variable Speed Drive for water pumps to reduce in-rush current during start-up.

# (2) Installing pump and piping system from dam to Sg Pangsoon WTP

 Completed installation of pump and piping system from the dam to Sg Pangsoon WTP via a uniquely designed syphon methodology which requires very low energy to transfer the water from the dam to Sg Pangsoon WTP.

### (3) Refurbishment of pumps at WTPs

 Refurbishment and replacement of pumps at WTPs to improve pumping efficiency was completed at Wangsa Maju, Bukit Nanas, Sg Batu, Sg Rangkap, Sg Gombak, Ampang Intake, SSP2 and Sg Langat WTPs.

### (4) Utilisation of Peak & Off Peak Demand

 Utilisation on Peak & Off Peak Demand for bigger WTPs namely SSP2 WTP and Sg Langat WTP using 33 KV sources.

### (5) Replacement of Pressure Filter

 Replacement of pressure filter for Ampang Intake WTP to minimise losses due to inefficient power usage in old pressure filter.

### (6) Up-grading of Transformers

 SSP2 WTP embarked on upgrading the transformers to ensure optimum power and reduction of energy losses.

### (7) Scheduled Service for major equipment

 WTPs conducted preventive maintenance scheduled service for major equipment.

### (8) Utilisation of high efficiency Surge Protective Device

 Installation of the high efficiency Surge Protective Device at the main switch boards to protect equipment and to prolong the lifetime of the equipment at WTPs.

# (9) Air conditioning temperature set at 24°C for all floors at Wisma Rozali

 Increased of air-conditioning room temperature from an average of 21-23°C to 24-25°C has realised cost savings of more than RM3,988.66 per month.

### (10) Bicycle

 Bicycle Riding Programme to promote green initiative where six (6) units bicycle are utilised within SSP2 WTP plant compound (generated estimated 1,395 kg CO<sup>2</sup> emission per year).

### (11) Refurbishment of Raw Water Pump P6 at Intake Plant

 Refurbishment of Raw Water Pump P6 at SSP2 WTP at Intake Plant (generated energy savings estimated at RM59,321.00 per year).

### (12) Refurbishment of Raw Water Pump P10 at Intake Plant

 Refurbishment of Raw Water Pump P10 at SSP2 WTP at Intake Plant (generated energy savings estimated at RM110,259.00 per year).

### (13) Refurbishment of Treated Water Pump P1 at TWPS

 Refurbishment of Treated Water Pump P1 at SSP2 WTP at TWPS (generated estimated energy savings of RM18,869.00 per year).

PNSB also conducted new activities as follows for energy savings at SSP2 WTP:-

- A. Continuing energy efficiency initiatives from previous years:-
  - Replacement of fluorescent Light to Low Bay Light at Lime Plant Stream C & D (generated estimated energy savings of RM3,286.62 in 2013).
  - Re-utilisation of sampling water for WTP usage at Filtration Plant (generated estimated energy savings of RM127,334.00 in 2013).
  - 3. Decommissioning of Coagulation Mixer at Coagulation Process Actiflo Plant (generated estimated energy savings of RM80,210.00 in 2013).

### SYABAS' Carbon Footprint Monitoring & Initiative

In May 2010, SYABAS initiated the Carbon Footprint Initiative Programme ("CFIP"), setting a baseline for carbon emissions arising from SYABAS' operations starting in 2010.

SYABAS' CFIP is a voluntary programme that embodies SYABAS' ambitious environmental aspirations which will encourage economic development and positively contribute to the mitigation of climate change. In achieving this objective, two carbon footprint awareness trainings were conducted for SYABAS' staff in 2013 with the goals of effectively developing and implementing the carbon footprint initiative and framework.

To play its role in reducing the environmental stress, SYABAS is always looking to position the company on a low-carbon



Programme 3P, Klang

path, which is in line with our company's vision to ensure the preservation of the environment.

### **Waste Management**

Waste generated by our activities is generally residue from our WTPs, paper waste, construction waste from our projects and maintenance programmes and waste from our oil and gas activities. Our biggest waste arose from the generation of residue from our WTPs.

For SSP2 & Wangsa Maju WTPs, the sludge are kept in the depository area at the SSP2 WTP area. Effluent discharge from these WTPs met the Environmental Quality Act ("EQA") requirements. For the remaining WTPs, our initiatives were hampered by non-availability of depository area. We have identified thirteen (13) locations but the Selangor State Government have put on hold our proposal pending the completion of the restructuring of the water industry in Selangor.

SYABAS requires all contractors to clean up waste generated from maintenance activities. These contractors are monitored frequently to ensure full compliance.

The following are the waste generated by our oil and gas activities:-

Table J: GOM Resources' Scheduled Waste Compliance

Code	Waste Category	Quantity / Amount
SW 102	Waste of lead acid batteries in whole or crushed form	0.07 MT
SW 103	Waste of batteries containing cadmium and nickel or mercury or lithium	0.08 MT
SW 110	Waste from electrical and electronic assemblies containing components such as accumulators, mercury switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl	0.33 MT

Code	Waste Category	Quantity / Amount		
SW 305	Spent lubricating oil	6.69 MT		
SW 309	Oil-water mixture such as ballast water	58.37 MT, +98.91 M <sup>3</sup>		
SW 410	Rags, plastics, papers or filters contaminated with scheduled wastes	0.22 MT		

Notes:

MT Metric tonne M³ Cubic Meter

### Chemical Usage

PNSB utilised 41,935.35 MT of chemicals in the water treatment process in 2012 and 39,043 MT in 2013. As at 31 December 2013, total production of treated water at all 29 WTPs was 727,049,852 m³ and about 0.054 kg of chemicals were required to treat 1 m³ of water. The amount of chemical usage per m³ of water for 2013 is the same as that of last year.

### **Our Internal Footprint - Workplace**

We are determined to address environmental issues such as indoor climate with poor air quality and temperature, paper wastage and environment challenges that can affect our health, performances and impacts our operating costs.

Our environmental commitment is also nurtured within our workplace. This is reflected in the various environmental initiatives practised in our offices and WTPs which include reducing paper consumption as well as applying 3R (Reduce, Reuse, Recycle) activities and energy conservation practices. We carefully monitor our carbon footprint so as to better manage the emissions derived from our operations, employees, suppliers and contractors.



BPS Event, Shah Alam

### Recycling paper

Our efforts to recycle included paper consumption.

In 2013, PNSB's paper usage increased by 22.1% as compared to 2012. This increase was attributed to the increase in PNSB's tender submissions, business proposals and the increase in staff recruitment.

At SYABAS, we strive very hard to reduce paper consumption and we have set up a special committee to monitor and control paper usage including initiatives towards 'paperless' office.

At POG/GOM Resources, we also strive to reduce paper consumption by implementing utilisation of recycle paper and double sided printing.

### Cost Reduction and Efficiency

We continue to undertake a cost saving measure across the Group to reduce operating costs. This is to enable us to constantly pare down unnecessary expenses, increase efficiencies, and streamline processes so that we can reinvest some portion or all of the cost reduction savings back into the Company's people, processes and technology.

Internal Energy Saving Behaviours

PNSB also initiates lighting management in ensuring energy savings. This includes:

- 1) Lights to be turned on only at applicable workstation.
- Light to be turned off after work, during lunch hour or when out of office.
- 3) Installation of motion sensor at remote areas.
- 4) Utilisation of energy savings bulbs.
- 5) De-lamping exercise at non-critical areas.
- 6) Utilisation of solar lighting at reservoirs.

PNSB had also embarked on air-conditioning management which includes:

- 1) Maintaining air conditioners at room temperature at 24°C.
- 2) Switching off the air conditioners at night,
- 3) Purchase of certified 'Energy Saving' products.
- 4) Installation of temperature controller in the office.
- 5) Improving air quality by having green plants in the office.

PNSB's Energy Management Programme supports the various initiatives in place. We work with TNB with regards to new energy and power reliability programmes. This is complemented by other corresponding efforts including the energy related bulletin/information/corner-stone at SSP2 WTP. POG and GOM Resources resorted to energy saving control copier machine with automatic switch-off to save energy.

To enhance our processes, our WTPs have engaged consultants to oversee and advise on the management of energy programmes, awareness, implementation, and submission of report to the Energy Commission including training of our staff for compliance with the Efficient Management of Electrical Energy Regulation 2008 under the Electricity Supply Act 1990.

### **Empowering Our Consumers**

Water conservation cannot be achieved if the wider community is not empowered to understand the severity of the water issue. The community also needs to be provided with tools to address the gravity of the resource constraint. To do this, we have an established programme to promote responsible use of water among our customers and to raise awareness of the importance of saving water both at home and in the workplace.

Stewardship in this area is important to us and we continue to engage with the community through various environmental awareness campaigns and activities in an effort to highlight the impact of environmental pollution and the need to preserve and conserve our water resources.

#### Consumer Education

The Consumer Awareness and Education Programme ("CAE") is an education campaign that was initiated by SYABAS in early 2008 to create immediate consumer awareness of water quality issues.

It exposes consumers to the stringent water quality monitoring activities carried out by MOH and SYABAS. In a bid to educate consumers, the CAE Programme includes educational events, as well as issue of print and electronic advertisements and infomercials on SYABAS. The programme also emphasises the role of consumers in enhancing water quality. This includes inspecting and maintaining internal piping systems and internal storage tanks and engaging licensed plumbers to ensure that inspections and cleaning are carried out professionally.

To ensure continuous improvement of the programme, Guidelines for CAE were developed in 2010, together with a consumer feedback survey to evaluate the impact and effectiveness of the programme. Comments and suggestions received from consumers have enabled SYABAS to further enhance our efforts in ensuring that the supply of treated water is always clean and safe for consumption.

Table K: CAE Programmes organised by Headquarters and Districts from Year 2007 to 2013 (as at December 2013)

	<b>Y</b> ear						
CAE Programmes	2007	2008	2009	2010	2011	2012	2013
Number of CAE Programmes organised by Headquarters	5	16	3	15	20	28	26
Number of CAE Programmes organised by Districts	N/A	532	957	185	179	285	283

#### Note:

• N/A – Not available. CAE Programme at district level was only introduced in 2008.

Our CAE Programme also counters misconceptions about our treated water quality supplied to consumers and using household water filters which can sometimes contribute to the deterioration of water quality at the consumers' premises. The programme also educates the consumers to actively fulfil their roles and responsibilities in preserving the quality of water supplied to their premises by maintaining the internal plumbing system.



PNHB recognises the principles of Corporate Social Responsibility ("CSR") as a sustainable and ethical way of doing business.

PNHB recognises the principles of Corporate Social Responsibility ("CSR") as a sustainable and ethical way of doing business. Our CSR Policy outlines our commitment to the environment, employees, community and other stakeholders. As an integral part of our strategy for long term sustainable value creation, we recognise the need to foster and nurture meaningful relationships with the stakeholders.

Our CSR Policy addresses various areas as follows:-

### **Environment**

 To promote and carry out activities to minimise the risk of pollution and degradation of our environment.

### **Employees**

 To respect the rights and diversity of our employees by providing conducive working conditions and equal opportunities.

### **Ethics**

To promote high standards of integrity and professionalism.

### Relationship with consumers, suppliers and partners

 To satisfy consumers', suppliers' and partners' needs and to provide a high quality of customer services and business practice.

### **Community Involvement**

 To support philanthropic and charitable giving and encourage our employees to help local communities.

### **Engagement with Stakeholders**

 To listen and engage with local communities in a responsible and caring manner.

### **Community Investment**

Our commitment to the community has been a part of our DNA from our inception. We are committed to engaging positively with the communities we serve. In 2013, we further pushed our agenda through meaningful engagements with various segments of the community. PNHB Group (excluded SYABAS) contributed RM1,610,025.57 and SYABAS contributed RM390,989.00 to various causes via sponsorship and community-care programmes. Some of these programmes include 'Turun Ke Padang' programmes, donations to charitable organisations, sponsorship of community events and educational programmes as well as events organised by our employees.

### **River Rescue Brigade**

In 2013, our River Rescue Brigade ('Briged Penyelamat Sungai') ("BPS") held various events involving educational and entertainment activities, such as dramatic and choral performances, poetry readings, colouring contests, IQ tests, BPS presentations, jungle trekking, cycling, gotong-royong to clean the river, and water related talks and exhibitions to educate the public and students from primary, secondary and tertiary levels on water in general and on the importance of conserving and protecting our water resources in particular.

As at 31 December 2013, there were 7,440 BPS club members comprising students from 331 primary, secondary and tertiary schools in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, an increase of 1,845 members on the 2012 figure.

BPS events held in 2013 include:

- 1.0 Study visit by the students from Management & Science University ("MSU") at SYABAS Headquarters and Wangsa Maju WTP on 4 April 2013
- 2.0 Photography and Poster competition on 22 July 2013 with the theme, "Love Mother Nature". A total of seven schools participated.



BPS event held at Sekolah Menengah Kebangsaan Sg Rawang

- 3.0 Majlis Citra Aidilfitri Celebration BPS at Restoran Zam-Zam, Seksyen 9, Shah Alam on 5 September 2013

  The celebration was to facilitate the winners of the Photography and Poster competition held by BPS on 22 July 2013 and a thanksgiving celebration for the Government and the non-governmental organisations who had supported BPS throughout the year.
- 4.0 International Greentech & ECO Products Exhibition & Conference Malaysia ("iGEM 2013") at Kuala Lumpur Convention Centre ("KLCC") on 10 October 2013 to 13 October 2013

BPS participated in the largest green technology expo in Malaysia with the Information & Communication Technology Department of Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and the Operation & Maintenance Department of SYABAS.

5.0 BPS River Monitoring Day in conjunction with World River Day 2013 at Hutan Lipur Bukit Lagong, Selayang on 7 November 2013

BPS together with SYABAS' Gombak District Office organised this event in conjunction with World River Day 2013. The event benefited students from five schools in Gombak District.

6.0 Educational Outreach Programme ('Program Pelestarian Pendidikan') ("3P Programme")

We organised monthly 3P Programmes, in collaboration with the BPS Club, to help educate children in primary, secondary and tertiary schools about the importance of preserving rivers and the environment. A membership drive for the BPS Club was also conducted during the 3P Programmes. Many schools within the area of our operations have benefited from this programme.

We conducted a total of 14 3P Programmes in 2013. This is a significant increase from the six 3P Programmes held in 2012.



Visit by students from Japanese School of Kuala Lumpur to Klang Gates Dam

### 7.0 Public Awareness Programme

In 2013, BPS conducted public awareness programmes during SYABAS' Migration programmes and Pelanggan Prihatin programmes, some of which facilitated additional activities such as drawing and colouring competitions, exhibitions and membership drive.

### **TABUNG BUDI**

Tabung Budi was founded on 24 August 2010 by the employees of SYABAS and Puncak Niaga (M) Sdn Bhd ("PNSB"). The "Program Bantuan Bekalan Air Tabung Budi" was launched by Persatuan Kakitangan Bekalan Air Selangor, Wilayah Persekutuan, Kuala Lumpur dan Putrajaya ("PEKA") at SYABAS' Headquarters on 22 October 2010. This programme, inspired by YBhg Tan Sri Rozali Ismail, our Executive Chairman, focuses on helping the poor, the homeless, single parents, the disabled and those in need of financial aids. To-date, 2,937 individuals including PEKA members, employees of SYABAS and PNSB as well as the public support Tabung Budi.

The Tabung Budi team has introduced 'Aktiviti Turun Padang Tabung Budi' whereby a presentation ceremony is held at the recipient's residence.

In 2013, Tabung Budi held 42 events covering ten districts namely, Klang, Petaling, Kuala Lumpur, Hulu Selangor, Kuala Selangor, Sepang, Gombak, Kuala Langat, Hulu Langat and Sabak Bernam. A total of 552 families have benefited from the Tabung Budi programme since its implementation in 2010.

Throughout 2013, the Tabung Budi Programmes continued to reach out to various communities in need of financial aids due to various water related issues such as inability to pay water bills or a request for connection. RM431,332.56 has been funded for Tabung Budi Programmes since its inception. Tabung Budi Programmes helped the poor and the needy by way of payment of water bill arrears, water connection charges, repair of water pipes and meter stands; installation of water supply for new water account, installation and reconnection charges on water supply to recipients' residences and payment of monthly bills.



SYABAS organised a visit to Aquaria KLCC for 32 children from Persatuan Down Syndrome Malaysia

### APPRECIATION QUOTES FROM TABUNG BUDI RECIPIENTS

Senior Citizen with three disabled children received contributions totalled RM1,022.10.

"When we were told that we were selected by Tabung Budi, I was very grateful for being selected because I can now perform my daily tasks with the water supply reconnected." Nuraini Kamaruddin, 64, Selangor Father of five received help from Tabung Budi after losing his lorry driving job.

"We are grateful that our water supply has been reconnected. It was never our intention to not settle the bills, it was just that we had financial difficulties after I lost my job."

R.Nathan, 57, Kuala Selangor

As part of the Group's CSR's programme, all recipients or grantees were guided on water usage and on how to avoid water wastage. At the Tabung Budi Programmes held in the months when there were festive celebration such as Chinese New Year, Hari Raya Aidilfitri and Deepavali, PEKA will include hampers for the recipients.

### OTHER CORPORATE RESPONSIBILITY EVENTS

### 1.0 Sponsorship and Donations for 2013

We receive hundreds of requests for contributions and initiatives every year. While we review and respond to all external requests for sponsorships, the emphasis of our sponsorship is on creating or pursuing activities that provide the most effective contribution to, and are best aligned with our business objectives. We follow a set of guidelines to help us determine where to best place our resources as per our CSR policy.

- Events that enhance relations between us and the Government
- Events that strengthen our brand and reputation
- Events that promote a greater awareness, understanding and appreciation of our services
- Events that augment educational standards, especially to the benefit of the underprivileged
- Events or activities that provide assistance to individuals to start up small businesses that are aligned with the company's business strategy
- Events or activities that enable us to connect to consumer groups
- Events or activities that leverage opportunities associated with the sponsorship
- Events or activities by individuals or organisations that are able to demonstrate effective community support and involvement
- Events or activities that offer value propositions across all segments of society
- Events or activities that are able to account effectively for how the investment is to be spent and the outcome of the event/activities



YBhg Puan Sri Faridah Idris, spouse of our Executive Chairman handing over donation to the widow of a Lahad Datu fallen hero

Some of the communities that benefited from our 2013 sponsorships and donation drives included:

- Writers Association of Malaysia
- Majlis Kebajikan, Kebudayaan Dan Riadah, Negeri Selangor
- Welfare and Recreational Club, Government Office
- Chinese Old Folks Home, Ampang
- Persatuan Insan Istimewa
- Budhist Temple Maha Vihara, Brickfields
- Seri Kenangan Old Folks Home, Cheras
- Persatuan Bulan Sabit Merah
- BELA Malaysia
- Kolej Komuniti Sabak Bernam
- Lembaga Zakat Selangor
- Pusat Kecemerlangan Ummah Selangor
- The Malaysian Oil & Gas SVCS Council
- Donate For Program Permata Negara
- Islamic Festival KL
- 2nd Oil & Gas Charity And Social Activity
- Badan Kebajikan Mahkamah Syariah WP
- Jawatankuasa Penduduk Kg. Bahagia, Felda Gedangsa
- UNISEL-'Selamat Sg Selangor'

### 2.0 Key Corporate Responsibility Programmes in 2013

As part of the Group's CSR Programme, in 2013, SYABAS endeavour to supply and deliver relief water by water tankers or barges to residents of areas affected by water disruptions despite the high cost of arranging the services. In 2013, due to various reasons, there were water disruptions at Wangsa Maju on 8 January 2013 and at Pulau Ketam on 6 August 2013.

- 1. In 2013, we hosted the 'Program Penyerahan Sumbangan Air Bersih' at various locations as follows:
  - On 25 January 2013, at Hindu Sevai Sangam Temple in conjunction with Thaipusam celebration.
  - On 24 May 2013, at Buddhist Maha Vihara, Brickfields, Kuala Lumpur in conjunction with Wesak Day celebration.
- 2. On 8 February 2013, SYABAS brought the orphans and old folks from the House of Joys, in Puchong to AEON, Bandar Puchong for lunch and to buy them new clothes for Chinese New Year.
- On 14 May 2013, SYABAS donated cash to the Lahad Datu Soldiers Fund to help the widows and children of the fallen heroes.
- 4. In 2013, 175 families benefited from the Tabung Budi Programmes.
- 5. On 21 September 2013, PNSB collaborated with Lembaga Urus Air Selangor ("LUAS") and Jabatan Perhutanan Selangor ("JPS") in organising a programme on re-planting the mangroves in affected areas in Sg Klanang, Sg Pelik and Tanjung Sepat.

#### **ENGAGEMENT WITH OUR COMMUNITY**

- We brought smiles to the unfortunate children and community through various philanthropic activities. These include:
  - On 26 June 2013, SYABAS organised a visit to Aquaria KLCC for 32 children with Down Syndrome from Persatuan Down Syndrome Malaysia.
  - On 1 August 2013, SYABAS organised Syawal Programme for 60 families in 10 districts.
  - On 22 August 2013, SYABAS organised a visit to the National Zoo for 40 children with disability from Sekolah Khas, Sekolah Kebangsaan Selayang Jaya.
  - On 6 September 2013, SYABAS organised Hari Raya Programme with single mothers at Projek Perumahan Rakyat Seri Pantai, Kuala Lumpur.
  - On 30 October 2013, SYABAS organised Deepavali programme for 50 underprivileged children of Perumahan Rakyat Seri Pantai to AEON Bandar Puchong.
- On 23 November 2013, a Consumer Awareness Programme (CAP) was conducted by SYABAS at Suakasih Apartment in Balakong with the aim to create awareness on the water processing system and its water quality.
- 8. On 16 November 2013, PNSB participated in "Pasukan ATM Untuk Misi Bantuan Bencana Alam" at Tacloban, Philippines. The Group delivered JERNIH field water purification system tanks to the Haiyan Typhoon stricken areas in Leyte, Tacloban, Philippines to provide clean water supply to the victims.
- 9. On 6 December 2013, SYABAS participated in "Misi Bantuan Kemanusiaan Bekalan Air Bersih" events with Pakar Air Jurutera Di Raja (RAJD) in helping the flood victims in Kuantan and Kemaman.



The Group delivered JERNIH field water purification system tanks to the Haiyan Typhoon stricken areas

10. In 2013, PEKA organised various CSR activities which include, amongst others, the following events:-

Date	Event		
23 March 2013	Walkathon Nature"	"Walk	For
2 June 2013	Kuantan Ce	ntury Rid	е

11. PNSB and SYABAS hosted visits by various agencies, both local and overseas, details are as shown below:-

Visitor	Venue	Date
The Federation of Malaysian Manufacturers Selangor	SYABAS' Headquarters	22 January 2013
Management & Science University (MSU)	SYABAS' Headquarters and Wangsa Maju WTP	4 April 2013
Korean Water And Wastewater Works Association	Wangsa Maju WTP	3 July 2013
Suruhanjaya Perkhidmatan Air Negara (SPAN)	Customer Service Centre, SYABAS' Headquarters	18 July 2013
SMK Felda Gedangsa	Wisma Rozali, Shah Alam	22 August 2013
Delegation From Regional Council Binzhou, China	SYABAS Headquarters	12 September 2013
Infrastructure University Kuala Lumpur	Klang Gates Dam	18 September 2013
SK Bandar Baru Sri Damansara	Empangan Klang Gates	25 September 2013
Perbadanan Putrajaya	SSP2 WTP	25 September 2013
Japanese School	Klang Gates Dam	25 November 2013
Korean Water And Wastewater Works Association	SSP2 WTP	25 November 2013
Seoul Metropolitan Government Korea	Wangsa Maju WTP	9 December 2013

- 12. In conjunction with the month of Ramadhan:-
  - (a) On 24 July 2013, SYABAS organised 'Program Memasak Bubur Lambuk PEKA bersama Media 2013'.
  - (b) On 3 August 2013, PEKA organised 'Program Bubur Lambuk Tabung Budi/PEKA Dengan Kerjasama Pasaraya Giant, Seksyen 13, Shah Alam'.

## **CORPORATE EVENTS**













No.	Date	Events
1.	26-30 March 2013	PNHB participated in LIMA 2013, Langkawi
2.	27 March 2013	Signing of Memorandum of Agreement between GOM Resources Sdn Bhd and P.T. Medco Energi Internasional TBK
3.	2 April 2013	Study visit by the Management & Science University to SYABAS' Headquarters and Wangsa Maju Water Treatment Plant
4.	27 April 2013	SYABAS Exhibition at World Water Day 2013 celebration, Selangor level organised by Lembaga Urus Air Selangor ("LUAS")
5.	24 May 2013	SYABAS Exhibition at 1st Malaysia International Customer Experience Carnival at Putrajaya
6.	24 May 2013	Contribution of free water in conjunction with Wesak Day Celebration 2013 at Buddhist Maha Vihara, Brickfields, Kuala Lumpur
7.	28 May 2013	PNHB's Extraordinary General Meeting
8.	5-7 June 2013	GOM Resources Sdn Bhd participated at the Oil & Gas Asia 2013 Conference And Exhibition at Kuala Lumpur Convention Centre
9.	26 June 2013	PNHB's 16th Annual General Meeting
10.	3 July 2013	Study visit by Korean Water and Wastewater Works Association to Wangsa Maju WTP
11.	18 July 2013	Visit by Suruhanjaya Perkhidmatan Air Negara (SPAN) to Customer Service Centre at SYABAS' Headquarters
12.	22 August 2013	Study visit by SMK Felda Gedangsa to Wisma Rozali

## **CORPORATE EVENTS**

















		and the second s
No.	Date	Events
13.	29 August 2013	Official launching of the 'Projek Naiktaraf Sistem Agihan Air Dari Bernam River Headworks (BRH) Ke Sabak Bernam'
14.	6 September 2013	Opening Ceremony of the Luwei (Pingdingshan) Water Co Ltd's Water Treatment Plant in Lushan, China
15.	12 September 2013	Visit by Binzhou County Delegates from China to SYABAS' Headquarters
16.	15-28 September 2013	XPDC Everest 2013 by SYABAS team led by YBhg Dato' Ruslan Hassan, its CEO
17.	21 September 2013	'Program Penanaman Pokok Bakau Bersama LUAS' at Hutan Simpan Telok Gong, Klang
18.	10 October 2013	SYABAS participated in the International Greentech and ECO Products Exhibition & Conference Malaysia (IGEM) 2013
19.	12 October 2013	SYABAS was awarded the CCAM's 14th Malaysia CRM & Contact Centre Industry Awards 2013 - 2nd Place for Video Contact Centre (Open) category
20.	24 October 2013	PNSB was awarded the Silver Award at the Malaysia HR Awards 2013 (Employer of Choice)
21.	7 November 2013	BPS River Monitoring Day 2013
22.	16-30 November 2013	PNHB deployed JERNIH field water purification system tanks to the Haiyan Typhoon hit province of Leyte, in Tacloban, Philippines for Humanitarian Aid Mission
23.	25 November 2013	Visit by students from the Japanese School of Kuala Lumpur to the Klang Gates Dam
24.	25 November 2013	Visit by Korean Water and Wastewater Works Association to SSP2 WTP
25.	6 December 2013	PNHB participated in 'Ops Murni' with the cooperation of the Malaysian Armed Forces to provide
		drinking water to flood victims in Kuantan, Pahang and Kemaman, Terengganu
26.	9 December 2013	Visit by Seoul Metropolitan Government Korea to Wangsa Maju WTP



# **ACCOUNTABILITY**

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#### **COMPLIANCE STATEMENT**

The Board is committed to sustain high standards of corporate governance in Puncak Niaga. This statement demonstrates the Board's firm commitment in promoting and cultivating a strong culture of good governance for the success and sustainable economic growth of the Group and for its accountability to the shareholders and stakeholders.

Puncak Niaga has in 2013 complied with the principles of the Malaysian Code On Corporate Governance 2012 ("MCCG 2012"), save for the recommendations on the tenure of Independent Director which should not exceed a cumulative term of nine (9) years and the Board composition which must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

The Group believes that the principles of good corporate governance are integral to Puncak Niaga's growth and ability to promote the confidence of its stakeholders and enhancing long-term shareholders value through improving corporate performance and accountability of Puncak Niaga whilst taking into account the interest of all stakeholders. The Board is therefore committed to ensure that where possible, the principles and recommendations of MCCG 2012 are applied throughout Puncak Niaga Group in the best interests of all stakeholders.

Since 2003, the Board has adopted a Board Charter, which provides guidance on how business is to be conducted in line with international best practices and standards of good corporate governance. In 2004, the Board has also adopted a Corporate Disclosure Policy and Procedure, which was formulated in line with the 'Guide On Best Practices In Corporate Disclosure' issued by the Task Force on Corporate Disclosure Best Practices established by Bursa Malaysia Securities Berhad ("Bursa Securities"). From time to time, the Group continues to monitor, refine and revamp its financial objectives, goals, policies and procedures, controls and risk management framework to meet the evolving corporate environment.

The Company's governance framework enables the Board to provide strategic guidance and effective oversight of management, clarifies the role and responsibilities of the Board and Management and ensure a balance of authority.

This report explains how the Group has applied the principles as set out in MCCG 2012 having regard to the recommendations stated under each principle and the Main Market Listing Requirements of Bursa Securities and the extent to which it has complied with the principles and recommendations during the year 2013.

#### **BOARD OF DIRECTORS**

#### (a) THE BOARD OF DIRECTORS

The Group is helmed by an effective and experienced Board, comprising individuals of caliber and credibility with necessary skills and experience from a diverse blend of professional backgrounds. With the adoption of the Board Charter, the Board members, whether acting in their individual capacities or as a whole, share the common objective of ensuring that the Vision and Mission of the Company as set out in this Annual Report, are achieved and the Group meets its responsibilities to its stakeholders.

Each Board member is fully aware of the fiduciary duties and responsibilities and the duty to use reasonable care, skill and diligence as Directors of the Company including the various legislations and regulations affecting his conduct as Director of the Company, and as such, takes full responsibility for the performance of the Company and of the Group.

One of the recommendations of the MCCG 2012 is that the positions of Chairman and Managing Director should be held by different individuals, and the Chairman must be a non-executive member of the Board.

The Board Charter of the Company sets out the Board's strategic intent and the specific roles and responsibilities to be discharged by the Board members collectively in discharging its fiduciary and leadership functions, the individual roles expected from the Executive Chairman, Managing Director, Executive Directors and Non-Executive Directors, and the role of the Board Committees. The role of the Executive Chairman is distinct and separate from that of the Managing Director. This allocation of responsibilities reflect the dynamic nature of the relationship necessary for the Company to adapt to the changing environment.

The Board reviews its Board Charter, to keep it up to date with changes in regulations. The Board Charter is posted at the Corporate Governance link at the Company's website, <a href="www.puncakniaga.com.my">www.puncakniaga.com.my</a>.

Puncak Niaga presently does not have a Managing Director. However, at each operating subsidiary level, there is a Managing Director/Chief Executive Officer/President to manage and focus on the day-to-day business and management of the respective operating subsidiaries namely, Puncak Niaga (M) Sdn Bhd ("PNSB"), Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and Puncak Oil & Gas Sdn Bhd ("POG")/GOM Resources Sdn Bhd ("GOM Resources").

The MCCG 2012 recommends that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Board believes that its current structure is able to discharge the Board's priorities objectively with balance of power and authority on the Board.

YBhg Tan Sri Dato' Seri Dr Ting Chew Peh is the Company's Senior Independent Non-Executive Director, to whom shareholders' concerns may be conveyed. His profile is set out on page 48 of this Annual Report.

#### (b) BOARD COMPOSITION

The composition of the Board brings to the Group a diverse wealth of skills, knowledge as well as a balanced mix of experience and expertise to effectively discharge the Board's responsibilities for competent stewardship of the Group. Together, the Board spearheads the Group's growth and future direction.

The profile of the Board Members are set out on pages 42 to 51 of this Annual Report.

None of the Directors has any convictions for any offences within the past ten (10) years (other than traffic offences, if any) or has any conflict of interests with the Company or has any family relationship with any Director and/or major shareholder of the Company.

For compliances with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities and the MCCG 2012, the Company, through the Nomination Committee and the Board of the Company, annually reviewed the required mix of skills, experiences competencies and other qualities of the Board and the individual members, the Independent Non-Executive Directors of the Company in their capacities as Independent Directors, and the Audit Committee and the individual members. In 2012, the Nomination Committee and the Board developed criteria specifically to assess the independence of the Independent Directors as recommended by the MCCG 2012.

The Board of Puncak Niaga comprises nine (9) Members, of whom three (3) are Executive Directors and six (6) are Non-Executive Directors. The current composition of the Board of Puncak Niaga is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities with one-third of the Board being independent and of which the Company feels is a balanced Board and appropriate to constitute an effective Board as explained in paragraph 7 of item (a) above.

The three (3) Independent Non-Executive Directors of the Company fulfil the criteria of independence as set out in the definition of "Independent Director" under Paragraph 1.01 (Definitions) of the Main Market Listing Requirements of Bursa Securities.

The Independent Non-Executive Directors are persons of caliber and credibility and exercise independent and sound judgement and act in the best interests of the Company and its shareholders, in particular the minority shareholders since they do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company to ensure that they discharge their duties and responsibilities effectively, void of conflict of interests situations. The Independent Non-Executive Directors provide the relevant checks and balances and ensuring that high standards of corporate governance are sustained.

The Nomination Committee and the Board have upon their annual assessment, concluded that the Independent Non-Executive Directors of the Company continue to demonstrate proper conduct and behavior that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in the Main Market Listing Requirements of Bursa Securities.

One of the recommendations of the MCCG 2012 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

The Nomination Committee and the Board had deliberated on the said recommendation and had concluded that YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan Govindasamy, who had served on the Board of Puncak Niaga for a cumulative term of more than nine (9) years remain objective and independent in expressing their views and in participating in deliberations and decision making during the Board's and Board Committees' Meetings. The length of their service on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company.

Both YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan Govindasamy had proven to be reliable Independent Directors with their professionalism aptitude and outlook of business perspective, had devoted sufficient time and attention to their professional obligations for informed and balanced decision making, and they had expressed their willingness to continue in office as Independent Non-Executive Directors of the Company.

Based on the annual assessments made, the Nomination Committee and the Board of the Company had determined to recommend to the shareholders of the Company for approval to grant the authority to YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan Govindasamy to continue to act as Independent Non-Executive Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. Kindly refer to Agendas 6 and 7 of the Notice of the Seventeenth Annual General Meeting ("17th AGM") of the Company on pages 384 to 387 of this Annual Report.

#### (c) BOARD MEETINGS

The Board met thirteen (13) times in 2013, all at the Board Room on 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan except for the Adjourned 78th Board of Directors' Meeting which was held at the Sentral Ballroom A, Hilton Kuala Lumpur Hotel on 27 April 2013, details of which are as follows:-

Day	Date	Time	
Tuesday	26 February 2013	2.00 p.m.	
Thursday	28 February 2013	2.30 p.m.	
Wednesday	6 March 2013	12.00 noon	
Thursday	25 April 2013	3.00 p.m.	
Saturday	27 April 2013	10.05 p.m.	
Monday	29 April 2013	4.30 p.m.	
Wednesday	29 May 2013	12.00 noon	
Monday	17 June 2013	10.00 a.m.	
Thursday	1 August 2013	10.15 a.m.	
Thursday	29 August 2013	4.30 p.m.	
Wednesday	16 October 2013	3.30 p.m.	
Thursday	28 November 2013	12.30 p.m.	
Tuesday	3 December 2013	5.30 p.m.	

The details of the respective Director's attendance at the above Board Meetings held in 2013 are as follows:-

Name of Director	Designation	No. of Meetings attended	%
Tan Sri Rozali Ismail	Executive Chairman	8 out of 13	62
Dato' Ruslan Hassan	Non-Independent Non-Executive Director	13 out of 13	100
Dato' Ir Lee Miang Koi	Non-Independent Non-Executive Director	12 out of 13	92
Tan Sri Dato' Hari Narayanan Govindasamy	Independent Non-Executive Director	9 out of 13	69
Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Director	13 out of 13	100
Dato' Syed Danial Syed Ariffin	Chief Operating Officer	13 out of 13	100
Tengku Dato' Rahimah Almarhum Sultan Mahmud	Non-Independent Non-Executive Director	12 out of 13	92
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Independent Non-Executive Director	13 out of 13	100
Ng Wah Tar	Executive Director, Corporate Finance Division	12 out of 13	92

Board meetings are scheduled to be held regularly, at least five times in a financial year, with sufficient notice for all Board Meetings to be issued. The dates for Board Meetings for the ensuing financial year are scheduled well in advance and the Board has formal schedule of matters specifically reserved for the Board's discussion and/or approval. All issues discussed and all decisions made during the Board Meetings will be properly recorded by the Company Secretaries and reviewed by the Board for completeness and accuracy.

Additional Board Meetings may be called as and when significant issues arise and which require the Board's review or decision.

In between Board Meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions with relevant papers and information setting out the details of the subject matter to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation and confirmation at the next Board Meeting. Where a conflict of interest situation arises, if any, the relevant Director shall abstain from all deliberation or decision making in respect of the subject matter.

#### (d) DIRECTORS' CODE OF ETHICS

The Directors continue to observe and commit a Code of Ethics & Conduct based on the code of conduct expected of Directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia and ensure implementation of appropriate internal systems to support, promote and ensure the compliance of the Directors' Code of Ethics & Conduct. The Group has Code of Ethics & Conduct that set out sound principles and standards of good practice, which are observed by the Directors and employees.

These Code of Ethics and Conduct for the Directors and employees together with the Group's Whistle Blowing Policy are posted at the Corporate Governance link at the Company's website, <a href="https://www.puncakniaga.com.my">www.puncakniaga.com.my</a>.

#### (e) SUPPLY OF INFORMATION AND ACCESS TO ADVICE

Each Board member is supplied with accurate, complete, adequate, unrestricted and quality information on timely basis to enable them to effectively discharge their duties and responsibilities. Except under exceptional circumstances, Board members are given at least seven days' notice before any Board Meeting is held and the comprehensive Board papers are circulated to the Board members at least two (2) working days prior to the date of the Meeting to facilitate the Directors to peruse the Board papers and to review the issues to be deliberated at the Board Meeting well ahead of the meeting date. Where necessary, the Company's personnel will be called upon by the Board during the Board Meetings to present and to clarify any Board papers presented.

All Board members are expected to participate actively in Board deliberations and to bring the benefit of their particular knowledge, skills and abilities to the Board. Where a potential conflict with his duties or of interests as Director arises, it is mandatory for the Director concerned to declare the fact and nature of his interests and extent of the conflict at a Board Meeting and abstain from the deliberation and decision-making process. In the event the proposal requires shareholders' approval, the interested Board members will abstain from voting on the resolution at the General Meeting and will ensure that persons connected to them also abstain from voting on the proposal.

The Company Secretaries organise and attend all Board Meetings and ensure that all issues discussed with the conclusions are minuted accurately in the minutes of each meeting and that all records are kept properly at the registered office of the Company.

The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group. The Board has unrestricted and constant access to and interaction with the Senior Management of the Company. Each Board member also has full access to the advice and services of the Company Secretaries.

Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

#### (f) COMPANY SECRETARIES

The Company Secretaries play an important role in advising the Board on governance matters and ensure that Board policies and procedures are both followed and reviewed regularly and have the responsibilities in law to ensure that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers. They are also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements.

#### (g) APPOINTMENT OF DIRECTORS

All Board appointments and removals (if any) thereof are approved by the Board upon the recommendation of the Nomination Committee.

The Board, through the Nomination Committee, has established a formal and transparent procedure in relation to the assessment and recommendation of candidates for Board appointments as well as for assessing the effectiveness of the Board as a whole, the Audit Committee of the Company, the other Committees of the Board and the contributions of each individual Director, including the Independent Non-Executive Directors (in their capacities as Independent Directors), Non-Executive Directors, Executive Directors and the Executive Chairman.

The review process by the Nomination Committee and the Board on annual basis was based on the competencies, commitment, contribution and performance of the candidates/Board members as well as the required mix of skills, experiences, gender and other qualities of the Directors to ensure that the Board continues to function effectively and efficiently.

During the financial year under review, there were no changes to the Board composition.

#### **Nomination Committee**

The Nomination Committee comprises three (3) Directors, all of whom should be Independent Non-Executive Directors of the Company.

The primary objectives of the Nomination Committee are as follow:-

- (i) To annually review the overall composition of the Board in terms of required mix of the skills and experiences and other qualities, including core competencies and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.
- (ii) To assess and recommend to the Board, candidates for all directorships to be filled.
- (iii) To assess and recommend to the Board, Directors to fill the seats on Board Committees.
- (iv) To annually assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- (v) To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.
- (vi) In the case of persons for the position of Independent Non-Executive Directors, to evaluate the persons' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- (vii) To determine annually whether a Director is independent as may be defined in Bursa Securities' Main Market Listing Requirements.
- (viii) To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and changes in new statutory requirements.
- (ix) To recommend to the Board the removal of a Director if he is ineffective, errant or negligent in discharging his responsibilities.
- (x) To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees.

With respect to nomination and election process of new Directors, the responsibilities of the Nomination Committee shall include as follows:-

- Gathering the nomination and selection of Directors for members of the Board.
- Reviewing the competencies, commitment, contribution and performance of the candidates/Board members and the required mix of skills, experiences and gender and other qualities of the Directors.
- Making recommendations to the Board on candidates for appointment.
- Facilitate the relevant orientation and training programme for the new Board member.

#### **Gender Diversity Policy**

The Board has approved the establishment of a Gender Diversity Policy for the Group with the objective to achieve an equitable and fair gender rate in its manpower resources including female representation at Board and Senior Management levels.

This policy is posted at the Corporate Governance link at the Company's website, www.puncakniaga.com.my.

#### (h) EVALUATION OF BOARD EFFECTIVENESS

As in the previous years, the Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board's effectiveness in the following key areas:-

- (i) Compliance;
- (ii) Board Meetings;
- (iii) Board Functions;
- (iv) Board Structure;
- (v) Board Committees;
- (vi) Board Operations;
- (vii) Board Chairman's Roles and Responsibilities;
- (viii) Financial and Operational Reporting;
- (ix) Planning and Objectives;
- (x) Risk Assessment;
- (xi) New Business Opportunities and Projects;
- (xii) Human Resources; and
- (xiii) Directors' Observations and Additional Comments.

The 2013 performance evaluation of the Board has been structured to ensure a balanced and objective review by the Directors for the above key areas.

Following the evaluation, the Board concluded that the Board as a whole and its committees had performed well, were effective and had all the necessary skills, experiences and qualities to lead the Company and each of the Director including the Independent Directors, in their capacities as Independent Directors had fulfilled their responsibilities and obligations and have carried out their duties as required and in accordance with the Board Charter of the Company.

In 2013, the Nomination Committee and the Board of the Company had also assessed the independence of its Independent Directors based on the relevant criteria on the assessment of independence as developed by the Nomination Committee in 2012.

#### (i) BOARD COMMITTEES

The Board has delegated specific responsibilities to the Board Committees whose functions and authorities are spelt out in their respective terms of reference and consistent with the recommendations of the MCCG 2012. The Board Committees will observe the same rules of conduct and procedures as the Board, unless otherwise determined by the Board. A summary of the various Board Committees at PNHB level and their composition are as follows:-

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Compliance, Internal Control and Risk Policy Committee (CICR)
Tan Sri Rozali Ismail Executive Chairman				
Dato' Ruslan Hassan Non-Independent Non-Executive Director				
Dato' Ir Lee Miang Koi Non-Independent Non-Executive Director				
Dato' Syed Danial Syed Ariffin Chief Operating Officer				
Tan Sri Dato' Hari Narayanan Govindasamy Independent Non-Executive Director	Member	Member	Member	
Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director	Chairman	Member	Member	Chairman
Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director	Member			
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director	Member	Chairman	Chairman	
Mr Ng Wah Tar Executive Director, Corporate Finance		Member		Member

#### Note:

- (1) The Audit Committee comprises non-executive directors, a majority of whom are Independent Directors (compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities).
- (2) The Remuneration Committee comprises exclusively or a majority of non-executive directors (as recommended in the MCCG 2012).
- (3) The Nomination Committee comprises exclusively of non-executive directors, a majority of whom must be independent (as recommended in the MCCG 2012).

The Board Committees exercise transparency and full disclosure in their proceedings. Where applicable, issues are reported to the Board with the appropriate recommendations by the Board Committees.

In order to expedite the Board's decision-making process at the operating companies' level, an Executive Committee ("EXCO") was established at PNSB, SYABAS, POG and GOM Resources. PNSB's, POG's and GOM Resources' EXCO comprise of Executive Directors and Senior Management whereas SYABAS' EXCO comprise only the Executive Directors. The Board of Directors of Sino Water Pte Ltd ("Sino Water"), the Company's 98.65% owned Singapore subsidiary company meets at frequent intervals in Malaysia to deliberate on operational matters.

Each of the operating companies has established Limits of Authority ("LOA") which governs the Group's operational management matters with the relevant level of authority accorded to the Management. The LOA at each operating company are continuously reviewed to ensure adequacy, efficiency and integrity in the Group's internal control systems and management information systems. The Board provides the leadership necessary to enable the Group's business objectives to be met, whilst ensuring that the Company's obligations to its stakeholders are met.

#### **AUDIT COMMITTEE**

The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the Audit Committee are summarised in the Audit Committee Report and its Terms of Reference as stated on pages 174 to 179 of this Annual Report.

The Audit Committee ensure that the financial statements comply with applicable financial reporting standards as this is integral to the reliability of the financial statements. The Audit Committee also ensure the independence of the External Auditors during the conduct of the audit engagement.

#### **NOMINATION COMMITTEE**

The primary objectives of the Nomination Committee are set out on page 153 of this Annual Report.

A summary of the activities undertaken by the Nomination Committee in the discharge of its duty for the financial year ended 31 December 2013 are as follows:-

- 1. Re-election and retirement of Directors at Annual General Meetings;
- 2. Review Terms of Reference of Nomination Committee;
- 3. Annual Board Assessment:
- 4. Annual Audit Committee Assessment:
- 5. Annual Independent Directors Assessment;
- 6. Review of Gender Diversity Policy; and
- 7. Appointment/renewal of the employment contracts of the Group's key management staff.

#### **REMUNERATION COMMITTEE**

The Remuneration Committee comprises four (4) Directors, consisting of three (3) Independent Non-Executive Directors of the Company and one (1) Executive Director of the Company.

The primary objectives of the Remuneration Committee are as follows:-

- (i) To establish and annually review the remuneration packages for each individual Executive Directors such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully and aligned to the business strategy and long term objectives of the Company.
- (ii) The Remuneration Committee shall make its recommendation to the Board and the respective Directors shall abstain from the discussion of their own remuneration.

The levels of remuneration of the Executive Directors should reflect their experiences, level of responsibilities, expertise and complexity of the Company's activities and contribution to the Company.

#### (j) RE-ELECTION OF DIRECTORS

#### Retirement by rotation

Articles 98 and 99 of the Company's Articles of Association ("Articles") provide that one third of the Directors shall retire from office by rotation at each Annual General Meeting and all Directors shall retire from office at least once every three (3) years but, shall be eligible and may offer themselves for re-election.

Upon the recommendation of the Nomination Committee and the Board of the Company, the following Directors shall retire at the forthcoming 17th AGM of the Company and being eligible, had offered themselves for re-election:-

- i. YBhg Tan Sri Rozali Bin Ismail, retiring pursuant to Article 98 of the Articles;
- ii. YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy, retiring pursuant to Article 98 of the Articles; and
- iii. YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak, retiring pursuant to Article 98 of the Articles.

The information on the Directors standing for re-election at the forthcoming 17th AGM of the Company is contained in the Statement Accompanying the Notice of Annual General Meeting.

Continuing as Independent Directors after serving a tenure of more than nine (9) years

As highlighted in item (b) above, the Nomination Committee and the Board of the Company had recommended that both YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan Govindasamy, who had served on the Board of the Company for a cumulative term of more than nine (9) years be granted the authority to continue to serve as Independent Non-Executive Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.

#### Section 129 of the Companies Act, 1965

Pursuant to Section 129(2) of the Companies Act, 1965 (the "Act"), Directors who attain or who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, the Senior Independent Non-Executive Director of the Company, who is over the age of 70 years old, shall retire at the forthcoming 17th AGM pursuant to Section 129(2) of the Act.

The Nomination Committee and the Board of the Company had recommended the re-appointment of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh pursuant to Section 129(6) of the Act at the forthcoming 17th AGM of the Company. Kindly refer to Agenda 3 of the Notice of the 17th AGM on pages 384 to 387 of this Annual Report.

The recommendation by the Nomination Committee and the Board of the Company was based on YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's continued invaluable contributions to the Company and he had proven to be a reliable Independent Director/ Chairman of Audit Committee/Chairman of CICR with his professionalism, aptitude and outlook of business perspective.

#### **DIRECTORS' REMUNERATION**

#### (a) PROCEDURE, LEVEL AND MAKE UP OF REMUNERATION

The Company has a formal procedure to determine the remuneration of each Board member which are reviewed, from time to time, against market practices. In the case of the Executive Directors, their remuneration are structured so as to link rewards to corporate and individual performance and their remuneration packages comprise salary, allowances, bonuses and other benefits as normally accorded to similar positions in other comparable companies and sufficiently attractive to retain persons of high caliber. Performance is measured against profits and other targets set from the Company's annual budget and business plans as well as achievements of targeted returns to shareholders.

In the case of the Independent Non-Executive Directors, their remunerations reflect their experiences, level of responsibilities and contributions and the time spent attending to the Group's affairs and they are paid a fixed monthly allowance, leave passage and meeting allowances for each Board and Board Committee meeting that they attend.

The Remuneration Committee is responsible for recommending the remuneration packages of the Directors to the Board. The Board, as a whole, determines the remuneration of the Non-Executive Directors. Individual Directors shall abstain from discussing and voting on their own remuneration at the Board and Remuneration Committee Meetings.

#### (b) DISCLOSURE OF DIRECTORS' REMUNERATION

The details of the remuneration received and receivable by the Company's Directors from the Company for the financial year ended 31 December 2013 are as follows:-

Name of Director	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Leave Passage (RM'000)	Allowance (RM'000)	Employees Provident Fund (RM'000)	Total (RM'000)
Tan Sri Rozali Ismail	-	-	-	-	-	_	-
Dato' Ruslan Hassan	-	-	47	80	-	8	135
Dato' Ir Lee Miang Koi	-	-	-	70	-	-	70
Dato' Syed Danial Syed Ariffin	-	-	-	-	-	-	_
Tan Sri Dato' Hari Narayanan Govindasamy	_	-		50	102	-	152
Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	-	50	176	_	226
Tengku Dato' Rahimah Almarhum Sultan Mahmud	_	_	_	_	14	_	14
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	-	-	-	50	134	-	184
Ng Wah Tar	-	-	17	_	-	2	19

The remuneration packages of the Directors of the Company received and receivable from the Group for the financial year ended 31 December 2013 are categorised into the appropriate components as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries	8,263	
Bonuses	2,956	47
Benefits-in-kind	142	-
Allowances	1,342	427
Employees Provident Fund	2,356	8
Leave Passage	390	300
Total	15,449	782

Details of the Directors' Remuneration at Company and Group levels for the financial year ended 31 December 2013, in bands of RM50,000 are tabulated as follows:-

	Company L	Group Level	
	No. of Executive	No. of Non- Executive	
Range of Remuneration per annum	Directors	Directors	No. of Directors
Below RM100,000	-	2	2
RM100,001 to RM150,000	-	1	1
RM150,001 to RM200,000	-	2	2
RM200,001 to RM250,000	-	1	1
RM900,001 to RM950,000	-	-	1
RM950,001 to RM1,000,000	-	-	1
RM13,500,001 to RM13,550,000	-	-	1

#### (c) DIRECTORS' SHARE OPTIONS

There is no Directors' Share Options Scheme in the Company during the financial year ended 31 December 2013.

#### (d) DIRECTORS' TRAINING

The Board recognises the importance of continuing education to keep abreast on the latest regulatory and corporate governance developments, besides enhancing professionalism and knowledge to enable them to discharge their duties effectively. Each Director attended at least one training programme during the year.

For the financial year ended 31 December 2013, the Directors have attended training programmes, seminars and conferences organised by the Company and the various training providers covering areas such as:-

- Nominating Committee Programme
- Fraud Detection & Prevention A Necessity, Not A Choice
- Singapore International Water Week: Water Utilities Forum in Singapore
- Malaysian Foreign Policy Study Group
- Launch Of Statement On Risk Management And Internal Control Guidelines For Directors Of Listed Issuers
- 1st MINDA/MOF Inc. Corporate Directors Onboarding Training Programme (CDOP)
- Promoting Growth Through Public Private Partnership (PPP): Global Lessons, Madinah, Saudi Arabia
- Ethics and Corporate Governance: The Moral Compass of Businesses, Madinah, Saudi Arabia
- Changing World, New Relationships London
- The 15th Malaysia Strategic Outlook Conference 2013/Asian Strategy & Leadership Institute
- 5th IASB Emerging Economies Group Meeting/MASB
- Skrine's 50th Anniversary Conference/Skrine
- How To Build Strategic Thinking Skills/National Seminars Group
- 10th Asia Gas Congress Japan 2013 (AGCJ 2013)/China Decision Makers Consultancy
- MIA Conference 2013/MIA
- 17th Asia Oil & Gas Conference
- Effective Operational & Risk Management Failed Business: Deriving Sound Strategies Insights

#### SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS POLICY

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In addition to various announcements made during the year, the timely release of the Group's consolidated financial results on quarterly basis provides the shareholders and investors with an overview of the Group's financial and operational performances.

The Company maintains regular and effective communication with its shareholders and stakeholders through one-to-one or group dialogues, participation in investor conferences organised by local and foreign institutional houses, attending to shareholders' and investors' e-mails and phone calls enquiries, Company General Meetings and other Company events. The Notice for the Company's Annual General Meetings contains relevant information including the shareholders' rights to demand a poll vote to enable them to exercise their rights.

The Notice for the Company's Annual General Meeting is posted at the Annual Report link at the Company's website, <a href="https://www.puncakniaga.com.my">www.puncakniaga.com.my</a>.

The Annual Report of Puncak Niaga which is produced in line with best corporate governance practices also serves as a key channel of communication with shareholders and investors.

Another effective communication tool to reach shareholders and investors using information technology is via our corporate website, <a href="https://www.puncakniaga.com.my">www.puncakniaga.com.my</a> with a direct link to SYABAS' website, <a href="https://www.puncakoil.com">www.puncakoil.com</a>, GOM Resources' website, <a href="https://www.gomresources.com">www.gomresources.com</a> and Sino Water Pte Ltd's website, <a href="https://www.sino-water.com">www.sino-water.com</a>. which can be accessed easily and promptly for information on the Group as an ongoing commitment to provide more easily accessible information to the shareholders and investors.

The Company's Investor Relations Policy & Report is set out on pages 187 to 189 of this Annual Report and the Investor Relations Policy is posted at the Corporate Governance link at the Company's website, <a href="https://www.puncakniaga.com.my">www.puncakniaga.com.my</a>.

#### **ACCOUNTABILITY AND AUDIT**

#### (a) FINANCIAL REPORTING

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements, quarterly reports and the annual reports to the shareholders of the Company, the Board takes appropriate steps to present a clear and balanced assessment of the Group's position and prospects. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

The Group's financial statements and quarterly announcements, prepared using appropriate accounting policies, consistently and supported by reasonable and prudent judgements and estimates, will be reviewed and deliberated by the Audit Committee in the presence of the External Auditors, Internal Auditors of the Company and the Executive Director of Finance Division prior to recommending them for adoption by the Board. The Audit Committee ensures that the information to be disclosed are accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to its adoption. The Board also ensures accurate and timely release of the Group's quarterly and annual financial results to Bursa Securities.

The Statement of Directors' Responsibility in respect of the preparation of the Annual Audited Financial Statements of the Group is set out on page 191 of this Annual Report.

#### (b) RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains a transparent and professional relationship with the Group's External Auditors. The External Auditors attended all Audit Committee meetings of the Company held during the financial year. These quarterly meetings enabled the exchange of views on issues requiring attention.

A formal mechanism has been established by the Audit Committee to ensure there is frank and candid dialogue with the External Auditors. The Audit Committee will meet the External Auditors twice a year (April and November) without the presence of the Executive Directors and Management. This allows the Audit Committee and the External Auditors the exchange of free and honest views and opinions in matters related to External Auditors' audit and findings.

The Audit Committee has considered the provision of non-audit services by the External Auditors during the year and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

A report by the Audit Committee together with its Summarised Terms of Reference is set out on pages 174 to 179 of this Annual Report.

#### (c) INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls, which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant laws and regulations as well as the internal financial administration procedures and guidelines.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee. The Internal Audit Department, led by the Head of Internal Audit will conduct internal audit covering the financial, operational and compliance controls, processes to identify and evaluate the significant risks faced by the Group including the governance, risk management and internal control processes within the Company. The reports of the Internal Audit Department will be tabled to the Audit Committee for review and deliberation.

The Group's Statement on Risk Management And Internal Control is set out on pages 172 to 173 of this Annual Report.

#### (d) RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision-making. The Group's Enterprise-Wide Risk Profile is reviewed annually to take into consideration changes in the business environment, strategies and functional activities of the Group for determining the Group's level of risk tolerance and identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

The Group's Statement on Risk Management And Internal Control is set out on pages 172 to 173 of this Annual Report.

#### (e) CORPORATE SOCIAL RESPONSIBILITY

Appendix 9C (Part A, Paragraph 29) of the Main Market Listing Requirements of Bursa Securities requires a listed company to provide a description in its annual report of the corporate social responsibility activities and practices undertaken by the listed company and its subsidiaries.

The Group's Report on Environmental Issues, Social Accountability and Sustainability Report are set out in "Valuing Our People" section on pages 112 to 127 of this Annual Report, in "Engagement With Our Community" section on pages 139 to 143 of this Annual Report and in "Preserving Our Environment" section on pages 128 to 138 of this Annual Report.

The Corporate Disclosure Policy and the Quality Policy & Report are set out on pages 184 and 190 of this Annual Report, respectively and these policies are also posted at the Corporate Governance link at the Company's website, <a href="https://www.puncakniaga.com.my">www.puncakniaga.com.my</a>.

#### OTHER COMPLIANCE INFORMATION

#### (a) STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

In 2013, the Company issued a Five (5)-Year Redeemable Convertible Secured Sukuk Ijarah ("Convertible Sukuk Ijarah") Of Up To RM165.0 Million In Nominal Value.

As of todate, the Company has yet to utilise the net proceeds amounting to RM144,137,400.00 raised from the issuance of the Convertible Sukuk Ijarah.

#### (b) SHARE BUY BACK

The Company did not implement any share buy back or resale or cancel any of the Company's treasury shares during the financial year ended 31 December 2013. As at 31 December 2013, the total number of the Company's treasury shares remained at 2,036,800 ordinary shares of RM1.00 each.

#### (c) OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

At an Extraordinary General Meeting of the Company held on 28 May 2013, the Company approved the following Proposals, which had been implemented and completed in 2013:-

- a. Proposed Issue Of Up To 40,910,609 Free Warrants In PNHB ("Warrants") On The Basis Of One (1) Warrant For Every Ten (10) Existing Ordinary Shares Of RM1.00 Each In PNHB Held By The Entitled Shareholders Of PNHB; and
- b. Proposed Issue Of A Five-Year Redeemable Convertible Secured Sukuk Ijarah ("Convertible Sukuk Ijarah") Of Up To RM165.0 Million In Nominal Value

#### 1. Warrants

On 23 July 2013, the Company issued 40,910,609 Warrants which were listed on 26 July 2013 on the Main Market of Bursa Securities. Each Warrant entitles the registered holder(s) to subscribe for one (1) new PNHB share at any time during the Exercise Period at the Exercise Price. The salient terms of the Warrants are as follows:-

Issue Date : 23 July 2013 Listing Date : 26 July 2013 Maturity Date : 20 July 2018

Exercise Period : Five Years from 23 July 2013

Exercise Price : RM1.00 per Warrant

Exercise Ratio : 1:1

During the financial year ended 31 December 2013, a total of 117,943 Warrants were exercised and 117,943 ordinary shares of RM1.00 each in the capital of the Company were issued. As at 31 December 2013, the issued and paid-up share capital of the Company stood at RM411,260,838.00 divided into 411,260,838 ordinary shares of RM1.00 each.

#### 2. Convertible Sukuk Ijarah

On 11 September 2013, the Company issued RM165.0 million in nominal value of the Convertible Sukuk Ijarah. The Convertible Sukuk Ijarah Holders shall have the right to convert at the Conversion Price all or any part of the Convertible Sukuk Ijarah into fully paid new ordinary shares of PNHB at any time during the Conversion Period (save and except in the event of a substitution of the Lease Asset under the Substitution Undertaking) subject to a notice period of at least thirty (30) days. The salient terms of the Convertible Sukuk Ijarah are as follows:-

Issue Date : 11 September 2013

Maturity Date : Five years from the Issue Date

Conversion Price : The conversion price is RM2.00, represents a premium of approximately 12.0% over the theoretical

ex-warrants price of RM1.7854 based on the five-day volume weighted average market price of ordinary shares of RM1.00 each in PNHB up to and including 28 June 2013 of RM1.8639 per

PNHB Share.

The Company has the rights to exercise the Substitution Undertaking rights at the exercise price of the aggregate of the outstanding nominal value of the Convertible Sukuk Ijarah payable, any outstanding Periodic Distributions and ownership expenses.

The Company or any of its subsidiaries or related corporations may at any time buyback the Convertible Sukuk Ijarah at any price in the open market or by private treaty.

The Company may redeem the Convertible Sukuk Ijarah in whole or in part as may be mutually agreed between the Company and the Convertible Sukuk Ijarah Holders by an extraordinary resolution. Unless previously redeemed, converted, purchased and cancelled, the Convertible Sukuk Ijarah shall be redeemed by the Company at its nominal value on the Maturity Date.

As at 31 December 2013, there were no conversions exercised by the holders of the Convertible Sukuk Ijarah nor were there any redemption, purchase or cancellation of the Convertible Sukuk Ijarah by the Company.

#### (d) AMERICAN DEPOSITORY RECEIPT (ADR) / GLOBAL DEPOSITORY RECEIPT (GDR)

The Company does not sponsor any ADR or GDR programme.

#### (e) SANCTIONS AND/OR PENALTIES

The Company and its subsidiaries, Directors and Management have not been imposed with any sanctions and/or penalties by the relevant regulatory bodies for the financial year ended 31 December 2013.

#### (f) NON-AUDIT FEES

During the financial year ended 31 December 2013, the Group paid RM214,000.00 for non-audit related service fees to the External Auditors.

The non-audit fees payable to the external auditors, Messrs KPMG relates to the review of the Statement On Risk Management And Internal Control and other professional services including advisory services.

#### (g) VARIATIONS IN RESULTS

There was no material variation in the Audited Financial Statements for the financial year ended 31 December 2013 contained in this Annual Report as compared with the unaudited consolidated results of the Group for the financial year ended 31 December 2013 which was announced to Bursa Securities on 27 February 2014.

#### (h) PROFIT GUARANTEE

The Company does not provide any profit guarantee to any parties for the financial year ended 31 December 2013.

#### (i) RECURRENT RELATED PARTY TRANSACTION

The Company did not enter into any recurrent related party transaction, which requires the shareholders' mandate during the financial year ended 31 December 2013.

#### (j) MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Material contracts entered into by the Company and the Group, which involve the interests of Directors and major shareholders of the Company and its subsidiary companies and material contracts which are still subsisting at the end of the financial year ended 31 December 2013, are as follows:-

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
22 September 1994	Privatisation Cum Concession Agreement ("PCCA")	The State Government of Selangor Darul Ehsan and Puncak Niaga (M) Sdn Bhd ("PNSB")	Not Applicable	YBhg Tan Sri Rozali Ismail ("TSRI") is a major shareholder of PNHB held directly under his name and indirectly held
23 May 1996	Supplemental Agreement (PCCA)			through his son's interests and his 100% equity interests in Central Plus
31 December 2004	Supplemental Agreement (PCCA)			(M) Sdn Bhd ("CPlus") and Corporate Line (M) Sdn Bhd ("CLine"). PNHB in turn, holds 100% equity interests in PNSB.
31 December 2004	Novation Agreement (PCCA)	The State Government of Selangor Darul Ehsan, PNSB and Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS")	Not Applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% and 70% equity interests in PNSB and SYABAS, respectively.
22 March 1995	Construction Cum Operation Agreement ("CCOA")	The State Government of Selangor Darul Ehsan and PNSB	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly
31 December 2004	Supplemental Agreement (CCOA)			held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB.
15 December 2004	Concession Agreement	SYABAS, the State Government of Selangor Darul Ehsan and the Government of Malaysia ("Federal Government")	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
31 December 2004	Wangsa Maju Water Treatment Plant Concession Agreement	The State Government of Selangor Darul Ehsan and PNSB	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB.
31 December 2004	Novation Agreement (Wangsa Maju Water Treatment Plant Concession Agreement)	The State Government of Selangor Darul Ehsan, PNSB and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% and 70% equity interests in PNSB and SYABAS, respectively.
31 December 2004	Shareholders' Agreement	PNHB, Kumpulan Darul Ehsan Berhad ("KDEB") and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
23 February 2006	Subscription Agreement In Relation To The Subscription For Up To RM1.045 Billion Nominal Value Of Redeemable Cumulative Unsecured Loan Stocks Of SYABAS (RCULS)	PNHB, KDEB and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
8 December 2006	Subscription Agreement In Relation To The Issue Of RM435.0 Million Nominal Value Of Redeemable Unsecured Bonds To PNHB	PNSB (as the Issuer), United Overseas Bank (Malaysia) Bhd (as the Facility Agent and the Issue Agent) and PNHB	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB.
25 April 2007	Agreement Relating To Rehabilitation And Upgrading Of 26 Water Treatment Plants	PNSB and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% and 70% equity interests in PNSB and SYABAS, respectively.
16 August 2007	Sungai Lolo Water Treatment Plant (Extension) Operation And Maintenance Agreement	The State Government of Selangor Darul Ehsan and PNSB	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB.
16 August 2007	Novation Agreement In Relation To The Sungai Lolo Water Treatment Plant (Extension) Operation and Maintenance Agreement	The State Government of Selangor Darul Ehsan, PNSB and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% and 70% equity interests in PNSB and SYABAS, respectively.

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
7 March 2008	Sg Sireh Water Treatment Plant (Extension) Operation and Maintenance Agreement	The State Government of Selangor Darul Ehsan and PNSB	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in PNSB.
7 March 2008	Novation Agreement To The Sg Sireh Water Treatment Plant (Extension) Operation and Maintenance Agreement	The State Government of Selangor Darul Ehsan, PNSB and SYABAS	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% and 70% equity interests in PNSB and SYABAS, respectively.
16 December 2009	Loan Facility Agreement (in respect of a loan facility of RM320,800,000.00 only).  The details are as set out in Note (a) below.	SYABAS (Borrower) and the Federal Government (Lender)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
17 October 2011	Loan Facility Agreement (in respect of a loan facility of RM110,000,000.00 only).  Deed of Assignment	SYABAS (Borrower) and the Federal Government of Malaysia (Lender) SYABAS (as the Assignor) and the Federal Government (as Assignee)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
	The details are as set out in Note (b) below.			

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
29 February 2012	Facility Agreement (in respect of Syndicated Term Loan Facility of USD36.0 million). The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013 on page 261 of this Annual Report.	KGL Ltd. (Borrower), OCBC Bank (Malaysia) Berhad and Hong Leong Bank Berhad (Lenders)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 100% equity interests in Puncak Oil & Gas Sdn Bhd, the holding company of KGL Ltd.
31 July 2012	Deed of Revocation to revoke and rescind the Supplemental Shareholders Agreement dated 20 February 2009.	PNHB, KDEB, SYABAS and Kumpulan Perangsang Selangor Berhad	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
28 August 2013	Subscription Agreement In Relation To The Issuance of Five-Year Redeemable Convertible Secured Sukuk Ijarah Of Up To RM165.0 Million In Nominal Value. The details are as set out in the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013 on page 262 of this Annual Report.	PNHB (Issuer) and Hong Leong Investment Bank Berhad (Lead Arranger)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine.

Date	Nature of Contract	Parties	Consideration/Mode of Satisfaction	Relationship with Director/ Major Shareholder
21 October 2013	Loan Facility Agreement (in respect of a loan facility of RM75.0 million only) The details are as set out in Note (c) below.  Deed of Assignment	SYABAS (borrower) and the Government of Malaysia (represented by Ministry of Finance, Malaysia ("MOF")) (lender)  SYABAS (as the Assignor) and the Government of Malaysia (represented by MOF) (as Assignee)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100% equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
	Debenture	SYABAS and the Government of Malaysia (represented by MOF)		
21 October 2013	Loan Facility Agreement (in respect of a loan facility of RM76.0 million only) The details are as set out in Note (c) below.	SYABAS (borrower) and the Government of Malaysia (represented by MOF) (lender)	Not applicable	TSRI is a major shareholder of PNHB held directly under his name and indirectly held through his son's interests and his 100%
	Deed of Assignment	SYABAS (as the Assignor) and the Government of Malaysia (represented by MOF) (as Assignee)		equity interests in CPlus and CLine. PNHB in turn, holds 70% equity interests in SYABAS.
	Debenture	SYABAS and the Government of Malaysia (represented by MOF)		

#### Notes for material contracts relate to loans:-

#### (a) Loan Facility Agreement (in respect of a loan facility of RM320,800,000.00)

**Purpose of Loan** : Payment for water purchased from the water treatment operators namely, PNSB, Konsortium

ABASS Sdn Bhd and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd.

Terms for Payment of : **Interest and Repayment** of Principal

The Facility Amount to be repayable over sixteen (16) years beginning on the fifth (5th) year from

first (1st) drawdown i.e. grace period of four (4) years.

**Interest Rate** : Default Interest: Eight percent (8.00%) per annum on any overdue principal repayment amount.

**Security** : None

#### (b) Loan Facility Agreement (in respect of a loan facility of RM110,000,000.00)

Purpose of Loan : To finance capital expenditure works on old pipe replacement project and upgrading of water

supply system project.

Terms for Payment of Interest and Repayment of Principal

The Facility amount to be repayable over eighteen (18) years, commencing on the third (3rd) year

from the first drawdown date.

Year	RM per annum
2014 - 2019	550,000
2020 - 2023	1,100,000
2024 - 2027	1,650,000
2028	13,200,000
2029	22,000,000
2030	27,500,000
2031	33,000,000

Interest Rate : (1) Three percent (3.0%) per annum.

(2) Default Interest: Five percent (5.0%) per annum on any overdue principal repayment amount.

Security : Deed of Assignment over a Special Loan Account and the credit balances therein.

# (c) Loan Facility Agreement (in respect of a loan facility of RM75.0 million) and Loan Facility Agreement (in respect of a loan facility of RM76.0 million)

Purpose of Loans : The Government Loans shall be utilised for the following purposes:-

(i) RM75.0 million Government Loan

To finance the works in relation to the Water Supply Mitigation Programme - old pipes and critical pipes replacement projects in Selangor and Kuala Lumpur at sixteen (16) critical areas in Selangor, Kuala Lumpur and Putrajaya; and

(ii) RM76.0 million Government Loan

To finance the works in relation to the Water Supply Mitigation Programme Phase 2 to overcome the water shortage in Selangor, Kuala Lumpur and Putrajaya,

Terms for Payment of Interest and Repayment of Principal

The period commencing on the third (3rd) year from the first drawdown date and expiring seventeen

(17) years thereafter.

#### **Interest Rate**

- : (1) Three per centum (3.0%) per annum and shall accrue from the Effective Date and payable annually in arrears with the first Interest payable upon the expiry of the Grace Period. Any unpaid Interest shall be capitalised and shall form part of the outstanding Loan. The Interest shall be calculated on the basis of three hundred and sixty five (365) days and the actual number of days elapsed.
  - (2) Default Interest: Five percent (5%) per annum during the period commencing on the date such sum or sums become due for payment until the date or dates of actual payment. The default interest shall be calculated on the basis of three hundred and sixty five (365) days and the actual number of days elapsed.

#### **Security**

: As security for the repayment of the Loans, SYABAS shall provide assignments of all present and future sums, rights and interest over all monies standing credit to the Special Loan Account and the Sinking Fund Account (as defined in the Loan Facility Agreements) pursuant to the Deed of Assignments and a specific debenture over the Projects pursuant to the Debentures made in favour of the Federal Government.

#### STATEMENT OF GOING CONCERN

Barring any unforeseen circumstances and upon making due and reasonable enquiry into the affairs of the Group, the Board firmly believes that the Group shall continue to operate as a going concern business in the foreseeable future.

This Statement on Corporate Governance has been approved by the Board of PNHB on 28 April 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

#### INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires the Board of Directors ("Board") to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board to disclose in the annual report the main features of the company's risk management and internal control system. The Board is guided by Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies ("Guidelines").

#### **RESPONSIBILITY**

The Board of the Puncak Niaga Holdings Berhad ("PNHB") Group is responsible for maintaining a sound risk management and internal control system and for reviewing their adequacy and integrity so as to safeguard the shareholders' investments and the Group's assets. The Board has mandated the Management to implement a control system designed to identify and manage risks facing the Group in pursuit of its business objectives. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board affirms that there is an ongoing processes for identifying, evaluating, monitoring and managing significant risks faced by the Group. This process is carried out by the Board of PNHB via a specific Board Committee, namely the Compliance, Internal Control and Risk Policy Committee, which dedicates its time at periodic intervals throughout the year for discussion on this matter.

#### **RISK MANAGEMENT FRAMEWORK**

Risk Management is firmly embedded in the Group's management system and is every employee's responsibility. In October 2001, the Board of PNHB formally approved a systematic risk management structure and process for the Group. Since then, the structure and process have been fully implemented by the Management and employees of the PNHB Group. The Group's risk management framework is explained in detail in the Risk Management Policy & Report set out on pages 180 to 183 of the Annual Report.

#### **INTERNAL CONTROL SYSTEM**

The key elements of the Group's internal control system and assurance processes, inter alia, encompass the following:-

- All major decisions require the final approval of the respective Boards/Executive Committees within the Group (PNHB/Puncak Niaga (M) Sdn Bhd ("PNSB")/Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS")/Sino Water Pte Ltd ("Sino Water")/Puncak Oil and Gas Sdn Bhd ("POG") Group) and are only made after appropriate analysis. The respective Boards/Executive Committees receive regularly updated information covering the Divisions/Departments/Districts in the respective companies within the Group.
- All Divisions and Departments of PNSB and POG Group have written Procedure Manuals and/or Policies whilst SYABAS
  has Standard Operating Procedures and/or Policies incorporating control procedures and the scopes of responsibilities and
  authorities. The Procedure Manuals/Standard Operating Procedures/Policies are updated where appropriate to incorporate
  elements necessitated by changes in the legislation, industry best practices and business dynamics.
- The Internal Audit Department of PNSB independently reviews the control processes implemented by the Management according to Annual Audit Plan and reports on its findings and recommendations to the Audit Committee of PNHB five (5) times per year. The duties and responsibilities of PNHB's Audit Committee are detailed in the Terms of Reference of PNHB's Audit Committee. The Audit Committee, by consideration of both Internal and External Audit Reports, is able to gauge the effectiveness and adequacy of the internal control system, for presentation of its findings to the Board.
- The Internal Audit Department of POG Group reports on its findings and recommendations pertaining to the oil and gas division periodically to the PNHB Audit Committee.
- The Board of SYABAS established an Audit Committee with its own Terms of Reference on 3 August 2007 and updated on 31 January 2013. The Internal Audit Department of SYABAS also extends a copy of its Internal Audit Reports to the Executive Chairman and summarised Status Reports on its activities are submitted to the Management of SYABAS on monthly basis.
- The Compliance, Internal Control and Risk Policy Committee, which is chaired by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, an Independent Non-Executive Director of PNHB was established in October 2001. This Committee closely monitors the Risk Management process within the Group and the extent of compliance with the Statement on Risk Management and Internal Control requirements.
- The Tender and Contracts Committee of PNSB/POG Group and the Tender Committees of SYABAS have to ensure transparency and competitive pricing in the award of contracts within the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- A detailed budgeting process has been established for PNSB, SYABAS, Sino Water and POG Group requiring all Divisions/
  Departments/Districts to prepare their respective budgets annually. These budgets are then reviewed and approved by the
  respective Boards/Executive Committees prior to actual implementation each year. The monitoring of actual performance versus
  budget for PNSB, SYABAS, Sino Water and POG Group, with major variances being followed up, is done on a monthly basis and
  Management action is taken to rectify any shortcomings, where necessary.
- PNSB, SYABAS, Sino Water and POG Group have their own Limits of Authorities that have been approved by their respective Boards.
- Self-Assessment Audit Forms (which list key internal controls), have been developed for Departments of PNSB. The Departments
  are required to submit a quarterly declaration to the Internal Audit Department as to whether key internal controls have been
  complied with. Effective quarter ended 30 September 2012, the Self-Assessment Audit Forms are submitted and monitored
  online through the Audit Monitoring System.

#### **BOARD ASSESSMENT**

The Board is of the view that the Group's risk management and internal control system for the year under review and as at the date of this statement is sound and sufficient to safeguard the shareholders' investment and the Group's asset.

The Board has received assurance from the respective companies' Managing Directors/ Chief Executive Officer/President/Executive Directors Finance/Vice President Finance/Head of Corporate Services that the Group's risk management and internal control system are operating adequately and effectively at the operating companies.

This Statement on Risk Management and Internal Control has been prepared in accordance with the Guidelines and has been approved by the Board of PNHB.

#### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

For and on behalf of the Board of Puncak Niaga Holdings Berhad

Tan Sri Dato' Seri Dr Ting Chew Peh

Chairman

Compliance, Internal Control and Risk Policy Committee

28 April 2014

The Board of Directors of Puncak Niaga Holdings Berhad (PNHB) is pleased to present the report of the Audit Committee for the financial year 2013.

#### 1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following members and details of attendance of each member at the Audit Committee Meetings held during the financial year 2013 were as follows:

Composition of Committee	Number of Meetings Held	Number of Meetings Attended	Percentage (%)
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh			
Chairman/Independent Non-Executive Director	7	7	100
YBhg Tan Sri Dato' Hari Narayanan Govindasamy			
Member/Independent Non-Executive Director	7	6	86
YAM Tengku Dato' Rahimah Almarhum Sultan Mahmud			
Member/Non-Independent Non-Executive Director	7	7	100
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak			
Member/Independent Non-Executive Director	7	7	100

The Executive Director (Finance Division), Senior General Manager (Internal Audit Department), Executive Director (Operation & Maintenance Department) and other members of Senior Management attended these meetings upon the invitation by the Chairman of the Audit Committee. The Group's external auditors were also invited to attend these meetings where matters relating to the audit of the statutory accounts, quarterly financial results and/or the external auditors are to be discussed. The Company Secretaries, Madam Tan Bee Lian and Madam Lim Yew Heang are the Secretaries to the Audit Committee.

#### 2. SUMMARY OF ACTIVITIES

During the financial year 2013, the Audit Committee carried out its duties as set out in the Terms of Reference of PNHB's Audit Committee. The main activities carried out by the Audit Committee during the financial year included the following:-

#### **Financial Results**

- Reviewed the quarterly and year-to-date unaudited financial results of the Group before tabling to the Board for consideration and approval.
- Reviewed the reports and the audited financial statements of the Company and of the Group together with the external auditors prior to tabling to the Board for approval.

#### **External Audit**

- Reviewed the external auditors' scope of work and audit plan for the year and made recommendations to the Board on their
  appointment and remuneration.
- Reviewed and discussed the external auditors' audit report and areas of concern highlighted in the management letter, including management's response to the concerns raised by the external auditors.
- Discussed on significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
- Met with the external auditors without the presence of the management.

#### **Internal Audit**

- Reviewed the Internal Audit Plan, programme of resource requirement for the year and assessed the performance of the Internal Audit Department.
- Reviewed the Internal Audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed action to be taken by the Management to rectify and improve the system of internal control.
- Monitored the implementation of recommendations made by the Internal Audit Department arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.

#### **Working Site Visit**

Visited Kuching, Sarawak in June 2013 in relation to Project Bekalan Air Luar Bandar (BALB) carried out by the Group to familiarise with Sarawak Project operation and have hands-on experience at site and inspect the status of work done.

#### **Related Party Transactions**

Reviewed all related party transactions entered into by the Company and the Group.

#### 3. INTERNAL AUDIT FUNCTIONS

#### Puncak Niaga Holdings Berhad ("PNHB")/Puncak Niaga (M) Sdn Bhd ("PNSB")

PNHB/PNSB has an established independent Internal Audit Department reporting directly to the Audit Committee. The Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. The Internal Audit Department's primary responsibility is to provide an independent assurance on the adequacy and effectiveness of risk management, governance and internal control.

The Internal Audit Department focuses on regular and systematic review and has conducted evaluation on the internal control, management information systems, and compliance with established procedures including the system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Annual Internal Audit Plan 2013 of the Internal Audit Department (which was developed based on a risk based approach), was approved by the Audit Committee at the 76th Audit Committee Meeting of the Company held on 27 November 2012. The Internal Audit reports, which highlights internal control weaknesses, were deliberated by the Audit Committee and the recommendations were duly acted upon by the Management.

In 2013, the Internal Audit Department completed a total of 75 audit assignments covering all the Water Treatment Plants, POG Group, Operational, IT audit and ad hoc assignments requested by the Senior Management. All audits were performed in-house.

The Internal Audit Department's role with regards to the Group's risk management framework is explained in the Risk Management Policy & Report set out on pages 180 to 183 of the Annual Report.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit function of PNHB/PNSB during the Financial Year 2013 was about RM1.3 million.

#### Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS")

Due to the complexity of its water distribution operations which are dissimilar to that of PNSB's water treatment operations, the Board of SYABAS formally ratified the establishment of the Internal Audit Division on 1 September 2006 and an Audit Committee with its own Terms of Reference was formed on 3 August 2007.

At SYABAS, the audit emphasis for the Financial Year 2013 was to determine the extent of compliance with the SYABAS' procedures and guidelines, as well as the Regulatory Authorities' Rules and Regulations and Concession Agreement.

The Internal Audit Department at SYABAS conducted a total 81 assignments in 2013.

The cost incurred by SYABAS' Internal Audit Department in relation to the conduct of internal audit function of SYABAS during the year was about RM1.5 million.

#### Puncak Oil & Gas Sdn Bhd ("POG") Group

For POG Group, initially the audit activities were conducted by PNSB. Effective September 2013, POG Group has set up its Internal Audit Department comprising one (1) Senior Manager and one (1) Executive. The audit activities are supervised by the Senior General Manager, Internal Audit Department, PNSB and all reports are tabled to the Audit Committee of PNHB.

During the year, 16 audits were completed.

The cost incurred by POG Group's Internal Audit Department in relation to the conduct of internal audit function of POG Group during the year was about RM134,000.

#### 4. TERMS OF REFERENCE OF PNHB'S AUDIT COMMITTEE

#### A. Composition

The Board shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors), comprising of at least three (3) Directors which fulfils the following requirements:

- i. All the members of the Audit Committee must be Non-Executive Directors of the Company (and excluding Alternate Directors) with a majority of them being Independent Directors; and
- ii. At least one (1) member of the Audit Committee:
  - a. must be a member of the Malaysian Institute of Accountants;
  - b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
    - 1. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - 2. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
    - 3. fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. It would be advantageous if the Chairman possesses a strong personality, has knowledge and experience in financial reporting, good leadership skills and is keen to get financial reporting and controls right.

The Chairman of the Audit Committee will maintain continuous engagement with the Board Members and Senior Management of the Company and the external auditors in order to be kept abreast of matters affecting the Company. All members of the Audit Committee should be financially literate.

If the members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### **B.** Duties And Responsibilities

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities:

#### **B.1 Oversee All Matters Relating to External and Internal Audits**

- i. The Committee shall meet with the external auditors prior to the commencement of the annual audit to review and discuss:
  - The Annual Audit Plan with the external auditors, including the scope, nature and areas of audit of the Group;
  - The extent of any planned reliance on the work of the internal auditors and the anticipated effect of this reliance on the examination.
  - Any significant accounting and auditing problems that the auditors can foresee and the impact on the financial statements of any new or proposed changes in accounting standards or regulatory requirements.

Following its review of the plan, the Audit Committee may request the external auditors to perform additional audit work directed to specific areas of concern to the Committee. Clear policies and procedures must be established and followed to ensure the independence of the external auditors is not impaired by the provision of non-audit services to the Company.

- ii. Oversee the Internal Audit Department. The Audit Committee in overseeing the Internal Audit Department will:
  - Review the audit programme, scope, performance and findings of the internal auditors.
  - Monitor the implementation of the programme so that sufficient internal audit coverage is accorded.
  - Assess the capacity of the Internal Audit Department to fulfil its responsibilities by considering, amongst other things,
    the adequacy of the scope of the Department's authority as presented in the Department's charter, the competency,
    qualifications and experience level of its employees, the degree to which internal auditors are independent of the
    activities they audit and the reporting relationship between the Head of Internal Audit and Senior Management.
  - Review any appraisal or assessment of the performance of the staff of the Internal Audit Department and approve any appointment or termination of the Head of the Internal Audit Department.
- iii. Review the assistance and cooperation given by the Company's officers to the external and internal auditors.
- iv. Consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- v. The external and/or internal auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.
- vi. Upon the request of the external and/or internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters the auditors believe should be brought to the attention of the Committee.
- vii. The Audit Committee may convene meetings with the external auditors and/or internal auditors, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

#### **B.2 Evaluate the Standards of Internal Control and Financial Reporting**

- i. Hold specific discussions with Senior Corporate Management to discuss the overall adequacy of the internal control system.
- ii. Meet with the internal and external auditors concerning their evaluation of the system of internal accounting controls.
- iii. Consider the nature and disposition of the relevant comments appearing in the reports prepared by the internal auditors and in the external auditors' management letter.

#### **B.3 Review of Financial Statements**

- i. Meet with the Management and the external auditors to discuss the annual financial statements of the Company or Group and the results of the audit before recommending approval by the Board.
- ii. Review the changes in or implementation of major accounting policy changes, the nature and resolution of any significant accounting and auditing problems encountered during the examination.
- iii. It is good practice for the Audit Committee to meet the Management at a regular interval to review the results of the Company or Group, such as quarterly review of the results.
- iv. Review the nature of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of the Management's integrity.
- v. Review the nature of any significant adjustments and unusual events, reclassifications or additional disclosures proposed by the external auditors that are currently significant or may become significant in the future.
- vi. Review the adequacy of disclosure of the impact of any changes during the year in accounting policies, standards and/ or regulatory requirements.
- vii. Review the reasons for the major fluctuations in financial statement balances for the current year compared to prior years.
- viii. Review for any unusual circumstances or situations reflected in the financial statements, including identifying any marginal operations.
- ix. Review the nature of any unusual or significant commitments or contingent liabilities.
- x. Review of any significant differences between the annual report and other reports, such as reports to the regulatory agencies.
- xi. Review for any significant differences in format or disclosure from industry norms.

# **AUDIT COMMITTEE REPORT**

# **B.4 Additional Duties and Responsibilities**

- i. Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Company.
- ii. Such other functions as may be agreed to by the Audit Committee and the Board of Directors.

# C. Access To Records

In carrying out their duties and responsibilities, the Audit Committee will in principle have full, free and unrestricted access to all Company records, property and personnel.

# D. Meetings and Minutes

- i. It is good practice for the Audit Committee to hold a minimum of four (4) meetings a year, although additional meetings may be called at any time at the Chairman's discretion.
- ii. In addition to the Committee members, the Executive Director of Finance Division and the Head of Internal Audit Department will normally be in attendance at the meetings. Representative of the external auditors are to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.
- iii. The Chief Executive Officer, other Board Members and/or other appropriate officers may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Committee Chairman.
- iv. The Audit Committee will meet with the external auditors without the Executive Directors present at least twice a year.
- v. Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the members of the Board. The Committee Chairman shall report on each meeting to the Board. The Secretaries to the Audit Committee shall be the Company Secretaries.

#### **RISK MANAGEMENT POLICY**

The Board of Puncak Niaga Holdings Berhad ("PNHB") has approved the following Group's Risk Management Policy Statement:-

"The PNHB Group's Risk Management Policy is to identify measure and control risks that may prevent the Group from achieving its objectives.

Our challenge is to apply risk management to all parts of our business to ensure business risks are minimised and opportunities enhanced.

We will achieve, maintain and review a proper risk management system which is implemented by the Management and extended to all employees of the Group. This is the commitment of the Board of Directors.

This policy statement assigns responsibility for risk management to all PNHB Group employees and acknowledges that corporate responsibility lies with the Board of Directors of the PNHB Group."

## **RISK MANAGEMENT REPORT**

There are risks faced by all companies in the various facets of their corporate lives. The nature of such risks including systemic, market, employees, economic, legislation, financial and others, need to be identified and managed to reduce the possibility and impact of any adverse effects. Puncak Niaga recognises this and has initiated risk management programmes to ensure its business risks are minimised and opportunities enhanced.

The following steps were taken by the Board of Puncak Niaga in October 2001, for the management of the Group's corporate risks:-

- 1. The preparation of the Group's Risk Management Policy Statement.
- 2. The formation of the Compliance, Internal Control and Risk Policy Committee with its own Terms of Reference.
- 3. The setting up of a Risk Management Section, which reports to the Compliance, Internal Control and Risk Policy Committee.

As a follow up from the Strategic Corporate Risk Management Workshop held for the Board and Senior Management in August 2001, information on Risk Management has been fully disseminated to all employees in the form of posters and through the Group's internal communications network.

In addition, the risk management framework which was established in October 2001 has since then been fully implemented by the Management and employees of Puncak Niaga.

A second Strategic Enterprise-Wide Risk Management Workshop was conducted for Directors and Senior Management staff, by an external consultant on 11 September 2008.

An internal briefing was conducted in March 2013 for Directors and Senior Management on "An Overview of Malaysian Code On Corporate Governance 2012 & Bursa Malaysia Securities Berhad Main Market Listing Requirements".

# COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

The establishment of the CICR was formalised by the Board in October 2001. The current members of the CICR comprise the following:-

Chairman: YBhg Tan Sri Dato' Seri Dr Ting Chew Peh

(Independent Non-Executive Director)

Members: Mr Danny Ng Wah Tar

Executive Director, Corporate Finance Division, PNSB

**Madam Tan Bee Lian** 

Executive Director, Corporate Services Division, PNSB

**Madam Wong Ley Chan** 

Executive Director, Finance Division, PNSB

Tuan Haji Sonari Solor

Senior General Manager, Internal Audit Department, PNSB

Cik Hayati Ab Wahab

Senior General Manager, Internal Audit Division - SYABAS

Secretary: Madam Johty Priyatharashani

Senior Manager, Internal Audit Department, PNSB

# A) TERMS OF REFERENCE OF THE CICR

The CICR shall provide assistance to the Board of Directors of Puncak Niaga in discharging its fiduciary responsibilities relating to safeguarding shareholders' investment and the Group's assets through a structured approach to Risk Management. The primary responsibilities of the CICR are:-

- Formulating strategies to manage the overall risks associated with the Group's activities. This entails decisions on:-
  - Long-term and short-term strategies.
  - Justifiable capital allocation based on return per unit of risk.
- Recommending the appropriate risk management policies and procedures, which shall be reviewed frequently to ensure consistency with fundamental changes in the economy, market conditions and regulations.
- Reviewing periodically the Group's overall objectives by assessing the current risk portfolio composition and determining the desired exposures of each major area of risk.
- Monitoring and assessing the risk portfolio composition of significant activities of the Group.
- Keeping abreast of both current risk management techniques and theories, and any possible or actual changes in the regulatory environment, and recommending the appropriate action.

# **B) CICR ACTIVITIES**

#### **MEETINGS HELD AND ISSUES COVERED**

During the year 2013, the CICR held four (4) meetings chaired by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh (Chairman of CICR).

At its meetings, the CICR reviewed in detail, the Status Reports prepared by the Risk Management Section. The issues covered include the following:-

- 1. The level of readiness of Puncak Niaga (M) Sdn Bhd ("PNSB") and the respective Divisions and Departments with regards to the "Statement on Internal Control" requirements.
- 2. The progress of the risk assessment and risk monitoring exercises at Departmental/Divisional and Enterprise-Wide levels. The main risks, controls and management actions are highlighted for the CICR to deliberate.
- 3. The effective utilisation of the Q-RADAR Corporate Risk Scorecard software to identify measure and monitor all corporate risks identified within PNSB, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"), Sino Water Pte Ltd and Puncak Oil & Gas Sdn Bhd ("POG") Group.
- 4. The status of Self-Assessment Audit Forms submitted by the relevant Departments in PNSB as to whether the key internal controls have been complied with.
- 5. Other relevant risk issues affecting the Group, from time to time.

# RISK MANAGEMENT SCORECARD WORKING GROUP ("RMSWG") AND ENTERPRISE-WIDE RISKS

The Group recognises that Risk Management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision-making. The Group's Enterprise-Wide Risk Profile is reviewed annually to take into consideration changes in the business environment, strategies and functional activities of the Group.

RMSWG Meeting was held at Group level, comprising all Executive Directors of PNSB, Senior Management of PNSB, SYABAS and POG Group on 7 January 2014 to deliberate on the risks highlighted by the different business sectors and to determine the Puncak Niaga Group's Enterprise-Wide Risk Profile for year 2014.

The deliberations of the RMSWG Meeting were reviewed by the CICR on 12 February 2014. Subsequently, a detailed Board Paper on the Group's "Top Enterprise Wide Risks Facing the Puncak Niaga Group for year 2014" was tabled during PNHB's Board of Directors' Meeting held on 27 February 2014.

The Group's Enterprise-Wide Risk Profile will be reassessed by the RMSWG on a yearly basis.

# QUARTERLY RISK SCORECARD REPORTING (PNSB, SINO WATER PTE LTD, POG GROUP AND SYABAS)

The respective Heads of Divisions and Departments of PNSB, the Managing Director of Sino Water Pte Ltd and the Senior Management of POG Group and SYABAS are responsible for assessing and managing their respective risks. Using the Q-RADAR Corporate Risk Scorecard software, the respective Heads of Divisions and Departments of PNSB, the Managing Director of Sino Water Pte Ltd and the Senior Management of POG Group and SYABAS submit their detailed risk scorecard reports to the Risk Management Section every quarter.

Risk Management Section analyses and summarises the risk scorecard reports received for further deliberation by the CICR.

## Q-RADAR CORPORATE RISK SCORECARD SOFTWARE

PNHB, PNSB, Sino Water Pte Ltd, POG Group and SYABAS utilise a risk management tool namely, the Q-RADAR Corporate Risk Scorecard (CRS) software to identify, measure and manage all corporate risks affecting the PNHB Group. The CRS software offers a systematic approach to the management of enterprise-wide risks facing corporations and assists the Management of Puncak Niaga to successfully achieve their corporate objectives. The software is web-based and allows authorised users to monitor their respective risks on-line from any location.

The CRS also facilitates a Corporate Digital Assurance module which requires the Risk Scorecard Owners to validate and positively assure each individual risk, strength of control and management action. The status of this validation and assurance is reported to the CICR on quarterly basis.

As at 31 December 2013, the Q-RADAR CRS software had 144 authorised users covering 26 Departments/Divisions from PNSB, SYABAS, POG Group and Sino Water Pte Ltd.

The Q-RADAR CRS software is administered by the Risk Management Section.

# **CORPORATE DISCLOSURE POLICY**

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear, complete and timely manner in accordance with the corporate disclosure requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The primary objectives of Puncak Niaga's Corporate Disclosure Policy are:-

- 1. To promote and maintain market integrity and investor confidence.
- 2. To provide equal access to the Company's material information in an accurate, clear, timely and complete manner and to avoid selective disclosure to the investing public.
- 3. To exercise due diligence such that information disseminated to the investing public will be as far as possible accurate, clear, timely and complete.
- 4. To put in place an efficient management of information procedure that promotes accountability for the dissemination of material information to the investing public.
- 5. To build good investor relations with the investing public based on the principles of trust, honesty, openness, transparency and sound understanding of the Company.

To achieve its objectives, the Company will endeavour to undertake the following:-

## 1. ESTABLISH POLICIES AND PROCEDURES

- Ensure written policies and procedures of the Company ("Puncak Niaga's Corporate Disclosure Policy and Procedure")
  that encompass the Corporate Disclosure Policy and other requirements relating to corporate disclosure as set out in
  the Main Market Listing Requirements of Bursa Securities.
- Appoint a senior officer of the Company to oversee and coordinate disclosures to ensure the Company complies with the Main Market Listing Requirements of Bursa Securities.
- Ensure that only designated persons are the Company's spokespersons.
- Ensure due compliance with Puncak Niaga's Corporate Disclosure Policy And Procedure.

# 2. EXERCISE DUE DILIGENCE AND PREPARATION

- Ensure that the persons responsible for disseminating material information to the investing public, exercise due diligence in ensuring that information to be released is accurate, clear, timely and complete.
- Ensure that due care is observed when briefing and responding to analysts, institutional investors, the media and the investing public.

## 3. USE OF INFORMATION TECHNOLOGY

Take advantage of current information technology to disseminate information to the investing public.

Our commitment to the above Policy is driven by the Board of Directors of the PNHB Group and implemented by the Management.

# CORPORATE SOCIAL RESPONSIBILITY POLICY

Puncak Niaga Holdings Berhad ("PNHB") recognises the significance of being an organisation that practises the highest standard of work ethics. As a responsible company to its shareholders, business associates, suppliers, employees and various stakeholders, we therefore take our corporate social responsibility seriously as we are a Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider And To Emerge As A Significant Player In The Oil And Gas Sector. Our aim is to achieve our business objectives and expansion in a considerate and responsible manner, whilst balancing the interests in the economic, social and environmental impacts of our activities.

#### **ENVIRONMENTAL**

We advocate sustainable environment through managing our daily operation and activities in a responsible manner to minimise activities that could harm the environment and nature. Among the programmes/activities are:-

- a) River Rescue Brigade ("BPS")
- b) Consumer Awareness & Education Programme ("CAE")
- c) Green Initiatives
- d) Environmental Impact Study ("EIS")

#### COMMUNITY

We support philanthropic and charitable giving, support for and active engagement with local communities through volunteering and other programmes. We also support and encourage our employees to help local community organisations and activities in the areas where we operate in. Among the programmes/activities organised by PNHB are:-

- a) Education Study Visit DAMs, Water Treatment Plants, Operation Command Centre & PUSPEL
- b) Program Pelestarian Pendidikan ("3P")
- c) Tabung Budi
- d) Public Awareness Programme and Exhibition
- e) Corporate Social Responsibilities Visits to Old Folks Home, Orphanage & Gotong-Royong

## **STAKEHOLDERS**

We protect the interests and priorities of stakeholders as well as managing risks in order to maximise profits for the success and growth of the Company.

# **EMPLOYEES**

We shall respect the rights and diversity of our employees, irrespective of race and gender and whilst providing a dynamic workplace and equal opportunities, improving employee satisfaction, whilst enhancing the intellectual capital through continuous investment in training and development of employees' skills for the company's quantum growth.

# STRATEGIC COLLABORATION AND KNOWLEDGE ENHANCEMENT AT ALL LEVELS

We promote continuous education and knowledge enhancement at all levels through collaborations with local and international higher education institutions and corporations.

We are equally dedicated not only to maintaining the highest ethical standards but also to achieving sustainability both in our operations and in our impact on the environment for the benefits of our customers, shareholders, stakeholders, and business associates.

# **HEALTH, SAFETY AND ENVIRONMENTAL POLICY**

It is the policy of Puncak Niaga Holdings Berhad and its subsidiaries (Puncak Niaga Group) to provide, so far as is practicable healthy, safe and environmental friendly workplace for all employees, contractors, visitors, interested members of society and others, and in the spirit of consultation and cooperation, the Management and employees will together strive to achieve goals and objectives of this Policy.

Without prejudice to the generality of the above statement, the Policy of Puncak Niaga Group is:-

- to provide and maintain a healthy, safe and environmental friendly workplace and system of work, and to continually improve its environment and safety performance;
- to continuously emphasise on the prevention of injury, ill health and pollution in all activities;
- to ensure environmental and safety objectives and targets are set and reviewed;
- to ensure all employees are informed, instructed, trained and supervised on how to perform their jobs safely and without risk to health and without any harm to the environment;
- to investigate all occupational health, safety and environment incidents, and to make corrective measures to ensure the incidents will not recur;
- to comply with all legal and other requirements on health, safety and environment and other good practices which the Group subscribes;
- to review this policy as and when appropriate and to ensure it is understood by all employees and is available to all interested parties.

# **INVESTOR RELATIONS POLICY & REPORT**

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the conduct of our business activities in the best interest of our shareholders as well as to allow potential investors to make careful and informed investment decisions based on full and transparent disclosure of information.

Puncak Niaga's Investor Relations Policy aims to build long-term relationships and credibility with our shareholders and potential investors based on trust, honesty, openness, transparency and sound understanding of the Company.

To achieve its objectives, the Company will endeavour to undertake the following:-

#### 1. CREATING QUALITY DIALOGUE

- To create an environment where the effective bilateral communication between the Company and our shareholders and investors both inform and educate through regular, open and transparent provision of relevant and invaluable information over the long-term, which will build mutually beneficial long-term relationships vis-à-vis to foster a clearer understanding of the shareholders' and investors' expectations of the Company.
- To engage in quality dialogue with our shareholders and investors whereby the relationship is based on the principles of honesty, openness and transparency and to foster mutual understanding between the Company and our shareholders and investors.
- To reap the benefits of engaging in quality dialogue:-
  - Perception on our Company's risk is reduced;
  - Enhance feedback of our Company's performance;
  - Our Company's share valuation becomes more realistic;
  - Develop confidence in our Management team and management style; and
  - Works as a guide in the evaluation of our Company's business strategy.

#### 2. INVESTOR COMMUNICATIONS STATEMENT

- To implement an efficient and effective Investor Relations Programme as part of our ongoing shareholders' and investors' communication obligations.
- To provide high quality, meaningful and timely information over and above that is required by law in order to improve the shareholders' and investors' understanding of our Company.
- To strive for key competence in the area of professional investor relations vide adequate resources and capabilities.
- To earn the trust, respect and confidence of our existing shareholders and investors.
- To build and maintain long-term relationships with our existing shareholders and investors.
- To initiate long-term relationship building with potential shareholders and investors.

Our commitment to the above Policy is driven by the Board of Directors of PNHB Group and implemented by the Management.

# **INVESTOR RELATIONS REPORT**

Investor relations is the means by which listed companies maintain dialogue with their existing shareholders and potential investors. It is a strategic management responsibility to present an accurate picture of corporate performance and prospects, thus enabling the investment community, through an informed market, to determine a realistic share price. As a result, investor relations can have a positive impact on the Company's market value and cost of capital relative to its industry sector and the overall economic climate.

The year 2013 had been challenging amidst Puncak Niaga's relentless pursuit to gain leadership in the water and water related industry and to emerge as a significant player in the Oil & Gas industry whilst, remaining focus in achieving our Vision and Mission.

# **INVESTOR RELATIONS POLICY & REPORT**

The Board is therefore pleased to report on Puncak Niaga's investor relations activities during 2013 as follows:-

#### **DIALOGUES WITH INVESTORS**

The Top Management of the Group actively engages in meetings, dialogues and briefing sessions with local and foreign institutional groups. In 2013, 38 dialogues and group briefing sessions were conducted with existing and potential investors, local and foreign fund managers and financial analysts from research and asset management houses.

#### **INVESTORS' ACCESS TO INFORMATION**

In line with our Investor Relations Policy, Puncak Niaga ensures timely disclosure of information over and above the regulatory authorities' disclosure requirements so as to enable the investment community to make careful and informed investment decisions on the Company's securities. Shareholders and investors can contact us at <a href="mailto:investors@puncakniaga.com.my">investors@puncakniaga.com.my</a> and access the Group's information and corporate announcements at our website, <a href="mailto:www.puncakniaga.com.my">www.puncakniaga.com.my</a> (with a direct link to <a href="mailto:www.syabas.com.my">www.syabas.com.my</a>, <a href="mailto:www.gomresources.com">www.gomresources.com</a>) or <a href="mailto:www.bursamalaysia.com">www.bursamalaysia.com</a>. All announcements made to Bursa Malaysia Securities Berhad ("Bursa Securities") are published shortly after the same is released on Bursa Securities' website. All shareholders' queries will be received by the Group Company Secretary who will provide feedback and responses to shareholders' queries where such information can be made available to the public.

Since 22 October 2004, in our efforts to meet disclosure obligations towards our shareholders, investors and stakeholders, the Group had adopted and implemented the Puncak Niaga Corporate Disclosure Policy (as set out on page 184 of this Annual Report), formulated in line with the 'Guide On Best Practices In Corporate Disclosure' issued by Bursa Securities' Task Force on Corporate Disclosure Best Practices.

#### **ANNUAL GENERAL MEETING ("AGM")**

The Board of Puncak Niaga firmly believes that the AGM is the best forum to promote a closer relationship with our shareholders, enabling us to continue our engagement process with them.

Since 2003, our AGMs have been preceded by a Company Presentation followed by a Question and Answer Session. Our shareholders are updated on the Group's corporate and financial performances, latest developments and issues of concern to the shareholders. This is especially important as we are the water services provider in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya and our shareholders are our consumers. It is Puncak Niaga's way of saying 'We value your views' and 'We are here to serve you better'. At the same time, our shareholders' feedbacks, which are relevant to our operations, are taken into consideration in our business decisions. PNHB's Annual Report in the form of CD-ROM is sent to the entitled shareholders of the Company at least 21 days prior to the AGM as required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Securities.

Since 2007, we have set up the PUSPEL customer service counter at a secretariat room at the AGM venue to enable our shareholders to gain online access to SYABAS' water related enquiries. In view of our role as a water services provider, we will continue with this practice at our future AGMs for the benefit of our shareholders.

The 2014 AGM will be held on Thursday, 26 June 2014 at the Concorde Hotel Shah Alam. The Notice of AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2014 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 26 June 2014.

# **INVESTOR RELATIONS POLICY & REPORT**

### **INVESTOR RELATIONS UNIT**

The Investor Relations Unit ("IRU") maintains a database of shareholders and investors who wish to be updated on the Group's corporate developments and performances via e-mail.

Kindly e-mail us your contact details to the attention of Madam Tan Bee Lian, Group Company Secretary at <a href="mailto:investors@puncakniaga.com.my">investors@puncakniaga.com.my</a> or by mail at Investor Relations Unit, c/o Secretarial Department, Puncak Niaga Holdings Berhad, 10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, should you wish to be included in our database.

Similarly, to enable us to further improve our level of services to the community and our stakeholders, kindly forward your comments, views and concerns to us at <u>pr@puncakniaga.com.my</u> for public enquiries and <u>investors@puncakniaga.com.my</u> for investors' enquiries.

All water-related enquiries in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya, such as complaints on water disruptions, pipe bursts or low water pressure, may be addressed to SYABAS Customer Service Centre, <a href="mailto:puspel@syabas.com.my">puspel@syabas.com.my</a> or the toll-free line, 1-800-88-5252 or SMS 'PUSPEL<space><your complaints/feedback>' to 39222 or the social networks on Twitter and Facebook, follow@PUSPEL.

# **QUALITY POLICY & REPORT**

# **QUALITY POLICY**

It is the Policy of Puncak Niaga to provide quality services and products to meet the customer requirements and satisfaction.

Puncak Niaga shall strive to consistently adopt and maintain a quality management system based on all regulated requirements, internationally recognised standard which will ensure a planned, systematic, and proactive approach to quality in all aspects of our work.

Puncak Niaga is also committed in providing a safe, harmonious and conducive working environment and continuously equips our employees with knowledge and skill to improve our quality systematically.

Puncak Niaga Quality Management will be characterised by:-

- A culture of continual improvement and teamwork.
- Pro-activeness at all levels.
- The consistent application of 'Right First Time Every Time' principle.
- Empowerment of personnel to solve problems expeditiously.

All employees shall share the responsibility to understand and diligently implement the Quality Policy.

# **INNOVATIVE & CREATIVE CIRCLE ("ICC") PROGRAMME**

Puncak Niaga (M) Sdn Bhd ("PNSB") strive to support national aspiration on innovation and creativity via ICC Programme. It is a platform to measure staff capability in maximising their knowledge and experience to extend creative ideas in solving work-related issues to increase the Company's productivity, efficiency and cost-benefit.

The ICC Programme does not only support productivity enhancement, it is also designed as a channel in developing a customer-centric workforce. The ICC Programme may contribute towards the supply of technically skilled, knowledgeable and innovative workforce who possesses important generic skills such as leadership skills, interpersonal effectiveness, positive thinking skills, personal and professional effectiveness and effective communication skills. The ICC Programme is a reflection of the Company's continuous efforts in enhancing productivity and competitiveness.

The ICC team from the Sungai Selangor Phase II Water Treatment Plant has won the "Excellence Award" at the International Convention on Quality Control Circle in 2013 which was held from 22 to 25 October 2013 in Taipei, Taiwan, the highest award at the said international convention participated by countries, namely India, Indonesia, Hong Kong, Singapore and China. With the project entitled "High Cost of Polymer Consumption" the ICC team had successfully designed and fabricated the activated carbon filter named as "CF6", which had enabled the Company to save in polymer cost due to lower polymer usage.

PNSB believes that the ICC Programme will create more dynamic, efficient and effective workforce in the Company and Group and will continue to foster the same.

# STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and Company have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made appropriate enquiries, that the Group and Company and which enables them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Board has the overall responsibility to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect frauds and other irregularities.



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# **DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2013:

"ABASS" : Konsortium ABASS Sdn Bhd

"ACQUA" : Acqua SPV Berhad

"BAIDS" : RM1,020,000,000 10-Year Al-Bai' Bithaman Ajil Islamic Debt Securities Primary

Bonds together with Non-Detachable Secondary Bonds

"BLR" : Bank lending rate

"Bursa Securities" : Bursa Malaysia Securities Berhad

"CCOA" : Construction Cum Operation Agreement

"CGU" : Cash Generating Unit

"CIMB" : Commerce International Merchant Bankers Berhad

"CLMSB" : Corporate Line (M) Sdn Bhd

"Company" : Puncak Niaga Holdings Berhad

"CPMSB" : Central Plus (M) Sdn Bhd

"DSRA" : Debt Service Reserve Account

"Federal Government" : Government of Malaysia

"GOM Resources" : GOM Resources Sdn Bhd

"GOL" : GOM Resources Limited

"Group" : Puncak Niaga Holdings Berhad Group of Companies

"GWGF" : Gabungan Wawasan Generasi Felda Malaysia

"Hebei Sino" : Hebei Sino Panlong Industrial Water Supply Co Ltd

"IMOU" : International Memorandum of Understanding

"IRB" : Inland Revenue Board

"JAKS-KDEB" : JAKS-KDEB Consortium Sdn Bhd

"JNA" : Junior Notes A, the 2001/2016 15-Year Redeemable Unconvertible Junior Notes

issued by PNSB

"JVA" : Joint Venture Agreement

# **DEFINITIONS**

"KDEB" : Kumpulan Darul Ehsan Berhad

"KGL" : KGL Ltd.

"KHEC" : Kris Heavy Engineering & Construction Sdn Bhd

"KeTTHA" : Kementerian Tenaga, Teknologi Hijau dan Air

"Luancheng" : Luancheng Dayu Water Supply Co Ltd

"LUAS" : Selangor and Selangor Water Management Authority

(Lembaga Urus Air Selangor)

"LUWEI" : Luwei (Pingdingshan) Water Co Ltd

"MCPs" : Al-Murabahah Commercial Papers

"MMTNs" : Al-Murabahah Medium Term Notes

"MOF" : Ministry of Finance, Incorporated

"O&M" : Operations & Maintenance

"PAAB" : Pengurusan Aset Air Bhd

"PCCA" : Privatisation Cum Concession Agreement

"PNOC" : Puncak Niaga Overseas Capital Pte Ltd

"PNIPPL" : Puncak Niaga Infrastructures and Projects Pte Ltd

"PNSB" : Puncak Niaga (M) Sdn Bhd

"POG" : Puncak Oil & Gas Sdn Bhd

"PRC" : People's Republic of China

"PUAS" : Perbadanan Urus Air Selangor Berhad

"PNCSB" : Puncak Niaga Construction Sdn Bhd

(formerly known as Lambang Sejagat Sdn Bhd)

"RCULS" : Redeemable Convertible Unsecured Loan Stocks of SYABAS

"RCSSI" : 5-year Redeemable Convertible Secured Sukuk Ijarah

"RM" : Ringgit Malaysia

"RMB" : Chinese Renminbi

"RSBs" : RM435,000,000 Nominal Value Ten (10)-Year Redeemable Secured Bonds of

**PNSB** 

# **DEFINITIONS**

"RUBs" : RM435,000,000 Nominal Value Ten (10)-Year Redeemable

**Unsecured Bonds of PNSB** 

"RZ Management" : RZ Management Services Sdn Bhd

"Serba Tiara" : Serba Tiara Sdn Bhd

"SGD" : Singapore Dollar

"SINO" : Sino Water Pte Ltd

"Sino Water (Shanghai)" : Sino Water Environmental Consultancy (Shanghai) Co. Ltd

"SPLASH" : Syarikat Pengeluar Air Sungai Selangor Sdn Bhd

"SSP 2" : Sungai Selangor Water Supply Scheme Phase 2, Stages I and II

"State Government" : The State Government of Selangor

"SYABAS" : Syarikat Bekalan Air Selangor Sdn Bhd

"SYABAS Concession Agreement" : Concession Agreement dated 15 December 2004 between SYABAS, the Federal

Government and the State Government

"USD" : United States Dollar

"XINNUO" : Xinnuo Water (Binzhou) Co. Ltd

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

# **Principal activities**

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There has been no significant change in the nature of the principal activities during the financial year.

#### Results

	Group RM'000	Company RM'000
Profit net of tax	199,801	14,987
Profit attributable to: Owners of the Company	200,551	14,987
Non-controlling interests	(750)	-
	199,801	14,987

#### **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## **Dividends**

Since the end of the previous financial year, the Company paid a final single tier dividend of 5 sen per ordinary share totalling RM20,455,305 in respect of the financial year ended 31 December 2012 on 6 August 2013.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2013.

# **Directors of the Company**

Directors who served since the date of the last report are:

Tan Sri Rozali Bin Ismail
Dato' Ruslan Bin Hassan
Dato' Ir Lee Miang Koi
Dato' Syed Danial Bin Syed Ariffin
Ng Wah Tar
Tan Sri Dato' Hari Narayanan a/l Govindasamy
Tan Sri Dato' Seri Dr Ting Chew Peh
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud

Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak

In accordance with Article 98 of the Company's Articles of Association, YBhg Tan Sri Rozali Bin Ismail, YBhg Tan Sri Dato' Hari Narayanan a/I Govindasamy and YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak shall retire from office by rotation at the forthcoming Seventeenth Annual General Meeting of the Company and, being eligible, had offered themselves for re-election.

#### **Directors' interests in shares and warrants**

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Nu	mber of ordinary	shares of RM1.0	00 each
		Acquired/	Sold/	
	1.1.2013	Transfered	Transfered	31.12.2013
Name of director				
Direct Interest:				
Ordinary shares of the Company				
Tan Sri Rozali bin Ismail	1,729,000	-	-	1,729,000
Dato' Ir Lee Miang Koi	10,000	-	-	10,000
Deemed Interest:				
Ordinary shares of the Company				
Tan Sri Rozali bin Ismail	167,037,114 *	80,100,000 #	(80,100,000) #	167,037,114 <sup>*</sup>
Tan Sir Nozar Sir Isman	-	354,000 +	(00,100,000)	354,000 <sup>+</sup>
Tan Sri Dato' Seri Dr Ting Chew Peh	42,000 **	-	-	42,000 *
Direct Interest:				
Warrants of the Company ## Tan Sri Rozali bin Ismail		172,900		172,900
Dato' Ir Lee Miang Koi	_	1,000	_	1,000
Date if Lee Many Rol	-	1,000	_	1,000
Deemed Interest:				
Warrants of the Company ##				
Tan Sri Rozali bin Ismail	-	16,703,710 *	-	16,703,710 *
	-	35,400 <sup>+</sup>	-	35,400 <sup>+</sup>
Tan Sri Dato' Seri Dr Ting Chew Peh	-	4,200 **	-	4,200 **

<sup>\*</sup> Deemed interest by virtue of 100% shareholding interest in both CPMSB, a substantial corporate shareholder, and in CLMSB, a substantial corporate shareholder of the Company, of which 92.5% is held in his own name and 7.5% in his children's names.

<sup>\*\*</sup> Deemed interest by virtue of shares held by his spouse, Tay Boon Ling pursuant to Section 134 of the Companies Act, 1965.

<sup>&</sup>lt;sup>+</sup> Deemed interest by virtue of shares/warrants held in son's name.

<sup>&</sup>lt;sup>#</sup> Transfer of shares between nominee companies and beneficiary, CLMSB.

The allotment of Warrants was made on 23 July 2013 pursuant to the issuance of up to 40,910,609 Free Warrants in the Company on the basis of one (1) warrant for every ten (10) existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company as approved at the Extraordinary General Meeting of the Company held on 28 May 2013.

#### Directors' interests in shares and warrants (continued)

By virtue of his interests in the shares of the Company, Tan Sri Rozali bin Ismail, is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Puncak Niaga Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2013 had any interest in the shares of the Company and of its related corporations during the financial year.

#### **Directors' benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for Tan Sri Rozali bin Ismail who has interests in related party, GWGF and RZ Management, which dealt with certain companies in the Group in the ordinary course of business as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### Issue of share and debentures

During the year, the issued and paid-up share capital of the Company increased from 411,142,895 ordinary shares of RM1.00 each to 411,260,838 ordinary shares of RM1.00 each by the issuance of 117,943 new ordinary shares of RM1.00 each pursuant to the exercise of warrants.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

On 23 July 2013, the Company allotted 40,910,609 free warrants with an exercise price of RM1.00 each on the basis of one (1) warrant for every ten (10) existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company. The warrants will expire at the end of five (5) years from the issuance date.

#### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year, except for the issuance of 5-year RCSSI of up to RM165,000,000 in nominal value on 17 September 2013 at a consideration of RM144,137,400. Each RCSSI holder is entitled to exercise its conversion rights to convert RCSSI into new shares in the Company at the conversion price of RM2.00. The salient features of the RCSSI are disclosed in Note 21.8 to the financial statements.

# Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the Directors, no contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except as disclosed in Note 26 and Note 42 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events
In addition to significant events disclosed elsewhere in this report, other significant events are disclosed in Note 39 to the financia statements.
Subsequent events
Subsequent events are disclosed in Note 41 to the financial statements.
Auditors
The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.
Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:
Tan Sri Rozali Bin Ismail
Dato' Syed Danial Bin Syed Ariffin
Shah Alam
Date: 28 April 2014

# STATEMENTS OF FINANCIAL POSITION

As At 31 December 2013

	Note	As at 31.12.2013 RM'000	Group As at 31.12.2012 RM'000	As at 1.1.2012 RM'000	As at 31.12.2013 RM'000	Company As at 31.12.2012 RM'000	As at 1.1.2012 RM'000
	11030		Restated	Restated		Restated	Restated
Assets							
Non-current assets							
Property, plant & equipment	4	426,219	419,799	412,671	19,184	19,392	19,600
Investment property	5	_	-	-	8,359	8,554	8,914
Operating financial assets	6	743,771	813,812	890,959	_	-	-
Service concession assets	7	84,562	67,880	65,908	_	-	-
Investment in subsidiaries	8	_	-	-	464,081	422,381	422,194
Investment in associates	9	45	45	44	50	48	45
Investment in joint ventures	10	858	1,104	1,642	150,789	150,789	150,789
Debt service reserve account	11	_	191,091	244,117	_	-	-
Goodwill	12	26,254	25,008	25,067	_	-	-
Trade and other receivables	13	1,841,450	1,415,078	1,015,035	182,719	168,900	156,094
Deferred tax assets	14	14,966	-	-	-	-	-
		3,138,125	2,933,817	2,655,443	825,182	770,064	757,636
Current assets							
Inventories	15	5,318	5,790	9,484	-	-	-
Trade and other receivables	13	596,230	714,917	567,364	232,464	206,055	194,715
Operating financial assets	6	98,088	92,972	82,224	-	-	-
Short-term investments	16	50,029	50,661	-	50,029	50,661	-
Tax recoverable	17	86,659	2	639	-	-	-
Short-term funds		-	-	36	-	-	-
Cash and cash equivalents	18	671,906	449,239	421,968	225,438	174,812	270,326
		1,508,230	1,313,581	1,081,715	507,931	431,528	465,041
Total assets		4,646,355	4,247,398	3,737,158	1,333,113	1,201,592	1,222,677

# STATEMENTS OF FINANCIAL POSITION

As At 31 December 2013

	Note	As at 31.12.2013 RM'000	Group As at 31.12.2012 RM'000 Restated	As at 1.1.2012 RM'000 Restated	As at 31.12.2013 RM'000	Company As at 31.12.2012 RM'000 Restated	As at 1.1.2012 RM'000 Restated
Equity and liabilities							
Equity attributable to equity owners of the Company							
Share capital		411,261	411,143	411,143	411,261	411,143	411,143
Share premium		102,879	102,879	102,879	102,879	102,879	102,879
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)	(5,941)	(5,941)
Equity component of RCSSI		6,770	_	-	6,770	-	-
Reserves		(266,439)	(271,764)	(269,342)	9,111	9,743	9,082
Retained earnings		1,528,226	1,348,130	1,088,741	439,300	444,768	438,533
	19	1,776,756	1,584,447	1,327,480	963,380	962,592	955,696
Non-controlling interests		(2,207)	(1,569)	(678)	-	-	-
Total equity		1,774,549	1,582,878	1,326,802	963,380	962,592	955,696
Non-current liabilities							
Provision for retirement benefits	20	2,052	1,839	2,075	-	-	-
Loans and borrowings	21	1,933,031	1,308,217	1,367,662	136,714	-	-
Trade and other payables	22	5,252	6,530	8,162	-	-	-
Deferred tax liabilities	14	475,236	262,400	261,404	24,503	21,638	16,517
		2,415,571	1,578,986	1,639,303	161,217	21,638	16,517
Current liabilities							
Provision for retirement benefits	20	-	304	653	-	-	-
Loans and borrowings	21	120,720	627,500	470,178	-	-	-
Trade and other payables	22	335,028	367,449	272,789	208,050	217,076	249,873
Tax payable		487	90,281	27,433	466	286	591
		456,235	1,085,534	771,053	208,516	217,362	250,464
Total liabilities		2,871,806	2,664,520	2,410,356	369,733	239,000	266,981
Total equity and liabilities		4,646,355	4,247,398	3,737,158	1,333,113	1,201,592	1,222,677

# STATEMENTS OF PROFIT OR LOSS

For The Year Ended 31 December 2013

		Gr	oup	Company			
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000		
Revenue	23	1,146,704	1,563,032	_	_		
Other income Items of expense		250,439	201,881	31,210	20,689		
Raw materials, consumables and maintenance Construction contract		(130,032)	(134,195)	-	-		
- Oil and gas services		(379,804)	(609,126)	-	-		
- Others		(139,021)	(198,122)	-	-		
Employee benefits expense	24	(168,843)	(171,757)	-	-		
Other expenses		(166,894)	(140,788)	(10,133)	(6,412)		
Depreciation and amortisation expense		(24,746)	(20,615)	(403)	(568)		
Finance costs	25	(137,373)	(151,983)	(3,892)	(18)		
Share of results of equity accounted entities		(14,066)	(12,955)	-	-		
Profit before tax	26	236,364	325,372	16,782	13,691		
Income tax expense	27	(36,563)	(66,991)	(1,795)	(7,456)		
Profit net of tax		199,801	258,381	14,987	6,235		
Profit attributable to:							
Owners of the Company		200,551	259,389	14,987	6,235		
Non-controlling interests		(750)	(1,008)	-	-		
Profit net of tax		199,801	258,381	14,987	6,235		
Earnings per ordinary share (sen per share)							
Basic	28	49.02	63.40				
Diluted	28	46.28	63.40				

# STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	Group		Company		
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000	
Profit net of tax	199,801	258,381	14,987	6,235	
Other comprehensive income/(expense) Items that are or may be reclassified subsequently to profit or loss Foreign currency translation	6,069	(2,439)			
Fair value (loss)/gain on short-term investment	(632)	661	(632)	661	
Total comprehensive income for the year	205,238	256,603	14,355	6,896	
Total comprehensive income attributable to:					
Owners of the Company	205,876	257,494	14,355	6,896	
Non-controlling interests	(638)	(891)	-	-	
	205,238	256,603	14,355	6,896	

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Year Ended 31 December 2013

		•		le to owners of t	the Company —	
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	
Group At 1 January 2012, as previously stated Effects of adoption of MFRS 10 and 11	42	411,143	102,879 -	(5,941)	1,986	
At 1 January 2012, as restated Foreign currency translation Fair value gain on short-term investment Total other comprehensive (expense)/income Profit for the year		411,143 - - - -	102,879 - - - -	(5,941) - - - -	1,986 (2,556) - (2,556)	
Total comprehensive income  Net premium paid on acquisition of non-controlling interests  Total transactions with owners of the Company		- - -	- - -	- - -	(2,556) - -	
At 31 December 2012, as restated		411,143	102,879	(5,941)	(570)	
At 1 January 2013 Foreign currency translation Fair value loss on short-term investment Total other comprehensive income/(expense) Profit for the year		411,143 - - - -	102,879 - - - -	(5,941) - - - -	(570) 5,957 - 5,957	
Total comprehensive income  Contribution by and distributions to owners  of the Company		-	-	-	5,957	
Exercise of warrants Issuance of RCSSI Dividend Total transactions with owners of the Company	21.8	118 - - 118	- - - -	- - -	- - - -	
At 31 December 2013		411,261	102,879	(5,941)	5,387	

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Year Ended 31 December 2013

					<b></b>		
			<b>—</b>	Distributable			
Revaluation reserve RM'000	Equity component of RCSSI RM'000	Other reserve RM'000	Available- for-sale reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
69,088	-	(340,416)	(413)	33,887	272,213	(576,404)	(304,191)
-	-	-	413	1,054,854	1,055,267	575,726	1,630,993
69,088	_	(340,416)	-	1,088,741	1,327,480	(678)	1,326,802
-	-	-	-	-	(2,556)	117	(2,439)
-	-	-	661	-	661	-	661
-	-	-	661	-	(1,895)	117	(1,778)
-	-	-	-	259,389	259,389	(1,008)	258,381
-	-	-	661	259,389	257,494	(891)	256,603
-	_	(527)	_	-	(527)	_	(527)
-	-	(527)	-	-	(527)	-	(527)
69,088	-	(340,943)	661	1,348,130	1,584,447	(1,569)	1,582,878
69,088	_	(340,943)	661	1,348,130	1,584,447	(1,569)	1,582,878
-	-	-	-	-	5,957	112	6,069
-	-	-	(632)	-	(632)	-	(632)
-	-	-	(632)	-	5,325	112	5,437
-	-	-	-	200,551	200,551	(750)	199,801
-	-	-	(632)	200,551	205,876	(638)	205,238
					118		118
_	6,770	_	_	_	6,770	-	6,770
_	=	_	_	(20,455)	(20,455)	_	(20,455)
-	6,770	-	-	(20,455)	(13,567)	-	(13,567)
69,088	6,770	(340,943)	29	1,528,226	1,776,756	(2,207)	1,774,549

# **STATEMENTS OF CHANGES IN EQUITY**

For The Year Ended 31 December 2013

		•		
Company	Note	Share capital RM'000	Share premium RM'000	
At 1 January 2012		411,143	102,879	
Fair value loss on short-term investment		-	-	
Total other comprehensive income		-	-	
Profit for the year		-	-	
Total comprehensive income		-	-	
At 31 December 2012/At 1 January 2013		411,143	102,879	
Fair value loss on short-term investment		-	-	
Total other comprehensive expense		-	-	
Profit for the year		-	-	
Total comprehensive income  Contribution by and distributions to owners of the Company		-	-	
Exercise of warrants		118	-	
Issuance of RCSSI	21.8	-	-	
Final single tier dividend for financial year ended 31 December 2012	30	-	-	
Total transactions with owners of the Company		118	-	
At 31 December 2013		411,261	102,879	

# STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2013

	Distribute la la		Company ———	Attributable to owners of the Non-distributable				
Total RM'000	→ Distributable  Retained earnings RM'000	Available- for-sale reserves RM'000	Equity component of RCSSI RM'000	Revaluation reserve RM'000	Treasury shares RM'000			
955,696	438,533	-	-	9,082	(5,941)			
661	-	661	-	-	-			
661	_	661	-	_	-			
6,235	6,235	-	-	-	-			
6,896	6,235	661	-	-	-			
962,592	444,768	661	-	9,082	(5,941)			
(632)	-	(632)	-	-	-			
(632)	-	(632)	-	-	-			
14,987	14,987	-	-	-	-			
14,355	14,987	(632)	-	-	-			
118	-	-	-	-	-			
6,770	-	-	6,770	-	-			
(20,455)	(20,455)	-	-	-	-			
(13,567)	(20,455)	-	6,770	-	-			
963,380	439,300	29	6,770	9,082	(5,941)			

# **STATEMENTS OF CASH FLOWS**

For The Year Ended 31 December 2013

		G	roup	Company	
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Receipts from customers		1,010,876	1,222,063	-	-
Other income		43,156	4,914	72	55
Payments for operating expenses		(394,279)	(408,957)	(1,919)	(3,783)
Payments to contractors		(546,634)	(727,286)	-	-
Cash generated from/(used in) operations		113,119	90,734	(1,847)	(3,728)
Tax paid, net of tax refund		(17,677)	(1,452)	(1,049)	(2,640)
Interest received		11,454	15,169	5,220	5,696
Net cash generated from/(used in) operating activities		106,896	104,451	2,324	(672)
Cash flows from investing activities					
Acquisition of subsidiaries		(1,700)	_	(1,700)	_
Investment in redeemable preference shares		-	-	(40,000)	-
Purchase of property, plant and equipment	ii	(16,520)	(25,177)	-	-
Additions of service concession assets		(16,957)	(5,142)	-	-
Advance from shareholder		-	25	-	-
Net advances to subsidiaries		-	-	(35,898)	(45,971)
Net advance to associate		(1)	(3)	(1)	(3)
Net advance from a joint venture		34	1,648	34	1,258
Purchase of unquoted investments		-	(50,000)	-	(50,000)
Net proceeds from disposal of short-term investment		2,067	-	2,067	-
Proceeds from disposal of property, plant and equipment		142	1,638	-	-
Net cash used in investing activities		(32,935)	(77,011)	(75,498)	(94,716)
Cash flows from financing activities					
Proceeds from loan and borrowings		432,893	191,206	-	-
Issuance of RCSSI		144,137	-	144,137	-
Proceeds from conversion of warrants to ordinary shares		118	-	118	-
Dividend paid		(20,455)	-	(20,455)	-
Increase of pledged deposits		(67,620)	(65,242)	-	-
Interest paid		(129,922)	(130,089)	-	-
Repayment of loan and borrowings		(467,066)	(111,566)	-	-
Repayment of obligation under finance leases		(5,789)	(4,619)	-	-
Net cash (used in)/generated from financing activities		(113,704)	(120,310)	123,800	-

# **STATEMENTS OF CASH FLOWS**

For The Year Ended 31 December 2013

	Note	Group		Company			
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000		
		Restated					
Net (decrease)/increase in cash and cash equivalents		(39,743)	(92,870)	50,626	(95,388)		
Effects of exchange rate changes on cash held		3,699	2,388	-	(126)		
Cash and cash equivalents at 1 January		383,865	421,321	174,812	270,326		
Transfer from debt service reserve account		191,091	53,026	-	-		
Cash and cash equivalents at 31 December	i	538,912	383,865	225,438	174,812		

# (i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Deposits with licensed banks	18	546,457	304,163	224,038	159,163
Cash and bank balances	18	125,449	145,076	1,400	15,649
		671,906	449,239	255,438	174,812
Less: Cash and bank balances pledged		(132,994)	(65,374)	-	-
		538,912	383,865	225,438	174,812

# (ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM20,637,000 (2012: RM29,852,000), of which RM4,117,000 (2012: RM4,675,000), were acquired by means of finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2013

Puncak Niaga Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Securities. The addresses of the principal place of business and registered office of the Company are as follows:

# **Principal place of business**

8th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan

### **Registered office**

10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan

The consolidated financial statements as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2013.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 8.

These financial statements were authorised for issue by the Board of Directors on 28 April 2014.

#### 1. BASIS OF PREPARATION

## (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

## MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

# MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits Defined Benefit Plans: Employee Contributions

# **NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended 31 December 2013

# 1. BASIS OF PREPARATION (CONTINUED)

## (a) Statement of compliance (continued)

## MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)

- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

## MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- MFRS 9, Financial Instruments Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the abovementioned standards, amendments or interpretation are not expected to have any material impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

# MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised costs. The Group and the Company have not assessed the impact on the adoption of this standard.

## (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

## (c) Functional and presentation currency

These financial statements are presented in RM, which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

# **NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended 31 December 2013

# 1. BASIS OF PREPARATION (CONTINUED)

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

# (i) Material litigations

The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of the solicitors. The evidence considered includes any additional evidence provided by events after the reporting date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements. Further details of the material litigations involving the Group are disclosed in Note 40 to the financial statements.

# (ii) Trade receivables

Included in gross trade receivables were an amount of RM2,100,602,000 (2012: RM1,589,467,000) owing from SYABAS. The timing of the recoverability of the amount due from SYABAS is dependent upon the timing of the outcome of the legal proceedings instituted by SYABAS (against the State Government) and whether the judgement is in favour of SYABAS.

During the current financial year, the amount due from SYABAS of RM1,753,339,000 (2012: RM1,246,309,000) were reclassified to non-current receivables based on the Company's estimated time frame of collection and an impairment allowance of RM49,376,000 (2012: RM24,824,000) was recognised in the profit or loss.

The key assumptions in estimating the time frame of collection were:

- (a) The legal proceeding instituted by SYABAS (against the State Government) will be concluded favorably in 2016.
- (b) There will not be any changes in the Group's rights over the concessions.

Any adverse change in the key assumptions above may result in a further impairment loss. The delay of the timing of the legal proceeding by one year would result in additional impairment loss of approximately RM17,000,000.

# (iii) Mark-up rate for the construction of concession assets

The right to operate the water treatment plants in exchange for the construction services provided is recognised at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including a mark-up, estimated to reflect a margin consistent with other similar construction work where possible, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable estimated by the Group for the construction projects is 5%.

For The Year Ended 31 December 2013

## 1. BASIS OF PREPARATION (CONTINUED)

#### (d) Use of estimates and judgements (continued)

## (iv) Income taxes

The Group recognised a tax recoverable of RM86,659,000 and deferred tax liabilities of RM460,270,000 based on the revised tax submission. Significant judgements and assumptions in measuring the tax recoverable and the deferred tax liabilities were described in Note 17 and Note 14 respectively to the financial statements.

#### (v) Amount due from contract customers

Significant estimation is involved in determining the costs to completion of the contract of the Group as at the reporting date, which has bearing on the computation of the stage of completion. The stage of completion requires management to make reasonably dependable estimates of progress towards completion of projects.

These works are subject to final approval by respective customers. There is time lag between the final approval and the completion of work done by the Group. Hence, the actual costs could only be determined reliably on the completion of contracts, this may result in adjustments to the recognised profit of the contracts.

## (vi) Useful life and residual value of vessel

The cost of vessel is depreciated on a straight-line basis over the vessel's estimated economic useful life. Management estimates the useful life of the vessel to be within 15 years and the residual value to be USD20 million. These are common life expectancies and residual value applied in the industry for a similar vessel. Management has relied upon professional valuer's opinion to determining these estimates.

Changes in the expected level of usage and technological developments could impact the economic useful life and the residual value of the vessel, therefore, future depreciation charge could be revised.

## (vii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the "value in use" of the CGU to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2013 was RM26,254,000 (2012: RM25,008,000). Further details are disclosed in Note 12.

For The Year Ended 31 December 2013

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

# (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group 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. In the previous financial years, control
  exists when the Group has the ability to exercise its power to govern the financial and operating policies of an
  entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the
  previous financial years, potential voting rights are considered when assessing control when such rights are
  presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The effects from the adoption of MFRS 10 are disclosed in Note 42 to the financial statements.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

For The Year Ended 31 December 2013

# 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

#### (v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

#### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group adopted MFRS 11, *Joint Arrangements* in the current financial year. As a result, joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets
  and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its
  share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other
  investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 11. The effects from the adoption of MFRS 11 are disclosed in Note 42 to the financial statements.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

## (vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency

## (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

# (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Foreign currency (continued)

# (ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

## (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

## Financial assets

## (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

## (a) Financial assets at fair value through profit or loss (continued)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

# (b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

#### (c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(I)(i)).

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

## (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost/revaluation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

# (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Property, plant and equipment (continued)

## (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

•	Long-term leasehold land	over the leasehold period from 82 to 92 years
•	Buildings	10 to 50 years
•	Vessel	15 years
•	Plant and equipment	4 to 25 years
•	Computers and software	3 to 5 years
•	Furniture and fittings	5 to 10 years
•	Motor vehicles	3 to 10 years
•	Renovations	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

## (e) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties using the cost model are accounted for similarly to property, plant and equipment (see Note 2(d)).

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Service concession

A substantial portion of the Group's assets are used within the framework of Concession Agreement granted by the State Government ("concession grantor"). The characteristics of the Concession Agreement generally provide, directly or indirectly, for customer involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

The Group constructs or upgrades infrastructure used to provide public service and operates and maintains that infrastructure for a specified period of time. The Group recognises and measures revenue in accordance with the accounting policy for construction contract as described in Note 2(j) and Note 2(g)(ii).

The revenue for the construction or upgrade services are measured at fair value and the consideration may be rights to financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

The choice of the financial asset or intangible asset model depends on the existence of payment guarantees granted by the concession grantor. In this case, the investment amount guaranteed by the concession grantor is recognised under the financial asset model and the residual balance is recognised under the intangible asset model.

Financial assets resulting from service concessions are recorded in the statement of financial position under the heading of "Operating financial assets" and measured at amortised cost using the accounting policies as described in Note 2(c).

Intangible asset resulting from the service concession are recorded in the statement of financial position under the heading of "Service concession assets" and are amortised over the concession period using straight line method less impairment loss, if any.

# (g) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Goodwill are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Leased assets

## (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

#### (ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

#### (i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers as part of trade and other payables in the statement of financial position.

## (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## (I) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (I) Impairment (continued)

#### (i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

## (ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash generating units) and then to reduce the carrying amounts of the other assets in the cash generating unit (groups of cash generating units) on a *pro rata* basis.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (I) Impairment (continued)

#### (ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## (m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

## (ii) Ordinary shares

Ordinary shares are classified as equity and are stated at cost.

## (iii) Warrants

Warrants are classified as equity and are stated at cost.

#### (iv) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## (n) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group and the Company comprise a 5-year RCSSI that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

## (o) Employee benefits

## (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## (ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## (q) Revenue and other income

#### (i) Revenue from concession arrangements

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised based on percentage of completion.

When the Group invoices the customer during the operation phase of the concession period, it will apportion the amount to be collected from the invoice between:

(a) a repayment of the operating financial asset, which will be used to reduce the carrying amount of the operating financial asset on the statement of financial position;

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Revenue and other income (continued)

## (i) Revenue from concession arrangements (continued)

- (b) interest income, which will be recognised as finance income in the profit or loss; and
- (c) revenue from bulk sale of treated water, and operating and maintaining the plants in the profit or loss.

#### (ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## (v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

#### (s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise warrants and convertible notes.

For The Year Ended 31 December 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (v) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits 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 of economic benefits is remote.

## (w) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

# 3. AWARD OF CONCESSIONS

- (a) PNSB was awarded the following concessions by the State Government:
  - (i) under the PCCA dated 22 September 1994, to take over, operate, maintain, manage, rehabilitate and refurbish existing water treatment plants located in Selangor and Federal Territory of Kuala Lumpur from the date of the PCCA to 31 December 2020;
  - (ii) under the CCOA dated 22 March 1995, to design, construct, operate, maintain and manage the new water treatment facilities, namely SSP 2 from the date of the CCOA to 31 December 2020; and
  - (iii) On 17 January 1998, PNSB was given a right by the Federal Government to develop a water treatment plant and its related facilities in Wangsa Maju. The construction work commenced in January 1998 and was completed in July 1998. Subsequent to the completion, PNSB has been managing, operating and maintaining the water treatment plant. The Concession Agreement in relation to this water treatment plant is for a period of 30 years ending 17 July 2028 was finalised and executed with the State Government on 31 December 2004 ("Wangsa Maju WTP Concession Agreement").

For The Year Ended 31 December 2013

## 3. AWARD OF CONCESSIONS (CONTINUED)

(a) PNSB was awarded the following concessions by the State Government: (continued)

On 31 December 2004, PNSB had executed the following agreements in relation to the privatisation of the water supply services in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya:

- (i) Novation Agreement to the PCCA and the CCOA between the State Government, PNSB and SYABAS, whereby SYABAS shall assume the State Government's obligations under the PCCA and CCOA in relation to the following, with effect from 1 January 2005:
  - purchase and payment of treated water to PNSB;
  - the quality of treated water; and
  - all operational matters relating to such purchase, payment and quality of treated water.
- (ii) Novation Agreement to the Wangsa Maju WTP Concession Agreement between the State Government, PNSB and SYABAS, whereby SYABAS shall assume the State Government's obligations under the Wangsa Maju WTP Concession Agreement in relation to the following with effect from 1 January 2005:
  - purchase and payment of treated water to PNSB;
  - the quality of treated water; and
  - all operational matters relating to such purchase, payment and quality of treated water.
- (iii) Supplemental Agreement (in relation to the PCCA dated 22 September 1994) between the State Government and PNSB. The Group agrees to a two percent (2%) reduction in the amounts outstanding and owing to the Group under the PCCA as at 30 June 2004. PNSB further agrees to an eight percent (8%) reduction, with effect from 1 July 2004 in the monthly billings to the State Government under the PCCA.
  - In addition, PNSB shall be responsible for the management and operation of the Klang Gates, Tasik Subang and Sungai Langat Dams.
- (iv) Supplemental Agreement (in relation to the CCOA dated 22 March 1995) between the State Government and PNSB. PNSB agrees to a two percent (2%) reduction in the amounts outstanding and owing to PNSB under the CCOA as at 30 June 2004. PNSB further agrees to an eight percent (8%) reduction, with effect from 1 July 2004 in the monthly billings to the State Government under the CCOA.

PNSB and SYABAS had on 16 August 2007, entered into the following two (2) agreements:

(i) Sungai Lolo Water Treatment Plant (Extension) O&M Agreement ("Sg Lolo WTP (Extension) O&M Agreement") between the State Government and PNSB in relation to the appointment of PNSB as the Operator to operate, manage, maintain and refurbish the raw water intake and the extended treatment plant situated on a 0.5 acre piece of land located in the District of Hulu Langat, Selangor Darul Ehsan and associated works as more fully described in Appendix 2 of the Sg Lolo WTP (Extension) O&M Agreement, for a concession period commencing on 1 December 2006 and expiring on 31 December 2034; and

For The Year Ended 31 December 2013

## 3. AWARD OF CONCESSIONS (CONTINUED)

(a) PNSB was awarded the following concessions by the State Government: (continued)

PNSB and SYABAS had on 16 August 2007, entered into the following two (2) agreements: (continued)

(ii) Novation Agreement to the Sg Lolo WTP (Extension) O&M Agreement between the State Government, PNSB and SYABAS ("Novation Agreement") in relation to the assumption of all the State Government's rights, benefits, liabilities and obligations under the Sg Lolo WTP (Extension) O&M Agreement by SYABAS (except on matters relating to land and the maintenance of the raw water quality including matters which are not or are incapable of being exercised by or conferred on SYABAS under the law).

On 7 March 2008, PNSB and SYABAS entered into the following two (2) agreements:

- (i) Sungai Sireh Water Treatment Plant O&M Agreement ("Sg Sireh WTP O&M Agreement") between the State Government and PNSB in relation to the appointment of PNSB as the Operator to operate, manage and maintain the raw water intake and the treatment plant situated on a 6.72 acres piece of land located beside a canal near Sungai Sireh, Tanjung Karang in the District of Kuala Selangor, Selangor Darul Ehsan and associated works pursuant to Clause 3(a)(vi) of the Concession Agreement dated 15 December 2004 between the Federal Government, the State Government and SYABAS, for a concession period of twenty seven (27) years, commencing on 1 April 2007 and expiring on 30 April 2034; and
- (ii) Novation Agreement to the Sg Sireh WTP O&M Agreement between the State Government, PNSB and SYABAS in relation to the assumption of all the State Government's rights, benefits, liabilities and obligations under the Sg Sireh WTP O&M Agreement by SYABAS (save and except on matters related to land and the maintenance of the raw water quality including matters which are not or are incapable of being exercised by or conferred on SYABAS under the law).
- (b) LUWEI was incorporated on 28 January 2005 to undertake the Lushan County Water Supply Project for a concession period of thirty (30) years commencing from 1 May 2008. Under the concession, LUWEI is to invest, finance, construct, design, operate and maintain a 50,000 m³ per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China.

The Group completed the acquisition of LUWEI on 19 August 2008.

- (c) XINNUO was incorporated on 7 April 2008 to undertake the Yangxin County Chenluo Industrial and Commercial Park (formerly known as Yangxin County Trade Centre) Wastewater Treatment Project for a concession period of twenty eight (28) years commencing from 8 November 2007. Under the concession, XINNUO is to acquire, invest, finance, construct, design, operate and maintain a 30,000 m³ per day wastewater treatment plant in Laodian town (formerly known as Laodian Village), Yangxin County, Shandong Province, China. The Group completed the acquisition of XINNUO on 2 July 2008.
- (d) Hebei Sino was incorporated on 16 September 2009 to undertake the Yuanshi County Industrial Water Supply Project for a concession period of thirty (30) years commencing from 31 December 2009. Under the concession, Hebei Sino is to invest, finance, design, construct, operate and maintain water treatment and distribution facilities for the distribution of water to the industrial areas of Yuanshi County, and to provide services and charge fee to the users.

For The Year Ended 31 December 2013

# PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long-term leasehold land RM'000 - At valuation —	Buildings RM'000	Buildings RM'000	
Cost/Valuation					
At 1 January 2012,					
restated	2,800	180,660	42,001	-	
Additions	-	-	279	10,174	
Reclassification	-	-	-	-	
Disposals	-	-	-	-	
Write off	-	-	-	-	
Exchange difference	-	-	15	-	
At 31 December 2012,					
restated/At 1 January 2013	2,800	180,660	42,295	10,174	
Additions	-	-	359	-	
Acquisition of a subsidiary	-	-	-	-	
Reclassification	-	-	-	-	
Disposals	-	-	-	-	
Write off	-	-	-	-	
Exchange difference	-	-	15	-	
At 31 December 2013	2,800	180,660	42,669	10,174	
At 1 January 2012, restated Accumulated depreciation Accumulated impairment	-	- -	2,180	- -	
	_	-	2,180	-	
Charge for year	_	1,835	620	508	
Reclassification	-	-	-	-	
Disposals	-	-	-	-	
Write off	-	-	-	-	
Impairment loss	-	-	1,455	-	
Exchange difference	_		19		
Accumulated depreciation	-	1,835	2,819	508	
Accumulated impairment	-	- 1.005	1,455	-	
At 31 December 2012, restated/At 1 January 2013	-	1,835	4,274	508	
Charge for year Acquisition of a subsidiary	-	1,954	626	360	
Disposals	_	-		-	
Reclassification	-				
Write off	_				
Exchange difference	_	_	4	_	
Accumulated depreciation	_	3,789	3,449	868	
Accumulated impairment	_	-	1,455	-	
At 31 December 2013	-	3,789	4,904	868	
Carrying amount					
At 31 December 2013	2,800	176,871	37,765	9,306	
ALUT DEGETINGI ZUTU	2,000	170,071	01,103	3,500	
At 31 December 2012, restated/At 1 January 2013	2,800	178,825	38,021	9,666	

For The Year Ended 31 December 2013

Vessel RM'000	Plant and equipment RM'000	Computers and software RM'000 —— At cost	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
		7.0000					
148,563 - -	24,043 3,405 40	30,920 1,672 (36)	6,266 197 21	41,050 6,028 -	38,664 7,526 (25)	8,461 571 -	523,428 29,852
(91)	(33) 19	(91) (8,363) 4	(783) (4)	(4,812) (302) (36)	(1) (4)	- -	(4,903) (9,482) (97)
148,472 3,336 - -	27,474 4,021 - -	24,106 2,599 190 1,034 (561)	5,697 448 71 680 (111)	41,928 5,090 216 - (777)	46,160 1,346 194 (1,714)	9,032 3,438 - -	538,798 20,637 671 - (1,449)
8,083	(12) 125	(115) 16	(122) 17	67	- 15	- -	(249) 8,338
159,891	31,608	27,269	6,680	46,524	46,001	12,470	566,746
23,458	10,253	26,339	4,673	13,046	23,335	7,473	110,757 -
23,458 3,669 -	10,253 1,519 42	26,339 2,361 (39)	4,673 520 6	13,046 4,493 -	23,335 2,975 (9)	7,473 - -	110,757 18,500 -
- - - (109)	(16) -	(75) (8,250) -	(748)	(2,435) (166) -	(1)	- - -	(2,510) (9,181) 1,455
(108) 27,019 -	81 11,879 -	13 20,349 -	2 4,453 -	(29) 14,909 -	26,300	7,473 -	(22) 117,544 1,455
3,803	2,427	2,654 - (550)	518 37	14,909 4,955 22 (429)	4,713 100	7,473 - - -	118,999 22,010 159 (1,071)
-	(3)	(100)	(109)	-	-	-	(212)
31,350 -	14,346 -	22,386	4,814	19,500	31,097	7,473	642 139,072 1,455
31,350	14,346	22,386	4,814	19,500	31,097	7,473	140,527
128,541	17,262	4,883	1,866	27,024	14,904	4,997	426,219
121,453	15,595	3,757	1,244	27,019	19,860	1,559	419,799
125,105	13,790	4,581	1,593	28,004	15,329	988	412,671
27,019 3,803 - - - 528 31,350 - 31,350	11,879 2,427 - - (3) 43 14,346 - 14,346	20,349 2,654 (550) 20 (100) 13 22,386 - 22,386	4,453 518 37 (92) - (109) 7 4,814 - 4,814	14,909 4,955 22 (429) - - 43 19,500 - 19,500	26,300 4,713 100 - (20) - 4 31,097 - 31,097	7,473 7,473 7,473	113 13 14 42

For The Year Ended 31 December 2013

# 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long-term leasehold land R RM'000 At valuation	enovations RM'000 At cost	Total RM'000
At 1 January 2012/ 31 December 2012/1 January 2013/ 31 December 2013	19,600	892	20,492
Accumulated depreciation:			
At 1 January 2012	_	892	892
Depreciation charge for the year	208	-	208
At 31 December 2012/ 1 January 2013	208	892	1,100
Depreciation charge for the year	208	-	208
At 31 December 2013	416	892	1,308
Carrying amount:			
At 31 December 2013	19,184	-	19,184
At 31 December 2012	19,392	-	19,392
At 1 January 2012	19,600	-	19,600

#### 4.1 Assets pledged as security

Property, plant and equipment of the subsidiaries with total carrying amount of RM357,243,000 (2012: RM357,220,000) have been charged as security for borrowings of the Group as disclosed in Note 21 to the financial statements.

#### 4.2 Assets held under finance leases

The carrying amount of motor vehicles of the Group held under finance leases at the reporting date were RM21,129,000 (2012: RM21,225,000).

## 4.3 Revaluation of freehold land, leasehold land and buildings

Freehold land, leasehold land and buildings were revalued at 31 December 2011 based on valuations performed by accredited independent valuers. The valuations were based on the comparison method that makes reference to similar properties which were sold.

For The Year Ended 31 December 2013

# 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

# 4.3 Revaluation of freehold land, leasehold land and buildings (continued)

If the freehold land, leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Gr	oup	Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Freehold land at 31 December:				
- Cost and net carrying amount	2,558	2,558	-	-
Leasehold land at 31 December:				
- Cost	94,054	94,054	8,716	8,716
- Accumulated depreciation	(7,262)	(6,263)	(1,401)	(1,313)
- Net carrying amount	86,792	87,791	7,315	7,403
Buildings at 31 December:				
- Cost	33,619	33,261	-	-
- Accumulated depreciation	(3,051)	(2,645)	-	-
- Net carrying amount	30,568	30,616	-	-
	119,918	120,965	7,315	7,403

# 5. INVESTMENT PROPERTY

Company Building	2013 RM'000	2012 RM'000
At cost At 1 January/31 December	11,072	11,072
Accumulated depreciation At 1 January Depreciation charge for the year	2,518 195	2,158 360
At 31 December	2,713	2,518
Carrying amount At 31 December	8,359	8,554
Fair value At 31 December	11,446	10,520

For The Year Ended 31 December 2013

## 5. INVESTMENT PROPERTY (CONTINUED)

#### 5.1 Fair value of investment property

In the previous financial year, fair value was arrived at by reference to market evidence of transaction prices for similar properties and was performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair value of the investment property during the year was determined based on comparison of similar properties in the same location. The fair value of the investment property is categorised at Level 3 of the fair value hierarchy and is estimated using unobservable inputs for the investment property.

#### 6. OPERATING FINANCIAL ASSETS

Group	2013 RM'000	2012 RM'000 Restated
Current	98,088	92,972
Non-current Non-current	743,771	813,812
Net carrying amount	841,859	906,784

The operating financial assets are recognised as the Group has a contractual right to receive cash or other financial asset from the grantor of the concession (State Government) via SYABAS. SYABAS shall purchase a fixed capacity of treated water and the Group will receive a fixed capacity payment from SYABAS.

The operating financial assets comprise revenue arising from construction of structures, water treatment plants and equipment, reservoirs, dams and distribution pipes for the various concession agreements as disclosed in Note 3 to the financial statements. They have been charged as security for borrowings as disclosed in Note 21 to the financial statements.

The fair value of the construction services is estimated using mark-up rate of 5%.

For The Year Ended 31 December 2013

# 7. SERVICE CONCESSION ASSETS

Group Cost	2013 RM'000	2012 RM'000 Restated
At 1 January	98,465	94,433
Additions	16,957	5,142
Write off	(1,248)	-
Exchange differences	3,025	(1,110)
At 31 December	117,199	98,465
Accumulated amortisation and impairment		
At 1 January	30,585	28,525
Amortisation charge for the year	2,736	2,115
Exchange differences	(684)	(55)
At 31 December	32,637	30,585
Carrying amount	84,562	67,880

Service concession assets represent the Group's rights to supply treated water as detailed in Note 3 to the financial statements. Concession infrastructures have been charged as security for borrowings as disclosed in Note 21 to the financial statements.

# 8. INVESTMENT IN SUBSIDIARIES

	2013	2012
	RM'000	RM'000
Company		
Unquoted shares		
At 1 January, as previously stated	422,381	463,118
Less: Effect of adoption of MFRS 10 and 11	-	(40,924)
At 1 January, as restated	422,381	422,194
Acquisition of subsidiaries	1,700	-
Subscription of additional shares in PNIPPL	-	187
Subscription of redeemable preference shares in POG	40,000	-
At 31 December	464,081	422,381

For The Year Ended 31 December 2013

#### **INVESTMENT IN SUBSIDIARIES (CONTINUED)** 8.

Details of the subsidiaries are as follows:

Name	Principal activities	ow inte	fective nership rest and g interest 2012
		%	%
Incorporated in Malaysia			
PNSB	Operation, maintenance,management, construction, rehabilitation and refurbishment of water treatment facilities	100	100
Puncak Niaga (India) Sdn Bhd *	Dormant	100	100
Puncak Research Centre Sdn Bhd *	Research and development and technology development for water, wastewater and environment sectors	100	100
Puncak Seri (M) Sdn Bhd *	Food and beverage related activities	100	100
NS Water System Sdn Bhd *	Dormant	100	100
POG	Investment holding and provision of offshore and onshore engineering works	100	100
Murni Estate Sdn Bhd *	Dormant	100	-
PNCSB *	Construction work, general contracts and related activities	100	-
Incorporated in Singapore			
SINO **	Investment in water and wastewater projects in PRC	98.65	98.65
PNOC **	Investment in water, wastewater, solid waste, environmental and oil and gas in the Asian countries	100	100
Incorporated in India			
PNIPPL *	Carry out activities of infrastructures, constructions and other projects in India	100	100
Incorporated in Malaysia Subsidiaries of PNSB			
Ideal Water Resources Sdn Bhd *	Ceased operations	100	100
Unggul Raya (M) Sdn Bhd*	Ceased operations	100	100

For The Year Ended 31 December 2013

# 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

		ow inte votin	nership rest and g interest
Name	Principal activities	<b>2013</b> %	<b>2012</b> %
Incorporated in PRC Subsidiaries of SINO			
LUWEI **	Treatment and distribution of water and related services	90.70	90.70
XINNUO **	Treatment of wastewater and related services	98.65	98.65
Sino Water (Shanghai) **	Consultancy services for water and wastewater	98.65	98.65
Luancheng *	Treatment and distribution of water and related services	82.86	82.86
Hebei Sino **	Distribution of water to industrial areas	78.92	78.92
Subsidiaries of POG			
GOM Resources Sdn Bhd	Provide offshore personnel services and renting of machinery and vessels	100	100
KGL	Offshore leasing of vessels on bareboat basis	100	100
GOL*	Dormant	100	_

<sup>\*</sup> Audited by firms other than KPMG

# Disposal of shares in subsidiary, Luancheng

Luancheng ceased to be a subsidiary of SINO on 20 February 2014 as disclosed in Note 41(3) to the financial statements.

**Effective** 

<sup>\*\*</sup> Audited by member firms of KPMG International

For The Year Ended 31 December 2013

# 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

# **Significant restrictions**

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	Gr	oup
	2013	2012
	RM'000	RM'000
Service concession assets	84,562	67,880
Operating financial assets	841,859	906,784
	926,421	974,664

The above restrictions arise from the following:

## Restriction imposed by the Concession Agreements entered with the State Government

All water treatment facilities of PNSB which are classified as service concession assets and operating financial assets will be transferred to the State Government at the end of the respective concession periods.

The Group may not charge, transfer or sell the assets without the approval of the State Government or Federal Government.

# 9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at cost	42	42	42	42
Advance	8	6	8	6
Share of post-acquisition reserves	(5)	(3)	-	-
	45	45	50	48

		Effective ow interest and voti	•	
Name	Principal activities	2013	2012	
Incorporated in Malaysia		%	%	
Oasis Water Resources Sdn Bhd	Dormant	40	40	
Purnama Persada Sdn Bhd	Dormant	50	50	

For The Year Ended 31 December 2013

#### 10. INVESTMENT IN JOINT VENTURES

		G	roup	Cor	npany
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000 Restated
Unquoted shares, at cost Investment in RCULS – equity component	10.1	40,924 109,865	40,924 109,865	40,924 109,865	40,924 109,865
Advances to joint ventures		7,614	7,649	5,159	5,193
		158,403	158,438	155,948	155,982
Less: Impairment losses		(4,430)	(4,464)	(5,159)	(5,193)
Share post-acquisition reserve		(153,115)	(152,870)	-	-
At 31 December		858	1,104	150,789	150,789

#### 10.1 Investment in RCULS

On 23 February 2006, SYABAS entered into a Subscription Agreement with the Company and KDEB in relation to the issue of up to RM1,045 million nominal value of RCULS by SYABAS. The RCULS were issued progressively to the Company and KDEB over the next four (4) years from 2006 to 2009 to finance the operations and capital expenditure requirements of SYABAS under SYABAS Concession Agreement. The commitment by the Company and KDEB to subscribe for the RCULS are up to RM731.5 million (70%) and RM313.5 million (30%) respectively and KDEB's portion of the commitment were subsequently varied pursuant to a Deed of Ratification and Accession dated 22 January 2009 given by Kumpulan Perangsang Selangor Berhad in favour of the Company and KDEB to 15% each between KDEB and Kumpulan Perangsang Selangor Berhad.

SYABAS had on 9 March 2006, issued RM135.0 million of the RCULS to the Company. Call options were given to KDEB by the Company to purchase RM40.5 million of the RCULS from the Company at an Option Premium of RM0.1035 for every RM1.00 of the RCULS and was payable on 22 February 2007. Interest at the rate of 7% per annum on the nominal value of the RCULS was charged to KDEB and is payable to the Company on the date of purchase of the RCULS by KDEB or on 22 February 2007, whichever is the earlier. The option has lapsed.

On 22 May 2007, SYABAS issued a further RM77 million of RCULS to the Company.

The RCULS will be redeemed in full by SYABAS on the 21st anniversary of the first issue date at their nominal value.

Each RCULS holder is entitled to exercise its conversion rights to convert the RCULS into new shares in SYABAS at the Conversion Price of RM1 payable for every new share to be issued pursuant to the conversion of the RCULS or such other price as may be agreed between SYABAS and the relevant RCULS holders prior to the Conversion Date.

Until the RCULS have been redeemed or converted into shares of SYABAS, SYABAS shall pay to the RCULS holders, coupon on the nominal value of the RCULS outstanding at a fixed rate of 7% per annum.

For The Year Ended 31 December 2013

## 10. INVESTMENT IN JOINT VENTURES (CONTINUED)

#### 10.1 Investment in RCULS (continued)

The proceeds paid for the subscription of the RCULS have been split between the liability component and equity component, representing the fair value of the conversion option. The RCULS are accounted in the statement of financial position of the Company as follows:

	Note	2013 RM'000	2012 RM'000
Debt component	13	102,135	102,135
Equity component		109,865	109,865
Total nominal value		212,000	212,000

## 10.2 Summarised financial information of joint ventures

SYABAS, the only material joint venture in which the Group participates, is principally engaged in the supply and distribution of treated water within Selangor and the Federal Territories of Kuala Lumpur and Putrajaya and other related services pursuant to the Concession Agreement entered into with the Federal Government and the State Government. SYABAS is the main customer of the Group which purchases treated water.

The Group owns 70% of the voting rights of SYABAS and the remaining 30% voting rights are held by KDEB and Kumpulan Perangsang Selangor Berhad ("KPS"). Pursuant to the Shareholders' Agreement dated 31 December 2004 between the Company and KDEB and SYABAS and the Supplemental Shareholders' Agreement dated 20 February 2009 between the Company and KDEB and SYABAS, despite the majority voting rights at SYABAS' Board Meeting, the Group does not have practical ability to unilaterally direct the relevant activities of SYABAS, whereby the decision over annual business plan and budget shall require in addition a vote in favour by at least 1 director of the Company and 1 director of KDEB. The Board assessed that the Group does not have control over SYABAS but has joint control in SYABAS since the acquisition in 2005. Hence, SYABAS has been classified as a joint venture of the Group in accordance with MFRS 11.

The following tables summarise the financial information of SYABAS Group, as adjusted for any differences in accounting policies. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in SYABAS, which is accounted for using the equity method.

For The Year Ended 31 December 2013

# 10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

# 10.2 Summarised financial information of joint ventures (continued)

Summarised	statement	of finan	cial	position:

Summarised statement of financial position:	2013 RM'000	2012 RM'000
As at 04 Passaultura		
As at 31 December Service concession assets	7,751,947	7,714,818
Trade and other receivables	3,095,785	2,151,214
Other non-current assets	748,360	714,678
Non-current assets	11,596,092	10,580,710
Cash and cash equivalents	1,024,640	934,502
Other current assets	277,966	264,956
Current assets	1,302,606	1,199,458
Total assets	12,898,698	11,780,168
Trade and other payables	(1,619,473)	(1,489,722)
Loans and borrowings	(512,685)	(309,555)
Service concession obligations	(521,962)	(492,945)
Current liabilities	(2,654,120)	(2,292,222)
Trade and other payables	(4,200,076)	(3,028,044)
Loans and borrowings	(3,570,925)	
Service concession obligations	(4,119,939)	(4,420,540)
Other non-current liabilities	(395,506)	(330,616)
Non-current liabilities	(12,286,446)	(11,430,609)
Total liabilities	(14,940,566)	(13,722,831)
Net liabilities	(2,041,868)	(1,942,663)
Summarised statements of profit or loss and other comprehensive expense		
Year ended 31 December		
Loss for the year	(98,012)	(7,059)
Other comprehensive expense	<b>(1,193</b> )	(1,258)
Total comprehensive expense	(99,205)	(8,317)
Included in the total comprehensive expense are:		
Revenue	2,967,348	2,740,840
Depreciation and amortisation expenses	(247,096)	(213,526)
Interest income	35,232	32,618
Finance costs Toyotice	(762,449)	(632,705)
Taxation	(7,052)	8,298

For The Year Ended 31 December 2013

## 10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

#### 10.2 Summarised financial information of joint ventures (continued)

The unrecognised share of losses of the joint venture for the year amounted to RM13,819,000 (2012: RM5,822,000) and cumulatively amounted to RM1,062,799,000 (2012: RM1,007,174,000). The Group stopped recognising its share of losses of the joint venture because the share of losses exceeded the cost of investments and advances, that in substance, form part of the Group's net investment in the joint venture.

## 11. DEBT SERVICE RESERVE ACCOUNT ("DSRA")

Under the terms of the agreement for the issue of the RM1,020,000,000 10-Year BAIDS Issuance Facility by its subsidiary, PNSB, a deposit equivalent to twelve (12) months projected payment obligations under the BAIDS that were outstanding at any point in time was required to be placed in a DSRA. This DSRA was maintained with licensed financial institutions. PNSB was not entitled to withdraw any money from the DSRA without prior written consent of the Security Trustee except on condition that the BAIDS were fully redeemed.

As at 31 December 2012, the deposits held in the DSRA was maintained for long-term until the full redemption and expiry of the BAIDS on 27 October 2016 and was yielding interest income at market interest rates.

Upon revision of the terms after the restructuring of BAIDS in the current year, PNSB is not required to maintain a DSRA. Hence, the amount had been withdrawn and transferred to PNSB's designated operating account (Note 21) during the year.

#### 12. GOODWILL

Group	2013 RM'000	2012 RM'000 Restated
At 1 January	25,008	25,067
Acquisition of a subsidiary	1,090	-
Exchange differences	156	(59)
At 31 December	26,254	25,008

	Note	2013 RM'000	2012 RM'000 Restated
Oil and gas	12.1	21,458	21,458
Water		3,706	3,550
Construction		1,090	-
		26,254	25,008

#### 12.1 Oil and gas

Goodwill amounting to RM21,458,000 arose from the acquisition of GOM Resources which was completed on 30 June 2011.

The recoverable amount of this CGU, which is included in oil and gas segment, is determined based on value-in-use calculations using cash flow projection based on financial budgets approved by Directors. Cash flow projection of five (5) years is used.

The following describes each key assumption used in the cash flow projection on impairment testing of goodwill:

#### (i) Budgeted gross margins and growth

Management determined budgeted gross margin and results based on its secured contracts and its expected order book in line with its expectations of relevant market development.

The budgeted revenue is projected to grow at 5% year-on-year basis.

For The Year Ended 31 December 2013

# 12. GOODWILL (CONTINUED)

# 12.1 Oil and gas (continued)

#### (ii) Discount rate

The discount rate used in the cash flow projection is 8% (2012: 8%) per annum.

There are no reasonable possible changes in key assumptions which could cause the carrying value of goodwill on consolidation to exceed its recoverable amount.

#### 13. TRADE AND OTHER RECEIVABLES

		Group		Com	pany
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Current Trade					
Trade receivables	13.1	146,049	167,753	-	-
Joint venture	13.2	241,912	287,183	-	-
Amount due from contract customers	13.3	188,434	239,282	-	-
		576,395	694,218	-	-
Less: Impairment losses		(6,897)	(3,876)	-	-
Trade receivables, net		569,498	690,342	-	-
Non-trade					
Amounts due from subsidiaries	13.4	-	-	236,346	203,819
Prepayments		8,389	6,180	233	217
Other receivables		21,751	22,185	11,265	10,957
Deposits		5,723	5,353	193	193
		35,863	33,718	248,037	215,186
Less: Impairment losses		(9,131)	(9,143)	(15,573)	(9,131)
		26,732	24,575	232,464	206,055
		596,230	714,917	232,464	206,055
Non-current Trade					
Trade receivables	13.5	88,111	168,769	-	-
Joint venture	13.2	1,753,339	1,246,309	-	-
		1,841,450	1,415,078	-	-
Non-trade					
Joint venture – RCULS	10.1	102,135	102,135	102,135	102,135
Joint venture – interest receivable		80,584	66,765	80,584	66,765
Share of losses in a joint venture		(182,719)	(168,900)	-	-
			-	182,719	168,900
		1,841,450	1,415,078	182,719	168,900
Total trade and other receivables		2,437,680	2,129,995	415,183	374,955

For The Year Ended 31 December 2013

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 13.1 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2012: 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

Included in current trade receivables balance is an amount due from Serba Tiara amounting to RM87,850,000 (2012: RM75,300,000) in respect of the supply of bulk quantity of treated water to the State Government as disclosed in Note 13.5.

#### 13.2 Amount due from a joint venture, SYABAS

	2013	2012
	RM'000	RM'000
Trade		Restated
Bulk sales	1,765,975	1,383,166
Late payment interest	334,627	206,301
	2,100,602	1,589,467
Less: Impairment losses	(105,351)	(55,975)
	1,995,251	1,533,492
Non-current Section 2012	(1,753,339)	(1,246,309)
Current	241,912	287,183

In accordance with the Novation Agreement between PNSB, the State Government and SYABAS, SYABAS has a right to pay water treatment operators proportionately when SYABAS does not have sufficient funds. Interest is charged on the late payment of the outstanding amount at BLR + 2% (2012: BLR + 2%). PNSB has estimated that amount due from SYABAS will be fully received by end of 2017 depending on the favourable outcome of the litigation taken against the State Government by SYABAS in relation to tariff compensation claims. Hence, the amount of RM1,753,339,000 (2012: RM1,246,309,000) has been classified as non-current.

Additional impairment losses of RM49,376,000 (2012: RM24,824,000) was recognised during the year due to change in the estimated timeframe of collection and dispute in some late payment interest charged by PNSB.

For The Year Ended 31 December 2013

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

## 13.3 Amount due from/(to) contract customers

		G	roup
		2013	2012
	Note	RM'000	RM'000
			Restated
Construction contracts costs incurred to date		1,809,674	1,964,242
Attributable profits		132,815	143,140
		1,942,489	2,107,382
Less: Progress billings		(1,756,992)	(1,870,407)
		185,497	236,975
Represented by:			
Amount due from contract customers		188,434	239,282
Amount due to contract customers	22	(2,937)	(2,307)
		185,497	236,975

#### 13.4 Amount due from subsidiaries

The amount due from subsidiaries are interest free, unsecured and repayable on demand.

#### 13.5 Non-current trade receivable

Non-current trade receivable is related to amount due from Serba Tiara which is secured, interest-free and is guaranteed by the State Government. The amount had arose from an amount due from the State Government in respect of the supply of bulk quantity of treated water. On 3 February 2005, the State Government entered into a Novation Agreement with Serba Tiara, whereby Serba Tiara assumed and took over the State Government's obligations to pay to PNSB RM518,566,000 in ten (10) annual instalments commencing from 2006.

As at year end, the outstanding balance is as follows:

		2013	2012
	Note	RM'000	RM'000
Trade receivables, gross		179,716	255,016
Less: Impairment allowance		(46,750)	(46,750)
Add: Accretion of interest		42,995	35,803
		175,961	244,069
Current	13.1	(87,850)	(75,300)
Non-current Non-current		88,111	168,769

The current portion is included in third parties trade receivables.

For The Year Ended 31 December 2013

## 14. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

201	As at 1 January 2, restated RM'000		As at 31 December 2012, restated/ 1 January 2013 RM'000	Recognised in profit or loss (Note 27) RM'000	Recognised in equity RM'000	As at 31 December 2013 RM'000
Group						
Deferred tax assets/(liabilities)						
Loans and borrowings	(38,536)	6,223	(32,313)	5,598	(2,299)	(29,014)
Interest receivable Service concession	(13,490)	(3,201)	(16,691)	(3,455)	_	(20,146)
assets Operating financial	(1,829)	129	(1,700)	67	-	(1,633)
assets	(203,728)	24,142	(179,586)	19,655	_	(159,931)
Trade receivables Property, plant and	5,226	3,539	8,765	(467,417)	-	(458,652)
equipment	(16,608)	(30,201)	(46,809)	42,450	_	(4,359)
Unutilised tax losses		_	-	64,073	_	64,073
Reinvestment allowance	_	_	_	142,598	_	142,598
Others	7,561	(1,627)	5,934	860	-	6,794
	(261,404)	(996)	(262,400)	(195,571)	(2,299)	(460,270)
Company Deferred tax liabilities:						
Interest receivable	(13,490)	(3,201)	(16,691)	(3,455)	-	(20,146)
Property, plant and	(2.027)	(1.000)	(4.040)	1 000		(2.067)
equipment Loans and borrowings	(3,027)	(1,822)	(4,849)	1,882 909	(2.200)	(2,967)
Others	-	(98)	(98)	98	(2,299)	(1,390) -
	(16,517)	(5,121)	(21,638)	(566)	(2,299)	(24,503)

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	14,966	-	-	-
Deferred tax liabilities	(475,236)	(262,400)	(24,503)	(21,638)
	(460,270)	(262,400)	(24,503)	(21,638)

Deferred tax assets are recognised for unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is available. The Directors are of the opinion that the Group will be able to reduce tax payable in view of future profits and benefits accruing to the Group from the existing water concessions which have been awarded to the Group (Note 3) to which the deferred tax asset relates. The unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances are available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

For The Year Ended 31 December 2013

# 14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Gr	oup
	2013	2012
	RM'000	RM'000
Tax losses and capital allowances	3,674	4,896

## 15. INVENTORIES

	G	roup
Cost	2013 RM'000	2012 RM'000 Restated
Water treatment chemicals	2,732	2,617
Spare parts and equipment	2,109	2,669
Fuel	477	504
	5,318	5,790

During the year, the amount of inventories recognised in the profit or loss of the Group was RM36,696,000 (2012: RM45,063,000) and is included in the following line items:

· ·	G	roup
	2013 RM'000	2012 RM'000 Restated
Raw materials, consumables, and maintenance	31,392	36,920
Construction contract on oil and gas	5,304	8,143
	36,696	45,063

# 16. SHORT-TERM INVESTMENTS

	Gr	Group		npany
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		Restated		
At 31 December/ Market value	50,029	50,661	50,029	50,661

Short-term investments represent fund placements in financial institutions.

#### 17. TAX RECOVERABLE

Tax recoverable mainly arose from the revised tax computation submitted by the Company as described in Note 27 and Note 35 to the financial statements.

For The Year Ended 31 December 2013

## 18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Deposits with licensed banks	546,457	304,163	224,038	159,163
Cash and bank balances  At 31 December	125,449 671,906	145,076 449,239	1,400 225,438	15,649 174,812

Included in cash and cash equivalents of the Group is an amount of RM132,994,000 (2012: RM65,374,000) pledged and assigned as security for borrowings as disclosed in Note 21.

## 19. CAPITAL AND RESERVES

## 19.1 Share capital

	Group and Company				
	Amount 2013 RM	Number of shares 2013	Amount 2012 RM	Number of shares 2012	
Authorised: Ordinary shares of RM1 each	1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000	
Issued and fully paid:					
At 1 January	411,142,895	411,142,895	411,142,895	411,142,895	
Issuance of shares under conversion of warrants	117,943	117,943	-	-	
At 31 December	411,260,838	411,260,838	411,142,895	411,142,895	

## (a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

During the financial year, the issued and paid-up ordinary share capital of the Company increased from 411,142,895 shares of RM1.00 each to 411,260,838 ordinary shares of RM1.00 each by the issuance of 117,943 new ordinary shares of RM1.00 each pursuant to the conversion of warrants.

For The Year Ended 31 December 2013

## 19. CAPITAL AND RESERVES (CONTINUED)

#### 19.1 Share capital (continued)

## (b) Warrants

On 23 July 2013, the Company issued 40,910,609 free warrants with an exercise price of RM1.00 each on the basis of one (1) warrant for every ten (10) existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company. The warrants are listed on the Main Market of Bursa Securities on 26 July 2013.

The warrants will expire at the end of five years from the date of issuance.

Warrants exercised during the financial year resulted in 117,943 new ordinary shares at RM1.00 each being issued.

As at 31 December 2013, 40,792,666 warrants remained unexercised.

## 19.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

## 19.3 Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchased of issued share capital in the current financial year.

At 31 December 2013, the Company held 2,036,800 (2012: 2,036,800) of the Company's ordinary shares at RM1.00 each as treasury shares.

#### 19.4 Foreign currency exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### 19.5 Revaluation reserve

The revaluation reserves relate to the revaluation of property, plant and equipment.

For The Year Ended 31 December 2013

## 19. CAPITAL AND RESERVES (CONTINUED)

## 19.6 Equity component of RCSSI

The capital reserve comprises the equity portion of RCSSI issued (see Note 21).

## 19.7 Other reserve

Other reserve represents the premium paid on the acquisition of non-controlling interest in KGL, GOM Resources, LUWEI and Luancheng.

#### 19.8 Available-for-sale reserve

The available-for-sale reserve represents the fair value gain or losses from short-term investments.

## 20. PROVISION FOR RETIREMENT BENEFITS

The Group operates unfunded Retirement Defined Benefit Schemes (the "Scheme") for PNSB's eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 0.50 up to 1.25 months of their final salary for every year of service with PNSB on the attainment of their retirement age of 55 or voluntary retirement age of 50 as at 31 December 2013.

With effect from 1 January 2014, the retirement age and voluntary retirement age have been changed to 60 and 55 respectively.

Movements of provision of retirement benefits are as follows:

At 1 January Add: Provision for the year Less: Payment made during the year  At 31 December  Maturity of provision: Not later than 1 year		•
At 1 January Add: Provision for the year Less: Payment made during the year  At 31 December  Maturity of provision: Not later than 1 year	2013	2012
Add: Provision for the year Less: Payment made during the year  At 31 December  Maturity of provision: Not later than 1 year	1'000	RM'000
Add: Provision for the year Less: Payment made during the year  At 31 December  Maturity of provision: Not later than 1 year		Restated
Less: Payment made during the year  At 31 December  Maturity of provision:  Not later than 1 year	2,143	2,728
At 31 December  Maturity of provision: Not later than 1 year	251	151
Maturity of provision: Not later than 1 year	(342)	(736)
Not later than 1 year	2,052	2,143
	-	304
Later than 1 year but not later than 2 years	-	312
Later than 2 years	2,052	1,527
-	2,052	2,143

For The Year Ended 31 December 2013

## 21. LOANS AND BORROWINGS

		Group		Con	Company	
		2013	2012	2013	2012	
	Note	RM'000	RM'000	RM'000	RM'000	
			Restated			
Non-current						
Secured:						
Government support loan	21.1	24,409	32,077	_	-	
BAIDS/MCPs/MMTNs	21.2	1,016,591	507,330	_	-	
USD36 million term loan	21.6	58,959	79,508	_	-	
RSBs	21.4	462,927	_	_	_	
JNA	21.3	213,091	_	_	_	
RCSSI	21.8	136,714	_	136,714	_	
Obligation under finance leases	34.2	7,677	9,645	-	-	
		1,920,368	628,560	136,714	-	
Unsecured:						
RUBs	21.4	-	471,406	-	-	
JNA	21.3	_	198,872	_	-	
Lushan MOF Novated World Bank Loan	21.5	10,734	9,379	_	-	
Others		1,929	-	-	-	
		12,663	679,657	-	-	
		1,933,031	1,308,217	136,714	-	
Current						
Secured:						
Government support loan	21.1	7,667	7,444	_	_	
BAIDS/MCPs/MMTNs	21.2	-,001	509,661	_	_	
USD36 million term loan	21.6	26,204	24,465	_	_	
Revolving credit	21.7	80,839	80,120	_	_	
Obligation under finance leases	34.2	4,917	4,549	_	_	
		119,627	626,239	_	_	
Unsecured:		•	•			
Lushan MOF Novated World Bank Loan	21.5	1,093	1,261	-	-	
		1,093	1,261	-	-	
		120,720	627,500	_	_	

For The Year Ended 31 December 2013

## 21. LOANS AND BORROWINGS (CONTINUED)

#### 21.1 Government Support Loan

The government support loan from the Federal Government in 1998 to finance the construction of the Wangsa Maju Water Treatment Plant and its related facilities. It is secured on all money standing to the credit of the Special Project Account.

The government support loan bears interest at 3% per annum and payable over 13 years from 11 April 2004 after Federal Government restructured the loan.

#### 21.2 BAIDS/MCPs/MMTNs

On 12 October 2000, PNSB entered into several agreements with United Overseas Bank (Malaysia) Bhd. and various parties to raise RM1,020,000,000 10-Year BAIDS and RM350,000,000 MCPs/MMTNs Issuance Facility. Subsequently, on 28 October 2000, PNSB issued the entire BAIDS and RM120,000,000 of the MCPs, the proceeds of which were utilised mainly to repay in full the Revolving Underwriting Facility of RM800,000,000 and Term Loan of RM300,000,000.

In 2011, the BAIDS were acquired by ACQUA.

On 19 April 2013, PNSB had executed the relevant supplemental agreements for the restructuring of the outstanding bonds comprising BAIDS, RSBs and JNA with ACQUA.

Pursuant to the restructuring, the revised terms are as follows:

#### (i) Extension of the tenure of the BAIDS

Ocator	Nominal value	Existing Redemption	Revised Redemption
Series	RM'million	Date	Date
Series 1	180.0	27 October 2015	27 October 2016
Series 2	180.0	27 October 2016	27 October 2016
Series 3	180.0	26 April 2013	27 October 2016
Series 4	180.0	26 April 2013	27 October 2016
Series 5	150.0	27 October 2013	27 October 2016
Series 6	150.0	27 October 2014	27 October 2016

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## 21. LOANS AND BORROWINGS (CONTINUED)

## 21.2 BAIDS/MCPs/MMTNs (continued)

(ii) Revision of terms of the BAIDS

Terms Coupon	Existing term 5.30% to 5.60%	<b>Revised term</b> 5.30% to 5.60%
Collateral	Charge over the DSRA	Legal assignment over PNSB's operating account and mandatory redemption account (to be shared via a security sharing arrangement with JNA and RSBs)
Financial covenants	<ul><li>(i) Annual debt service cover ratio</li><li>(ii) Forward debt service cover</li><li>(iii) Interest cover ratio</li><li>(iv) Debt to equity ratio</li></ul>	Not required

## The BAIDS entails the following collateral:

- (i) Debenture over all PNSB's fixed and floating assets (excluding the charge over Distribution Supply System 2 and Wangsa Maju Water Treatment Plant);
- (ii) Assignment over PNSB's PCCA and CCOA;
- (iii) Assignment over PNSB's insurances (excluding the insurances in relation to Distribution Supply System 2 and Wangsa Maju Water Treatment plant); and
- (iv) Legal assignment over PNSB's operating account and mandatory redemption account (to be shared via security sharing arrangement with JNA and RSBs).

## 21.3 JNA

	2013	2012
	RM'000	RM'000
Nominal value	328,125	328,125
Fair value adjustment on initial recognition	(155,554)	(155,554)
	172,571	172,571
Accreted finance cost	40,520	26,301
	213,091	198,872

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## 21. LOANS AND BORROWINGS (CONTINUED)

## 21.3 JNA (continued)

The JNA carries a coupon rate of 5.68% per annum and terms of the JNA are set out as follows:

	Nominal value RM'000
Redemption date	
18 November 2016	54,688
20 November 2017	109,375
20 November 2018	109,375
20 November 2019	54,687
	328,125

Pursuant to the restructuring mentioned in Note 21.2 to the financial statements, the revised terms for JNA are as follows:

Terms	Existing term	Revised term
Collateral	Unsecured	Legal assignment over PNSB's
		operating account and mandatory
		redemption account

## 21.4 Redeemable Secured Bonds ("RSBs") (formerly known as RUBs)

	2013	2012
	RM'000	RM'000
Nominal value	435,000	435,000
Less: Yield to maturity	(19,705)	(19,705)
Net proceeds	415,295	415,295
Accreted finance cost	47,632	56,111
	462,927	471,406

The maturity date of the RSBs is 10 years from the issue date in 2006. The RSBs shall bear the following coupon rate payable semi-annually in arrears on the amounts outstanding:

From issue date to year 5 : 5.50% per annum
After year 5 to year 10 : 11.00% per annum

Unless previously redeemed, purchased and cancelled, the RSBs shall be redeemed by the Company at par or at its respective nominal value on the maturity date.

Pursuant to the restructuring mentioned in Note 21.2 to the financial statements, the revised terms for RSBs are as follows:

Terms	Existing term	Revised term
Collateral	Unsecured	Legal assignment over PNSB's
		operating account and
		mandatory redemption account

For The Year Ended 31 December 2013

## 21. LOANS AND BORROWINGS (CONTINUED)

#### 21.5 Lushan MOF Novated World Bank Loan

The loan was granted to the PRC government by the World Bank to fund the Water Supply Project in Henan Province, which was subsequently novated to LUWEI to finance the construction of a water treatment plant and upgrading of existing pipe network. The total loan limit increased from USD3,830,000 to USD4,030,000 in year 2013 subject to actual drawdown amount approved by the local PRC government. The loan is unsecured and is repayable quarterly commencing on 15 January 2012 and ending on 15 July 2026.

The loan interest for the financial year is 1.28% (2012: 1.28%).

#### 21.6 USD36 million term loan

In the previous financial year, KGL had secured the syndicated term loan facility of USD36 million from two local licensed banks. The loan was drawn in April 2012. The facility was originally for a period of 6 months from the date of first drawdown on the facility. On 14 March 2012, the two local licensed banks have approved to extend the tenure of the facility to 5 years.

The principal is repayable on a quarterly basis on an equal instalment of USD2 million while the interest is payable on a quarterly basis at a rate of 2.0% above cost of funds ("COF") per annum.

The above term loan is secured via the following:

- (i) First ship mortgage over KGL's barge vessel;
- (ii) Assignment of all the present and future rights, title and interests in and under the charter contracts of the barge vessel;
- (iii) Assignment of all the Designated Collection Account of KGL;
- (iv) All insurances in relation to the barge vessel;
- (v) Any requisition compensation paid or payable by KGL;
- (vi) Debenture over all fixed and floating assets of KGL; and
- (vii) Corporate guarantee from the Company.

# 21.7 Revolving credit

In the previous financial year, GOM Resources had secured credit facilities which include the revolving credit from two local licensed banks. The facilities are secured via the following:

- (i) Assignment of all the present and future rights, title, benefit and interest in and under the project contracts of GOM Resources;
- (ii) Debentures over the fixed and floating assets of GOM Resources;
- (iii) Assignment of the designated collection accounts of GOM Resources; and
- (iv) Corporate guarantee by the Company.

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## 21. LOANS AND BORROWINGS (CONTINUED)

#### **21.8 RCSSI**

On 17 September 2013, the Company issued a 5-year RCSSI of up to RM165,000,000 in nominal value at a consideration of RM144,137,400.

Interest at the rate of 3.95% per annum on the nominal value of the RCSSI is payable by the Company to the RCSSI holders. The RCSSI will be redeemed in full by the Company by 17 September 2018 at their nominal value.

Each RCSSI holder is entitled to exercise its conversion rights to convert the RCSSI into new shares in the Company at the Conversion Price of RM2.00 payable for every new share to be issued pursuant to the conversion of the RCSSI.

Until the RCSSI has been redeemed or converted into shares of the Company, the Company shall pay to the RCSSI holders, coupon on the nominal value of the RCSSI outstanding at a fixed rate of 3.95% per annum.

The RCSSI are regarded as compound instruments, consisting of a liability component and an equity component.

The consideration received less cost of the transaction from the issue of the RCSSI has been split between the liability component and equity component by way of fair valuing the liability component using discounted cash flow method and the residual ascribed to the equity component. The discount rate applied to present value the cash flow of the liability component is 8.5%.

The RCSSI is accounted for in the statements of financial position of the Group and of the Company as follows:

	2013
	RM'000
Liability component	
Nominal value of RCSSI	165,000
Discount on issuance	(20,863)
Proceeds from RCSSI	144,137
Transaction costs	(1,992)
Equity component, net of deferred taxation	(6,770)
Deferred taxation	(2,299)
Liability component as at date of issuance	133,076
Accretion of finance costs	3,638
Liability component as at 31 December	136,714

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## 22. TRADE AND OTHER PAYABLES

	Grou		roup	Con	mpany	
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000	
Current						
Trade						
Trade payables	22.1	218,723	274,919	-	-	
Amounts due to contract customers	13.3	2,937	2,307	-	-	
		221,660	277,226	-	-	
Other payables						
Amount due to a subsidiary	22.2	-	-	203,366	216,425	
Finance cost payable		15,862	17,887	-	_	
Accruals		97,506	72,336	4,684	651	
		113,368	90,223	208,050	217,076	
		335,028	367,449	208,050	217,076	
Non-current						
Other payable		5,252	6,530	-	-	
		340,280	373,979	208,050	217,076	

## 22.1 Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-60 days (2012: 30-60 days) terms.

## 22.2 Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

## 23. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		Restated		
Service concession revenue	565,791	561,136	_	_
Oil and gas construction revenue	454,936	778,042	_	-
Other construction revenue	125,738	223,588	_	-
Others	239	266	-	-
	1,146,704	1,563,032	-	-

For The Year Ended 31 December 2013

## 24. EMPLOYEE BENEFITS EXPENSE

	G	roup
	2013 RM'000	2012 RM'000 Restated
Wages, salaries and bonuses	122,061	105,719
Defined contribution plan	15,139	14,968
Defined benefit plan	251	151
Gratuity	-	20,000
Other staff related expenses	31,392	30,919
	168,843	171,757

Included in employee benefits expense of the Group is the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM15,307,000 (2012: RM34,001,000) as further disclosed in Note 29.

## 25. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Finance cost on Islamic banking borrowings				
BAIDS/MCPs/MMTNs	51,359	58,182	_	_
Accreted finance cost on BAIDS/MCPs/MMTNs	783	612	-	-
Finance cost on conventional borrowings				
- Government Support	1,017	1,243	-	-
- JNA	18,586	18,689	-	-
- RSBs	35,829	36,618	-	-
- USD 46.7 million revolving credit	2,568	370	-	-
- USD31 million term loan	-	1,039	-	-
- USD 36 million term loan	4,019	2,700	-	-
Interest expense on obligation under finance leases	696	808	-	-
Accreted finance cost on JNA/RSBs	17,696	28,035	-	-
Accretion of interest on RCSSI	3,638	-	3,638	-
Bank charges	1,182	3,687	254	18
Total finance costs	137,373	151,983	3,892	18

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## 26. PROFIT BEFORE TAX

## Profit before tax is arrived at after charging:

		Group		Company	
	Note	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Amortisation of service concession assets		2,736	2,115	_	_
Auditors' remunerations	26.1	1,088	1,077	245	290
Impairment loss on:	20.1	1,000	1,077	210	200
- property, plant and equipment		_	1,455	_	_
Depreciation of property, plant and equipment		22,010	18,500	208	208
Depreciation of investment property		,	-	195	360
Operating lease					
- minimum lease payments on buildings		4,261	3,243	158	129
- minimum lease payments on motor vehicle and equipment		9,200	15,265	-	_
Rental expenses on project equipment with third parties		72,055	270,644	_	_
Unrealised foreign exchange loss			2,913	_	3,609
mpairment loss on amount due from subsidiaries		_		6,442	_
mpairment loss on trade receivables					
- Current		3,021	3,876	_	_
- Non-current		49,376	24,824	_	_
Realised foreign exchange loss		1,714	1,891	1	_
Indemnity cost	26.2	-	15,000	-	-
and after crediting:					
Accretion of interest on long-term receivable		7,192	9,977	_	_
nterest income – RCULS		13,819	12,806	13,819	12,806
Tax indemnity received from previous					
shareholder of a subsidiary	26.3	39,000	_	_	_
Finance income from operating financial asset		45,523	47,478	_	_
Profit earned from deposits		11,851	15,136	5,541	5,657
Rental income from land and building		378	385	60	60
Rental income from investment property		_	_	892	873
Unrealised foreign exchange gain		1,245	-	8,797	-
Gain on disposal of short-term investment		2,067	-	2,067	_
Late payment interest from long-term receivables		128,326	110,309	_	_

For The Year Ended 31 December 2013

## 26. PROFIT BEFORE TAX (CONTINUED)

#### 26.1 Auditors' remunerations

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		Restated		
KPMG				
- Statutory audit	339	-	56	-
KPMG members - Statutory audit	309	-	-	-
Other non-audit services	214	-	165	-
	862	-	221	-
Others auditors				
- Statutory audit	16	748	-	56
- Other non-audit services	210	329	24	234
	226	1,077	24	290
	1,088	1,077	245	290

- 26.2 In the previous financial year, PNSB paid a sum amounting to RM15,000,000 to its Executive Chairman, Tan Sri Rozali Ismail, being indemnity for losses suffered by him as the agent of PNSB, in defending a legal case brought against him together with two other defendants by a third party arising from a termination of agreement between PNSB and the third party for procurement of water related projects. The indemnity was in respect of the amount which Tan Sri Rozali Ismail was ordered to pay by the High Court. However, upon appeal to the Court of Appeal, the decision of the High Court was reversed in Tan Sri Rozali Ismail's favour and leave for the third party to appeal to the Federal Court was refused. The total indemnity claimed by Tan Sri Rozali Ismail in connection with this legal suit was approximately RM36,524,000, out of which PNSB had paid a sum of RM15,000,000, with the balance sum of approximately RM21,524,000 subsequently waived by Tan Sri Rozali Ismail. Proceedings are presently ongoing to recover the sum paid by Tan Sri Rozali Ismail pursuant to the High Court decision and upon recovery, it shall accrue to the benefit of PNSB.
- **26.3** During the year, POG entered into a settlement agreement with the previous shareholder of a subsidiary for the settlement of outstanding tax liability prior to POG's acquisition of the subsidiary.

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## 27. TAX EXPENSE

## Recognised in profit or loss

	Gra		Group		mpany	
		2013	2012	2013	2012	
	Note	RM'000	RM'000	RM'000	RM'000	
			Restated			
Current income tax						
- Current financial year		962	101,298	942	1,261	
- Foreign income tax		104	103	51	76	
- (Over)/under provision in respect of prior years	27.1	(160,074)	(35,406)	236	998	
		(159,008)	65,995	1,229	2,335	
Deferred income tax						
- Origination and reversal of temporary differences		36,079	(18,921)	566	3,181	
- Under provision in respect of prior years	27.1	159,492	19,917	-	1,940	
		195,571	996	566	5,121	
Total income tax expense		36,563	66,991	1,795	7,456	

- **27.1** The over and under provision of current tax expenses and deferred tax expenses of the Group in the prior year were mainly related to the revised tax computation submitted to the IRB by PNSB to take into account of the following tax adjustments:
  - i) To claim a deduction under Section 34(2) of the Income Tax Act 1967 ("the Act") in respect of the amount owing from SYABAS for treated water supplied which was not collectible as at end of the basis period for YA2009 to YA2011 respectively; and
  - ii) To include as gross income and subject to tax on the bad and doubtful debts claimed as tax deduction under item (i) above which was recovered from SYABAS in the subsequent years of assessment pursuant to Section 30(1) of the Act, i.e. when the payment is received from SYABAS, it will become taxable.

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## 27. TAX EXPENSE (CONTINUED)

## **Reconciliation of tax expense**

The continuation of tax expenses	Gı	roup	Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Profit before tax	236,364	325,372	16,782	13,691
Taxation at Malaysian statutory tax rate of 25%	59,091	81,343	4,196	3,422
Different tax rates in other jurisdictions	(9,076)	(8,918)	(24)	(36)
Effect on reduction in Malaysian income tax rate	(15,414)	-	-	-
Income not subject to tax	(10,884)	-	(3,455)	(323)
Expenses not deductible for tax purposes	12,454	9,389	842	1,455
(Over)/under provision of current tax in prior years	(160,074)	(35,406)	236	998
Under provision of deferred tax in prior years	159,492	19,917	-	1,940
Others	974	666	-	-
Income tax expense recognised in profit or loss	36,563	66,991	1,795	7,456

## 28. EARNINGS PER ORDINARY SHARE

## Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	G	roup
	2013	2012 Restated
Profit attributable to ordinary shareholders (RM'000)	200,551	259,389
Weighted average number of ordinary shares ('000)	409,146	409,106
Basic earnings per ordinary share (sen)	49.02	63.40

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## 28. EARNINGS PER ORDINARY SHARE (CONTINUED)

## Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2013 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2013 RM'000	2012 RM'000 Restated
Profit attributable to ordinary shareholders (basic) Add: Accretion of interest expense on RCSSI	200,551 3,638	259,389
Profit attributable to ordinary shareholders (diluted)	204,189	259,389
Weighted average number of ordinary shares at 31 December (basic)  Effect of dilution:	<b>'000</b> 409,146	<b>'000</b> 409,106
- Warrant - RCSSI	11,400 20,625	-
Weighted average number of ordinary shares at 31 December (diluted)	441,171	409,106
Diluted earnings per share (sen)	46.28	63.40

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

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## 29. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Executive Directors:				
Wages, salaries and bonuses	11,219	10,390	17	_
Defined contribution plan	2,356	2,428	2	_
Leave passage	390	360	_	_
Gratuity	_	20,000	-	-
Other staff related expenses	1,342	823	-	-
Total executive directors' remuneration (excluding benefit-in-kind)	15,307	34,001	19	_
Estimated money value of benefit-in-kind	142	163	-	-
Total executive directors' remuneration (including benefit-in-kind)	15,449	34,164	19	-
Non-executive Directors:				
Wages, salaries and bonuses	47	-	47	-
Defined contribution plan	8	-	8	-
Leave passage	300	300	300	300
Other staff related expenses	427	373	427	373
Total non-executive directors' remuneration	782	673	782	673
Total directors' remuneration	16,231	34,837	801	673

In the previous financial year, retirement benefits amounted to RM20,000,000 had been paid to the Executive Chairman upon his statutory retirement date on 9 December 2012.

## 30. DIVIDEND

Dividend recognised by the Company:

		Total	
	Sen	amount	Date of
2013	per share	RM'000	payment
Final 2012 ordinary (net of tax)	5	20,455	6 August 2013

After the end of the reporting period, no dividend were proposed by the Board of Directors.

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#### 31. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Water treatment
 Includes operation, maintenance, management, construction, rehabilitation and refurbishment

of water treatment facilities.

Oil and gas Includes provision of services offshore, logistic and marine management.

Constructions Includes construction activities.

Other non-reportable segments comprise mainly investment holding.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### **Segment assets**

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return on assets of each segment.

## **Segment liabilities**

The total of segment liabilities is measured based on all liabilities of a segment as included in the internal management reports that are reviewed by the Board of Directors.

#### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and service concession assets.

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# 31. OPERATING SEGMENTS (CONTINUED)

2013	Water treatment RM'000	Oil and gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Operating revenue						
Sales to external						
customers	565,791	454,936	125,737	240	-	1,146,704
Interest income	186,869	480	2	19,360	-	206,711
Other income	13,706	27,549	-	3,365	(892)	43,728
	766,366	482,965	125,739	22,965	(892)	1,397,143
Operating expenses	(268,791)	(433,649)	(139,021)	(19,573)	892	(860,142)
Rental expenses on project equipment	_	(72,055)	-	_	-	(72,055)
Impairment of trade receivables	(52,397)	-	-	_	_	(52,397)
Share of losses in: - Associates	_	_	_	(2)	_	(2)
- Joint ventures	_	_	_	(14,064)	_	(14,064)
Depreciation and amortisation	(16,592)	(7,615)	_	(539)	_	(24,746)
Segment results	428,586	(30,354)	(13,282)	(11,213)	_	373,737
Finance cost	•	, , ,		,		(137,373)
Profit before tax						236,364
Assets and Liabilities						
Segment assets	3,824,559	526,850	_	1,429,078	(1,235,757)	4,544,730
Unallocated assets						101,625
Total assets						4,646,355
Segment liabilities	1,814,052	491,273	-	502,922	(412,164)	2,396,083
Unallocated liabilities						475,723
Total liabilities						2,871,806
Included in the measure of segment assets						
are:						
Additions to						
non-current assets						
other than financial						
instruments and						
deferred tax assets	28,947	8,647	1,090	-	-	38,684

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# 31. OPERATING SEGMENTS (CONTINUED)

2012	Water treatment RM'000	Oil and gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Operating revenue						
Sales to external customers	561,137	778,042	223,587	266	-	1,563,032
Interest income	177,237	6	-	18,463	_	195,706
Other income	2,441	3,002	-	2,022	(1,290)	6,175
	740,815	781,050	223,587	20,751	(1,290)	1,764,913
Operating expenses	(316,238)	(421,917)	(198,122)	(23,079)	4,712	(954,644)
Rental expenses on project equipment	- -	(270,644)	- -	_	_	(270,644)
Impairment of trade receivables	(28,700)	-	-	_	_	(28,700)
Share of losses in: - Associates	_	_	-	(1)	-	(1)
- Joint venture	-	-	-	(12,954)	-	(12,954)
Depreciation and amortisation	(15,433)	(4,562)	_	(620)	_	(20,615)
Segment results	380,444	83,927	25,465	(15,903)	3,422	477,355
Finance cost						(151,983)
Profit before tax						325,372
Assets and Liabilities						
Segment assets	3,629,739	548,250	-	1,233,857	(1,164,450)	4,247,396
Unallocated assets						2
Total assets						4,247,398
Segment liabilities	1,869,532	500,351	-	319,640	(377,684)	2,311,839
Unallocated liabilities						352,681
Total liabilities						2,664,520
Included in the measure of segment assets are:						
Additions to non-current assets other than financial						
instruments and deferred tax assets	32,069	17,829	-	-	-	49,898

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# 31. OPERATING SEGMENTS (CONTINUED)

The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group		
	2013 RM'000	2012 RM'000	
Investment in joint ventures and associates	(332,654)	(318,588)	
Inter group intercompany balances elimination	(440,270)	(423,639)	
Investment in subsidiaries	(464,081)	(422,381)	
Others	1,248	158	
	(1,235,757)	(1,164,450)	

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Gre	Group	
	2013	2012	
	RM'000	RM'000	
Inter group intercompany balances	(453,248)	(430,788)	
Investment in RSBs	41,084	53,104	
	(412,164)	(377,684)	

## **Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, (including investments in associates and investment in joint ventures) and deferred tax assets.

	Gro	Group		
Geographical information	Ne	Non-current		
2013	Revenue RM'000	assets RM'000		
Malaysia	1,139,678	428,364		
Others	7,026	108,671		
	1,146,704	537,035		
2012				
Malaysia	1,555,655	414,022		
Others	7,377	98,665		
	1,563,032	512,687		

## **Major customers**

Approximately 87% (2012: 82%) of total revenue during the year is mainly contributed from three (3) (2012: three (3)) customers.

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## 32. FINANCIAL INSTRUMENTS

# 32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

		Loans and	
	1	receivables/	
		(Financial	
		liabilities	Available-
		neasured at	for-sale
	Carrying	amortised	financial
2013	amount	cost)	assets
Group	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables	2,240,857	2,240,857	_
Operating financial assets	841,859	841,859	_
Short-term investments	50,029	_	50,029
Cash and cash equivalents	671,906	671,906	-
	3,804,651	3,754,622	50,029
Financial liabilities			
Trade and other payables	(337,343)	(337,343)	-
Loans and borrowings	(2,053,751)	(2,053,751)	-
	(2,391,094)	(2,391,094)	-
2012			
Financial assets			
Trade and other receivables	1,884,533	1,884,533	_
Operating financial assets	906,784	906,784	_
Short-term investments	50,661	- -	50,661
Cash and cash equivalents	449,239	449,239	_
DSRA	191,091	191,091	-
	3,482,308	3,431,647	50,661
Financial liabilities			
Trade and other payables	(371,672)	(371,672)	-
Loans and borrowings	(1,935,717)	(1,935,717)	-
	(2,307,389)	(2,307,389)	-

For The Year Ended 31 December 2013

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.1 Categories of financial instruments (continued)

2013		Loans and receivables/ (Financial liabilities neasured at amortised cost)	Available- for-sale financial assets
Company	RM'000	RM'000	RM'000
Financial assets			
Other receivables	414,950	414,950	_
Short-term investment	50,029	-	50,029
Cash and cash equivalents	225,438	225,438	-
	690,417	640,388	50,029
Financial liabilities			
Other payables	(208,050)	(208,050)	-
Loans and borrowings	(136,714)	(136,714)	-
	(344,764)	(344,764)	-
2012			
Financial assets			
Other receivables	374,738	374,738	-
Short-term investment	50,661	-	50,661
Cash and cash equivalents	174,812	174,812	
	600,211	549,550	50,661
Financial liabilities			
Other payables	(217,076)	(217,076)	_

## 32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets - recognised in other comprehensive income	(632)	661	(632)	661
- reclassified from equity to profit or loss	2,067	-	2,067	-
	1,435	661	1,435	661
Loans and receivables	154,314	167,006	19,360	18,463
Financial liabilities measured at amortised cost	(137,373)	(151,983)	(3,892)	(18)
	18,376	15,684	16,903	19,106

For The Year Ended 31 December 2013

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

#### 32.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors regularly reviews and agrees policies and procedures for the management of these risks.

The following sections provide details on the Group's and Company's exposure to the above mentioned financial risks and the objectives and policies for the management of these risks.

#### 32.4 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables.

The Group manages its credit risk by establishing credit controls with the view to ensuring that overdue debts are within an acceptable level. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Amount due from SYABAS is expected to be fully received by end of 2017 depending on the favourable outcome of litigation taken against the State Government by SYABAS in relation to tariff compensation claims.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.4 Credit risk (continued)

## **Receivables**

Credit risk concentration profile

At the reporting date, the Group's trade receivables were mainly due from three (3) (2012: three (3)) customers.

Impairment losses

		Individual	
	Gross	impairment	Net
Group	RM'000	RM'000	RM'000
2013			
Not past due	218,021	-	218,021
Past due 0-30 days	56,637	-	56,637
Past due 31-154 days	232,290	-	232,290
Past due more than 154 days	1,651,853	(112,248)	1,539,605
	2,158,801	(112,248)	2,046,553
2012			
Not past due	256,082	-	256,082
Past due 0-30 days	57,727	-	57,727
Past due 31-154 days	228,022	-	228,022
Past due more than 154 days	1,140,089	(59,851)	1,080,238
	1,681,920	(59,851)	1,622,069

Group	2013 RM'000	2012 RM'000
At 1 January Impairment loss recognised	59,851	31,151
- Third parties	3,021	3,876
- Amount due from SYABAS	49,376	24,824
At 31 December	112,248	59,851

As at 31 December 2013, impairment losses arising from amount due from SYABAS were mainly due to change of estimated timing of receipts and disagreement of late payment interest by SYABAS.

No ageing analysis is presented for amount due from Serba Tiara as the amount is payable in ten annual instalments as disclosed in Note 13.5.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

#### 32.4 Credit risk (continued)

#### **Investments**

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic trust fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments are unsecured.

## **Financial guarantees**

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM166,002,000 (2012: RM184,093,000) representing the outstanding banking facilities of the Group as at end of the reporting period which are guaranteed by the Company.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

#### Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.4 Credit risk (continued)

## Inter company loans and advances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, an impairment loss of RM6,442,000 (2012: Nil) was recognised during the year. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

## 32.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group manages its liquidity risk by establishing budget with the view to ensure sufficient bank balances to meet the obligations. In addition, the Group negotiate with financial institutions to reschedule and/or restructure the existing credit facilities to coincide with the present operating environment.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
2013 Financial liabilities: Trade and other payables Loans and borrowings	337,343 2,053,751	- 1.28% - 11.00%	337,343 2,621,966	332,091 252,960	5,252 2,302,236	- 66,770
Total undiscounted financial liabilities	2,391,094	_	2,959,309	585,051	2,307,488	66,770
<b>2012 Financial liabilities:</b> Trade and other payables Loans and borrowings	371,672 1,935,717	- 1.28% - 11.00%	371,672 2,249,120	365,142 640,113	6,530 1,428,020	- 180,987
Total undiscounted financial liabilities	2,307,389		2,620,792	1,005,255	1,434,550	180,987
Company 2013 Financial liabilities: Trade and other payables Loans and borrowings	208,050 136,714	- 3.95%	208,050 204,122	208,050 6,517	- 197,605	-
Total undiscounted financial liabilities	344,764	-	412,172	214,567	197,605	_
2012 Financial liabilities: Trade and other payables	217,076	- -	217,076	217,076	-	

For The Year Ended 31 December 2013

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

#### 32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

## 32.6.1 Currency risk

The Group operates primarily in Malaysia and the PRC. Thus, it is exposed to various currencies, mainly USD and SGD. Foreign currency denominated assets and liabilities together with expected cash flows from probable purchases and sales give rise to foreign exchange exposures.

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denomi	nated in
	USD	SGD
Group	RM'000	RM'000
As at 31 December 2013		
Cash and cash equivalents	2,434	-
Trade and other receivables	71,075	-
Trade and other payables	(15,224)	(328)
Loans and borrowings	(80,839)	-
	(22,554)	(328)
As at 31 December 2012		
Cash and cash equivalents	88,212	-
Trade and other receivables	183,531	_
Trade and other payables	(70,771)	(858)
Loans and borrowings	(80,120)	-
	120,852	(858)

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

#### 32.6 Market risk (continued)

## 32.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denomina	<b>Denominated in USD</b>	
	2013	2012	
Company	RM'000	RM'000	
Trade and other payables	(665)	(622)	

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 3% (2012: 3%) strengthening of the RM against the following currencies at the end of the reporting period would have increase/(decrease) impact to pre-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit	or loss
	2013	2012
	RM'000	RM'000
Group		
USD	676	(3,625)
SGD	10	25
Company		
USD	20	19

A 3% (2012: 3%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.6 Market risk (continued)

## 32.6.2 Interest rate risk

Risk management objectives, policies and processes for managing the risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings and receivables are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2013	3 2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	546,457	304,163	224,038	159,163
Financial liabilities	(1,887,749)	(1,751,624)	(136,714)	-
	(1,341,292)	(1,447,461)	87,324	159,163
Floating rate instruments				
Financial assets	1,592,328	1,208,010	-	-
Financial liabilities	(166,002)	(184,093)	-	-
	1,426,326	1,023,917	-	-

The Group's income and operating cash flows on fixed interest rate instruments are substantially independent of changes in market interest rates.

Cash flow sensitivity analysis for variable rates instruments

At the reporting date, if interest rates had been 10 basis points higher, with all other variables held constant, the Group's pre-tax profit would have been RM14,263,000 (2012: RM10,239,000) higher.

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

## 32.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The following are the analysis of the carrying amount and fair value of those financial instruments not carried at fair value. These fair values are categorised under Level 3 of the fair value hierarchy.

	Carrying amount 2013 RM'000	Fair value 2013 RM'000	Carrying amount 2012 RM'000	Fair value 2012 RM'000
Group				
Financial assets				
Operating financial assets	841,859	700,923	906,784	736,514
Long-term receivables	1,841,450	1,841,450	1,415,078	1,256,980
Financial liabilities				
Loans and borrowings				
- Obligations under finance leases	(12,594)	(11,426)	(14,194)	(10,816)
- Government support loan	(32,076)	(33,614)	(39,521)	(34,638)
- BAIDS/MCPs/MTNs	(1,016,591)	(938,705)	(1,016,991)	(807,998)
- JNA	(213,091)	(294,906)	(198,872)	(165,968)
- RSBs	(462,927)	(462,775)	(471,406)	(356,616)
USD36 million term loan	(85,163)	(85,163)	(103,973)	(103,973)
Lushan MOF Novated World Bank Loan	(11,827)	(10,071)	(10,640)	(8,394)
RCSSI	(136,714)	(138,733)	-	-
Company				
Financial asset				
RCULS	182,719	172,210	168,900	159,183
Financial liabilities				
RCSSI	(136,714)	(138,733)	-	-

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## 32. FINANCIAL INSTRUMENTS (CONTINUED)

#### 32.7 Fair value information (continued)

Short-term investment of the Group and of the Company amounted to RM50,029,000 (2012: RM50,661,000) which is carried at fair value is categorised under Level 2 of the fair value hierarchy.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities using discounted cash flow method.

## 33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to support the Group's growth strategy and maximise shareholder value with optimal capital structure.

From time to time, the Group purchases its own shares from the market, the timing of these purchase depends on market prices and availability of financial resources.

The Group and the Company are not subject to externally imposed capital requirements.

The Group manages capital using a gearing ratio, which is net debt divided by total capital being the equity attributable to equity holders of the Company plus net debt. The Group includes within net debts, loans and borrowings, trade and other payables less cash and cash equivalents.

At year end, the Group has a net debt of RM1,709,705,000 (2012: RM1,858,150,000) and a total capital of RM3,486,461,000 (2012: RM3,442,597,000) giving rise to a gearing ratio of approximately 49% (2012: 54%).

For The Year Ended 31 December 2013

## 34. COMMITMENTS

# 34.1 Operating lease commitments - as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2013	2012
	RM'000	RM'000
Future minimum lease payments:		
Less than one year	2,601	2,354
Between one and five years	1,512	1,566
More than five years	7	-
	4,120	3,920

The Group leases buildings under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. Lease payments are increased every 1 to 3 years to reflect market rentals.

### 34.2 Finance lease commitments

	Group	
	2013	2012
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	5,453	5,198
Later than 1 year but not later than 2 years	3,999	5,288
Later than 2 years but not later than 5 years	4,140	5,005
	13,592	15,491
Less: Finance charges	(998)	(1,297)
Present value of minimum lease payables	12,594	14,194
Present value of payments:		
Not later than 1 year	4,917	4,549
Later than 1 year but not later than 2 years	3,724	4,847
Later than 2 years but not later than 5 years	3,953	4,798
Present value of minimum lease payables	12,594	14,194
Less: Amount due within 12 months	(4,917)	(4,549)
Amount due after 12 months (Note 21)	7,677	9,645

The finance lease has been provided for as disclosed in Note 21 to the financial statements.

Group

For The Year Ended 31 December 2013

### 35. CONTINGENCIES

### Tax penalty - PNSB

PNSB recognised all the invoices issued to SYABAS in its profit or loss for the supply of treated water as revenue.

PNSB had appealed to the IRB to revise the tax computations for YA2009 to YA2011 to take into account the following tax adjustments:

- To claim a deduction under Section 34(2) of the Income Tax Act 1967 ("the Act") in respect of the amount owing from SYABAS for treated water supplied which was not collectible as at end of the basis period for YA2009 to YA2011 respectively; and
- ii) To include as gross income and subject to tax on the bad and doubtful debts claimed as tax deduction under item (i) above which was recovered from SYABAS in the subsequent years of assessment pursuant to Section 30(1) of the Act, i.e. when the payment is received from SYABAS, it will become taxable.

PNSB had fully paid all the tax instalments for YA2009, YA2010 and YA2011 and is appealing for tax refund from IRB.

IRB had replied to PNSB's petition of appeal on 5 August 2013 wherein IRB had requested PNSB to prove that the amount owing by SYABAS is bad debts pursuant to Section 34(2) of the Act. PNSB's tax solicitors had replied to IRB and the matter is now awaiting for a case management date.

PNSB had submitted a RM Nil tax payable for YA2012 and estimated the tax payable for YA2013 based on the same approach as the tax appeal above. Nevertheless, deferred tax liabilities have been provided accordingly.

In the event that IRB does not grant approval to PNSB to claim a deduction under Section 34(2) of the Act in respect of amount owing from SYABAS for treated water supplied, PNSB will be exposed to a potential tax penalty under Section 107C(10) of the Act for YA2012 in respect of late payment of tax. PNSB had expressed its awareness on the matter and the final outcome will be based on IRB's decision on the matter.

As at the reporting date, there is a potential tax penalty, pending the outcome of PNSB's appeal to IRB.

For The Year Ended 31 December 2013

### 36. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

G	Group	
2013 RM'000	2012 RM'000	
Contracts approved and contracted for 33,321	18,017	

#### 37. RELATED PARTIES

## **Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

## Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 8, 10, 13 and 22.

For The Year Ended 31 December 2013

Company

# 37. RELATED PARTIES (CONTINUED)

# Significant related party transactions (continued)

			Company		
				2013 RM'000	2012 RM'000
Subsidiaries					
Subsidiaries Rental from SINO				892	873
Advances from PNSB				345	229,610
Advances to PNSB				13,413	32,835
Repayment to PNSB				47,640	262,118
Advances to POG					9,399
Repayment from POG				_	20,240
Advances to SINO				18,579	13,509
Advances to PNOC				33	5,074
Advances to PNCSB				4,157	-
Advances to PSSB				-	4,706
		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Joint venture					
RCULS interest receivable		13,819	12,806	13,819	12,806
Late payment interest		128,326	120,558	-	-
Storage fee charged		544	436	-	-
Sales of bulk quantity of treated water		701,434	689,588	-	-
Key management personnel					
Short-term employee benefits		24,261	17,198	63	_
Defined contribution plan		4,281	3,375	11	-
Gratuity		_	20,000	_	-
Other staff related expenses		5,259	4,811	727	673
		33,801	45,384	801	673
Directors' remuneration	29	16,231	34,837	801	678
	29	16,231	34,837	801	673
Directors' remuneration  Director related corporation  Secretarial fees charged by RZ Managi		16,231	34,837	801	673

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Related party transactions have been entered into in the course of business under negotiated terms.

Information regarding outstanding balances arising from related party transactions are disclosed in Note 13 and Note 22 to the financial statements.

For The Year Ended 31 December 2013

### 38. ACQUISITIONS OF SUBSIDIARIES

(1) On 9 January 2013, POG, a wholly-owned subsidiary of the Company had incorporated a wholly owned limited company in the Republic of the Union of Myanmar, namely GOL.

The permanent Form of Permit and permanent Certificate of Incorporation are both dated 9 January 2013. The permanent Form of Permit is valid from 9 January 2013 to 8 January 2018.

GOL was incorporated to facilitate the Group to undertake the business of transportation and installation of pipelines and other services of the onshore and offshore operations of the oil and gas industry including submarine pipelines installations, underwater diving and remotely operated vehicle services, marine support vessel services, petrochemicals and engineering services and logistic services in Myanmar.

- (2) On 23 August 2013, the Company acquired a shelf company, Murni Estate Sdn. Bhd. ("Murni Estate"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Murni Estate at a total cash consideration of Ringgit Malaysia Two (RM2.00) only, thereby making Murni Estate a wholly-owned subsidiary of the Company.
- (3) On 23 August 2013, the Company entered into a Sale and Purchase Agreement to acquire 750,002 ordinary shares of RM1.00 each in PNCSB, representing 100% of the issued and paid up share capital of PNSCB for a cash consideration of RM1,700,000.

Following the completion of the acquisition, PNCSB became a wholly-owned subsidiary of the Company.

PNCSB is involved in construction work, general contracts and related activities.

For The Year Ended 31 December 2013

### 39. SIGNIFICANT EVENTS

(1) Offer from KDEB

On 20 February 2013, the Company had received two (2) faxed letters from KDEB for the following:

- (i) Indicative terms and conditions for proposed purchase of 100% equity in PNSB;
- (ii) Indicative terms and conditions for proposed purchase of 70% equity in SYABAS other than equity already owned by KDEB.

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 20 February 2013:

(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 pro rata share of water assets of SYABAS to be acquired by PAAB.
- (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:
  - Bonds acquired by ACQUA or remaining in the capital markets;
  - Commercial loans, if applicable; and
  - Government loans; if applicable.
- (vi) PAAB to decide on payment of surplus book value of assets over liabilities, and if agreeable, to be paid by PAAB direct to applicable concessionaires.

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

- (1) Offer from KDEB (continued)
  - (b) Payment Consideration

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

(i) For PNSB

	RM million
Equity contribution plus return on equity at 12% per annum	1,117.5
Water Assets to be assumed	1,359.5
Total Value of PNSB Equity Note 1	2,477.0

Note 1: Preliminary value of PNSB equity to be revised pursuant to the due diligence inquiry to be undertaken.

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in Note 39 (1)(a) (iii) and (iv) above, with the remaining value to be via assumption of liabilities of PNSB.

Payment for surplus book value of assets over liabilities to be assumed, if any, shall be subject to the agreement of PAAB.

# (ii) For SYABAS

Equity contribution plus return on equity at 12% per annum	437.8
A pro rata share of water assets to be assumed	2,679.2
Total Value of SYABAS Equity Note 1	3,117.0

Note 1: Preliminary value of SYABAS equity to be revised pursuant to the due diligence inquiry to be undertaken.

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in Note 39 (1)(a) (ii) and (iii) above, with the remaining value to be via assumption of a pro rata share of liabilities of SYABAS.

Payment for surplus book value of assets over liabilities to be assumed, if any, shall be subject to the agreement of PAAB.

**RM** million

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

- (1) Offer from KDEB (continued)
  - (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:

- Acceptance in principle of the indicative terms and conditions proposed by KDEB by the Company by 5.00 p.m. (Malaysian time) on or before 6 March 2013 or such other extended or revised closing date(s) as may be decided by KDEB;
- (ii) Acceptance in principle of the indicative terms and conditions proposed by KDEB for the acquisition of the equity interest of the other Selangor Water Companies by those respective shareholders to whom such proposals are made by 5.00 p.m. (Malaysian time) on or before 6 March 2013 or such other extended or revised closing date(s) as may be decided by KDEB;
- (iii) The execution of the Definitive Agreements and all other definitive agreements for the purchase of the equity interest of the other Selangor Water Companies and any other legal documentation deemed necessary by solicitors to be appointed by KDEB;
- (iv) Satisfactory completion of the due diligence inquiries to be undertaken on PNSB and SYABAS prior to the completion of the Proposed Purchase of PNSB and the Proposed Purchase of SYABAS;
- The estimated value for PNSB and SYABAS of RM2,477.0 million and RM3,117.0 million respectively to be revised, if necessary, pursuant to the completion of the due diligence inquiries;
- (vi) All corporate approvals required by the Company including, if applicable, the approval of the the Company's minority shareholders and/or shareholders of the Company at a general meeting of shareholders to be convened;
- (vii) Approval and consent of the Federal Government and all related agencies e.g. KeTTha, the Economic Planning Unit and/or the Public Private Partnership Unit ("UKAS") etc;
- (viii) Approval and consent of the Selangor State Government and all related agencies e.g. Selangor Economic Planning Unit ("UPEN") etc;
- (ix) Approval of the National Water Services Commission ("SPAN"), the Securities Commission ("SC"), Bursa Malaysia, if applicable;

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

- (1) Offer from KDEB (continued)
  - (c) Conditions of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS (continued)
    - (x) Approval of ACQUA and other lenders of PNSB and SYABAS, where applicable;
    - (xi) The approval of any other authorities or parties, if required; and
    - (xii) Any other terms to be mutually agreed upon by all parties.

Acceptance in principle of the indicative terms and conditions set out in KDEB's letters dated 20 February 2013 do not give rise to a contract and are not intended that the indicative terms and conditions stipulated therein represent the final agreements as to the Proposed Purchase of PNSB and the Proposed Purchase of SYABAS. These indicative terms and conditions are subject to the negotiation and execution of the Definitive Agreements.

On 6 March 2013, the Board of Directors of the Company announced that after full deliberation of the offer from KDEB and after considering also the advise of Hong Leong Investment Bank Bhd, the Adviser appointed by the Board to assist and advise the Board in evaluating the Offers from KDEB, and in view of the incomplete and inconclusive nature of the Offers as well as the position taken by PAAB was unable to reach a final decision to even consider giving approval in principle or to give acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB's letters dated 20 February 2013. Given these circumstances, the Board is also not ready to convene a general meeting for the purpose of tabling the KDEB Offers to the shareholders of the Company for consideration.

The Board further decided that the Company is still willing to hold discussions with KDEB on the Offers, subject to KDEB's readiness to provide definitive answers to all issues raised by the Company.

On 21 November 2013, the Company again received two (2) hand-delivered letters at 5.00 p.m. from KDEB in respect of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS.

The terms of the offer are similar with the KDEB offer dated 20 February 2013.

On 3 December 2013, the Board of Directors of the Company had at a Special Board of Directors' Meeting 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 the Company, 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.

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## 39. SIGNIFICANT EVENTS (CONTINUED)

(1) Offer from KDEB (continued)

After full deliberation, the Board had reach a decision to accept in principle the Offers from KDEB to purchase 100% equity of PNSB and 70% of SYABAS subject to KDEB agreeing to the following principles:

- (i) That the total equity contribution to be paid to the Company shall include a compounded return of 15% per annum taken as compensation to the Company 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 the Company 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 the Company as this represents the profits attributable to the Company;
- (iv) Removal for the requirement of due diligence post acceptance of the Offers in order for the Offers to be completed in a timely manner; 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.

The Company had on even date sent a letter to KDEB to inform KDEB of the Board's decision.

On 12 December 2013, the Company had received a letter from KDEB to request for time until 31 December 2013 to revert with an appropriate response to the Company's letter.

The Company had on 13 December 2013 issued a letter to KDEB agreeing to KDEB's request for extension of time until 31 December 2013 to revert to the Company's letter dated 4 December 2013.

On 31 December 2013, the Company had received a letter from KDEB to request for a further extension of time until 15 January 2014 to enable KDEB to revert with an appropriate response to the Company's letter dated 4 December 2013. On 2 January 2014, the Company issued a letter to KDEB agreeing to KDEB's request for a further extension of time until 15 January 2014 to revert to the Company's letter dated 4 December 2013.

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## 39. SIGNIFICANT EVENTS (CONTINUED)

(1) Offer from KDEB (continued)

KDEB has notified the Company on 9 January 2014 that there will be no further discussions on the proposal to purchase the equities of PNSB and SYABAS for the foreseeable future.

On 26 February 2014, the Company had received two (2) letters via facsimile in respect of the Proposed Purchase of PNSB and SYABAS from KDEB.

The terms of the offer are similar with the KDEB Offer dated 21 November 2013 except for the following additional clauses:-

- (a) If the shareholder does not agree with the amount of the payment made to it under paragraph (b)(i) 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) 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 (d) below. In making such determination the arbitral tribunal shall:
  - (i) Not determine a price that is below the Proposed Price; and
  - (ii) Base on the price on the sum of (a) what the arbitral tribunal consider 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.

- (b) If the shareholder does not agree with the amount of the payment made to it under paragraph (b)(ii) 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) 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 (d) below. In making such determination the arbitral tribunal shall:
  - (i) Not determine a price that is below the Proposed Price; and
  - (ii) Base on the price on the sum of (a) what the arbitral tribunal consider 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.

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## 39. SIGNIFICANT EVENTS (CONTINUED)

- (1) Offer from KDEB (continued)
  - (c) 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; and
- (ii) Shall be legally binding and remain in full force and effective until superseded by a formal agreement.
- (d) 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.

On 10 March 2014, the Board after full deliberation of the matters as enumerated above and after considering the inputs of the management of the Company and 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:-

- (a) 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 the Company shall include a compounded return of 15% per annum taken as compensation to the Company for the loss of future income as a result of the sale of its water concession business to the Selangor State Government;

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

- (1) Offer from KDEB (continued)
  - (ii) The receivables due and outstanding from SYABAS to PNSB at the effective date of the sale shall be paid to the Company 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 the Company as this represents the profits attributable to the Company;
  - (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.
  - (b) 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 the Company including the minority shareholders. Additionally, SYABAS had previously received written instructions 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 the Company is mindful that only after KDEB has reverted to the Company 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 the Company 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 to decide on the KDEB Offer.

Following the decision of the Board, the Management of the Company had, 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.

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

(2) Free Warrants Issue and Convertible Sukuk Ijarah Issue

On 21 January 2013, the Securities Commission Malaysia had, via its letter dated 18 January 2013 which was received on 21 January 2013, approved the Company proposed convertible Sukuk Ijarah under Section 212(5) of the Capital Markets & Services Act 2007.

On 22 March 2013, Bursa Malaysia Securities Berhad ("Bursa Securities") had, via its letter dated 22 March 2013 resolved to approve the Company's application for the following:

- (i) admission to the Official List and the listing and quotation of up to 40,910,609 Warrants to be issued pursuant to the Proposed Free Warrants Issue;
- (ii) listing of up to 40,910,609 new PNHB Shares to be issued pursuant to the exercise of the Warrants; and
- (iii) listing of up to 165,000,000 new PNHB Shares to be issued pursuant to the conversion of the Convertible Sukuk.

The approval of Bursa Securities is subject to the following conditions:

- (i) The Company and HLIB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposals;
- (ii) The Company and HLIB to inform Bursa Securities upon the completion of the Proposals;
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;
- (iv) The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and Convertible Sukuk as at the end of each quarter together with a detailed computation of listing fees payable; and
- (v) A certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Proposals.

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

(2) Free Warrants Issue and Convertible Sukuk Ijarah Issue (continued)

The Company had on 13 May 2013 issued a Circular to Shareholders and notice of Extraordinary General Meeting ("EGM") to be held on 28 May 2013 in relation to the following:

- (i) Proposed issue of up to 40,910,609 free warrants in the Company ("Warrants") on the basis of 1 Warrant for every 10 existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company ("Proposed Free Warrants Issue"); and
- (ii) Proposed issue of a 5-year Redeemable Convertible Secured Sukuk Ijarah of up to RM165.0 million in nominal value ("Proposed Convertible Sukuk Ijarah Issue").

At the EGM held on 28 May 2013, the shareholders of the Company had approved the ordinary resolutions in relation to the Proposed Free Warrants Issue and Proposed Convertible Sukuk Ijarah Issue respectively.

On 26 July 2013, the proposed Free Warrants Issue had been completed following the listing of and quotation for 40,910,609 Warrants on the Main Market of Bursa Securities.

On 7 August 2013, the Company had executed the Trust Deed constituting the Convertible Sukuk Ijarah with the trustee for the Convertible Sukuk Ijarah, PB Trustee Services Berhad.

On 28 August 2013, the Subscription Agreement for the Convertible Sukuk Ijarah had been executed by the Company and Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad).

On 17 September 2013, the Convertible Sukuk Ijarah Issue has been completed with the issuance of RM165.0 million in nominal value of the Convertible Sukuk Ijarah.

(3) On 21 February 2013, SYABAS and the National Institute Of Occupational Safety and Health ("NIOSH") mutually agreed to extend the duration of the Memorandum of Understanding ("MoU") for a further period of two (2) years from 22 February 2013 to 21 February 2015 with an amendment to the MoU whereby SYABAS and NIOSH will review the existing training curriculum and modules, learning guides and assessment modules for OSH-SNSC training and assessment programmes for improvement from time to time. All other terms and conditions of the MoU remain unchanged. The MoU is currently still ongoing.

For The Year Ended 31 December 2013

## 39. SIGNIFICANT EVENTS (CONTINUED)

- (4) On 3 January 2013, the completion period for the PNSB's contract for rural water supply project in the state of Sarawak ("the Contract") for year 2010 to 2012 had been extended from 31 December 2012 to 28 February 2013 under the terms and conditions of the Contract with the Employer. On 27 February 2013, PNSB had further extended the completion period for the contract from 28 February 2013 to 28 March 2013 under the terms and conditions of the Contract with the Government of Malaysia. On 29 May 2013, the completion period for the contract has been further extended to 29 June 2013 under the terms and conditions of the contract with the Government of Malaysia.
- (5) On 7 March 2013, GOM Resources had signed a Contract with HESS Exploration And Production Malaysia B.V. (Company Registration number 993963-V) for the Provision Of The Integrated Transportation And Installation Of Offshore Facilities For Early Production Scheme ("EPS"), Integrated Gas Development ("IGD") Project, North Malay Basin ("NMB") Field.
- (6) On 15 March 2013, Puncak Research Centre Sdn. Bhd. ("PRSC") and DHI Water Environment Health ("DHI") had mutually agreed to extend the Collaboration Agreement for a further period of one (1) year, commencing 15 March 2013 until 14 March 2014.
- (7) On 21 October 2013, SYABAS had entered into two (2) Loan Facility Agreements and the ancillary agreements, namely, the Deed of Assignments and Debentures with the Government of Malaysia in relation to the government loans amounting to RM75.0 million and RM76.0 million each from the Federal Government ("Government Loans"), for which the Federal Government is represented by the Ministry of Finance, Malaysia.
- (8) The IMOU between the Company's wholly owned subsidiary, PRSC and K-Water Institute ("KWI") in respect of the establishment of mutual educational, training and research interests on water, wastewater and environmental management and technology through related activities and initiatives in these aspects had lapsed on 26 October 2013.

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### 40. MATERIAL LITIGATIONS

## (a) KHEC

(i) The First Arbitration Proceedings

KHEC, a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("Chennai Project"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to approximately RM6.75 million) against PNHB-LANCO-KHEC JV ("the Consortium"), a jointly controlled entity of the Company in India.

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005. On 28 September 2005, the Company was informed that the arbitral tribunal has fixed the following dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities:

- (i) claim by the claimant, KHEC to be filed before 4 October 2005;
- (ii) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and
- (iii) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counterclaim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (a) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel has tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

On 29 January 2014, the Arbitration Panel had fixed the continued hearing of the First Arbitration Proceedings on 8 February 2014 and 9 February 2014, respectively.

The continued hearing proceeded on 8 February 2014 but the hearing date of 9 February 2014 was vacated due to non-availability of the Chief Arbitrator. The Arbitration Panel has fixed the continued hearing dates for the First Arbitration Proceedings on 29 May 2014 and 30 May 2014.

#### (ii) The Second Arbitration Proceedings

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("the Second Arbitration") on the basis of the terms of the JVA dated 13 February 2003 and the Supplemental Agreement to the JVA dated 26 March 2003 respectively, entered into between the Company, Lanco Infratech Limited ("Lanco") and KHEC whereby KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to approximately RM4.35 million) as they allege that they, despite being a 10% shareowner, received only 4.31% out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed in an amended claim for damages and lost of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to approximately RM4.35 million to RM44.3 million). PNHB-Lanco's counsel had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to approximately RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (a) KHEC (continued)

(ii) The Second Arbitration Proceedings (continued)

The second arbitration proceedings which were heard by a single arbitrator have been completed wherein the parties have submitted their respective written submissions on 1 December 2012.

On 1 April 2013, PNHB-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium has on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14.62.503 to KHEC.

KHEC had informed the Company of its intention to challenge the Final Award of the Arbitrator dated 29 March 2013. However, as of to-date, no documents have been served by KHEC on the PNHB-LANCO members of the Consortium.

The claimant, KHEC had on 4 November 2013 served the PNHB-Lanco members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court had fixed the Petition for hearing on 2 December 2013.

On 2 December 2013, the Madras High Court had postponed the hearing of the Petition filed by KHEC to 3 December 2013.

On 3 December 2013, the Madras High Court had fixed the continued hearing of the petition filed by KHEC on 10 December 2013.

On 10 December 2013, the Madras High Court had postponed the hearing of the Petition filed by KHEC, wherein the new hearing date had yet to be fixed by the Madras High Court.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB

Kuala Lumpur High Court Suit No. D4-22-1452-2006

Both PUAS and SYABAS had been served with:

- (i) A Writ of Summons and Statement of Claim dated 6 October 2006;
- (ii) Ex-Parte Summons-in-Chambers dated 6 October 2006 ("Ex-Parte SIC") and its supporting Affidavit affirmed on 6 October 2006;
- (iii) Amended Statement of Claim filed on 18 October 2006; and
- (iv) An Ex-Parte Injunction Order dated 18 October 2006 ("Ex-Parte Order"),

(hereinafter referred to as "the Suit") in respect of the Suit, by the solicitors of JAKS-KDEB (the "Plaintiff") on 19 October 2006.

JAKS-KDEB had commenced legal action against PUAS and SYABAS in respect of an agreement dated 25 October 2001 entered into between JAKS-KDEB and the State Government pertaining to the supply of pipes and fittings in the State of Selangor Darul Ehsan and the Federal Territories of Kuala Lumpur and Putrajaya.

Vide the Ex-Parte SIC, the Plaintiff prayed for the following:

(i) An order to immediately restrain PUAS and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS and/or SYABAS and/or assignees and/or successors-intitle or otherwise howsoever by injunction, be restrained from purchasing and/or obtaining and/or being given and/or dealing with and/or receiving all its requirements for the pipes (which includes straight pipes whether whole or in cut lengths of any material including but not limited to mild steel pipes) and fittings (which includes tees, bends, tapes, tapers, collars, flange adaptors, blank flanges, mechanical joints and similar accessories) in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya from any other entities except from the Plaintiff until the disposal of the Plaintiff's interparte application for an injunction;

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

- (ii) An order to immediately restrain PUAS and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS and/or SYABAS and/or assignees and/or successors-intitle or otherwise howsoever by injunction, be restrained from taking any further steps in supplying and/or dealing with all of the above pipes and fittings and/or including negotiations and/or award of contracts with any other entities arising out of and in connection with the purchasing and/or obtaining and/or being given and/or receiving all of its requirements for pipes and fittings in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya until the disposal of the Plaintiff's inter-parte application for an injunction;
- (iii) Costs to be costs in the cause;
- (iv) That a date be fixed for the inter-partes hearing of the Plaintiff's application therein within 21 days from the date of the Ex-Parte Order; and
- (v) Such further and other relief as the High Court deems fit.

The above prayers were allowed by the High Court on the application of the Plaintiff's Ex-Parte SIC in the absence of PUAS and SYABAS or their Solicitors being present in High Court on 18 October 2006. The Plaintiff's Ex-Parte Order was effective for a period of twenty one (21) days from 18 October 2006 until the date of the inter-partes hearing which has been fixed on 7 November 2006.

PUAS and SYABAS deny and refute all allegations raised by the Plaintiff in the Suit and have instructed their Solicitors to file an application vide Summons in Chambers dated 1 November 2006 to set aside the Ex-Parte Order and to vigorously defend themselves against the Plaintiff's claim on the day of the inter-partes hearing fixed on 7 November 2006.

At the hearing on 7 November 2006 (the "Hearing"), the High Court on the application of the Plaintiff's Solicitors, allowed an adjournment of the Hearing to 17 November 2006 to enable the Plaintiff to prepare a reply affidavit to the affidavit filed by the State Government, the 3rd Defendant to the Suit. Subsequently, the Hearing was adjourned to 20 November 2006.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

At the hearing on 20 November 2006, the High Court fixed 22 November 2006 as the date to give its decision on the Inter-Partes application for injunction. The High Court also ordered that no ad-interim order extending the Ex-Parte injunction would be granted for the period from 20 November until 22 November 2006. This means that for this period, SYABAS was free to obtain its pipe supply from any source.

At the hearing on 22 November 2006, the High Court did not grant the injunction order applied for by JAKS-KDEB and instead proceeded to fix a date for the Case Management on 15 January 2007. However, the High Court had postponed the Case Management to 13 February 2007 and subsequently to 22 March 2007.

On 22 March 2007, the High Court fixed the Case Management for mention on 4 April 2007. The application by JAKS-KDEB for Discovery against PUAS and SYABAS and Inspection of SYABAS Concession Agreement was also heard on 22 March 2007 and a decision was fixed for hearing on 4 April 2007. At the hearing on 4 April 2007, the High Court allowed the application for Discovery by JAKS-KDEB against PUAS and SYABAS and accordingly, ordered the discovery and inspection of SYABAS Concession Agreement.

Upon consultation with its solicitors on the prospect of filing an appeal, SYABAS has instructed its solicitors to proceed to file an appeal with the Court of Appeal. The appeal was subsequently filed in the Court of Appeal on 3 May 2007. At the hearing on 15 July 2008 at the Court of Appeal, the Court of Appeal has dismissed SYABAS' appeal against the Order for Discovery by the High Court dated 4 April 2007 ordering disclosure of the Concession Agreement with costs. SYABAS had instructed its solicitors not to proceed with further appeal to the Federal Court. The decision was based primarily on the fact that the Federal Government and State Government did not object to the disclosure of the Concession Agreement at the High Court.

At the hearing on 3 October 2007, the High Court had allowed the application to amend the Statement of Defence, with costs and ancillary costs to be borne by PUAS and SYABAS.

In view of the dissolution of Jabatan Kawalselia Air Selangor ("JKAS") previously being the recipient of the written notification and written report as stated in High Court Order dated 22 November 2006, SYABAS had instructed its solicitors to file an application in the High Court to amend the said Order by replacing JKAS as the recipient with Suruhanjaya Perkhidmatan Air Negara ("SPAN") and the said application which was fixed for Hearing on 20 April 2009 was subsequently postponed to 19 May 2009 and 25 June 2009.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

The High Court had on 6 July 2009 fixed the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 to 22 July 2009. The High Court had directed the Plaintiff to file a further Affidavit to state that the Plaintiff intends to add the State Government in the Order in view that the application is only in respect of amending the entity to SPAN.

On 22 July 2009, the High Court had at the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 allowed the addition of the words "dan/atau Kerajaan Negeri Selangor" to be added in the Order together with the word "SPAN". The addition was requested by the Plaintiff and consented by the Selangor State Legal Advisor, representing the 3rd Defendant.

The High Court had subsequently adjourned the matter for Hearing on 30 October 2009 as the 3rd Defendant intends to oppose the Plaintiff's application to amend the Statement of Claim. The Hearing was adjourned to 12 November 2009 to enable the 3rd Defendant to file its Affidavit in Reply to the Plaintiff's Affidavit in Reply. At the Hearing held on 12 November 2009 for the Plaintiff's application to amend the Statement of Claim, the High Court had fixed the matter for decision on 18 November 2009. At the Case Management held on 18 November 2009, the High Court had allowed the Plaintiff's application to amend the Statement of Claim and fixed the matter for further Case Management on 12 January 2010. In response, SYABAS has then filed the Amended Statement of Defence on 22 January 2010 and the matter was fixed for further Case Management on 25 March 2010.

At the Case Management held on 25 March 2010, the High Court adjourned the matter to 5 April 2010 for mention to ascertain whether the matter can proceed by the way of mediation. On 5 April 2010, the High Court had adjourned the matter to 10 May 2010 for Case Management to enable the parties to comply with the High Court's directions and to fix the matter for trial since the parties were not agreeable to mediate. Further Case Management was held on 4 June 2010 and 4 August 2010 and the next Case Management was fixed on 29 September 2010. The High Court had subsequently adjourned the matter for Hearing on 12 October 2010 with trial date been tentatively fixed on 16 October 2010 and 17 October 2010 subject to reconfirmation at the next Case Management date. At the Case Management held on 12 October 2010, the High Court had fixed the trial dates on 16 December 2010, 17 December 2010, 20 January 2011 and 21 January 2011. The oral submissions will be heard on 24 January 2011 and 25 January 2011.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

At the hearing on 17 December 2010, the High Court had vacated the trial date on 20 January 2011 and fixed new trial dates on 28 March 2011 to 31 March 2011. The trial date fixed on 21 January 2011 and the oral submissions dates fixed on 24 January 2011 and 25 January 2011 remain unchanged.

At the trial held on 21 January 2011, the High Court had vacated the dates previously fixed for the oral submissions on 24 January 2011 and 25 January 2011 and fixed additional dates for continued trials on 24 January 2011, 25 January 2011 and 26 January 2011. The trial dates previously fixed on 28 March 2011 to 31 March 2011 remain unchanged. At the trial held on 28 March 2011, the High Court vacated the dates on 30 March 2011 and 31 March 2011. The trial dates on 28 March 2011 and 29 March 2011 remain unchanged. The matter was fixed for further full trial on 5 May 2011, 6 May 2011, 20 May 2011, 8 June 2011, 9 June 2011 and 10 June 2011. Since the trial concluded on 9 June 2011, the trial fixed for 10 June 2011 was vacated and the matter was fixed for decision on 12 September 2011.

The High Court had on 12 September 2011 postponed the decision date for the matter to 5 October 2011 as post-trial submissions only closed on 9 September 2011. On 5 October 2011, the High Court had dismissed the plaintiff's claim against the Defendants which include PUAS and SYABAS. On 3 November 2011, JAKS-KDEB had filed a Notice of Appeal to the Court of Appeal against the decision by the High Court on 5 October 2011.

SYABAS has been informed by its solicitors on 3 December 2012 that the Court of Appeal had fixed the matter for case management on 10 January 2013.

At the case management held on 10 January 2013, the Court of Appeal had fixed the matter for further case management on 26 February 2013 to fix the hearing date on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd.

At the case management held on 26 February 2013, the Court Of Appeal fixed the matter for Hearing on 22 May 2013 on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd.

The Court of Appeal had on 22 May 2013 adjourned the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants, to a date which will be fixed later by the Court of Appeal.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (b) JAKS-KDEB (continued)

Kuala Lumpur High Court Suit No. D4-22-1452-2006 (continued)

The Court of Appeal had fixed the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants) on 28 August 2013.

At the hearing held on 28 August 2013, the Court of Appeal had fixed the matter for case management on 5 September 2013 to allow the court to fix another hearing date.

At the case management held on 5 September 2013, the Court of Appeal had fixed the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants) on 14 November 2013.

At the hearing held on 14 November 2013 on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants), the Court of Appeal had unanimously dismissed JAKS-KDEB Consortium Sdn Bhd's appeal with costs of RM40,000 awarded to SYABAS and PUAS and RM15,000 awarded to Kerajaan Negeri Selangor.

JAKS-KDEB Consortium Sdn Bhd had filed its Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal on 14 November 2013 which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants.

On 4 February 2014, the Federal Court had fixed JAKS-KDEB Consortium Sdn Bhd's Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013 for case management on 10 February 2014.

On 10 February 2014, the Federal Court had fixed JAKS-KDEB Consortium Sdn Bhd's Notice Of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013 for case management on 19 February 2014.

On 19 February 2014, the Federal Court had fixed JAKS-KDEB Consortium Sdn Bhd's Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013 for hearing on 6 May 2014.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (c) ADP-PJI Joint Venture ("ADP-PJI JV")

On 27 February 2009, PNSB was notified by its solicitors on the Points of Claim dated 25 February 2009 served by ADP-PJI JV on 26 February 2009 for arbitration proceedings against PNSB.

The details of the arbitration are as follows:

- (i) By way of a Letter of Award dated 5 August 2004, PNSB awarded the design, construction, completion and commissioning of a water treatment plant ("the Works") for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" ("Sabah Project") to an unincorporated joint venture known as ADP-PJI JV for a fixed price lump sum of RM65,161,515.01.
- (ii) On 26 December 2007, upon the advice of its solicitors, PNSB issued a notice determining the employment of ADP-PJI JV for, inter alia, a failure to proceed regularly and diligently with the Works. ADP-PJI JV disputed the termination and referred the matter to the Superintending Officer ("S.O.") under the contract for a decision. Following the reference to the S.O. for a decision and being dissatisfied with the same, ADP-PJI JV had referred the disputes surrounding the termination of their employment to arbitration.
- (iii) ADP-PJI JV via its solicitors had served a Points of Claim dated 25 February 2009 in the arbitration against PNSB via PNSB's solicitors on 26 February 2009.
- (iv) The Points of Claim seeks various reliefs arising from the alleged wrongful determination of ADP-PJI JV's employment. ADP-PJI JV is claiming for the sum of RM10,080,201.31 for loss, expense and damages, disruption to progress of employment works, failure to pay the amounts certified and for works completed which have not been certified and other breaches of contract or such other sum as ADP-PJI JV may be found entitled to recover from PNSB arising from the alleged wrongful determination of ADP-PJI JV's employment.
- (v) On 27 April 2009, PNSB had served its Points of Defence and Counter Claim in the arbitration stating, among others, that PNSB has rightfully determined the employment of ADP-PJI JV due to ADP-PJI JV's breaches of the contract for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" and the failure to meet the completion date for the Sabah Project.

PNSB's Counter Claim involves amongst others, the additional costs incurred in completing the works for the Sabah Project ("Works"), additional costs in respect of the maintenance obligations, management and staff costs, damages, liquidated or general damages by reason of the delay in completion of the Works and overtime claim by the engineers for the purposes of construction supervision.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (c) ADP-PJI Joint Venture ("ADP-PJI JV") (continued)

- (vi) PNSB was notified on 1 June 2009 by its solicitors that the latter had been served with ADP-PJI JV's Reply and Defence to Counterclaim dated 28 May 2009 by the solicitors acting for ADP-PJI JV, which in substance joins issue with PNSB's Points of Defence and Counterclaim dated 27 April 2009 and reiterates ADP-PJI JV's earlier position vide its Points of Claim dated 25 February 2009.
- (vii) PNSB had on 4 November 2010 closed their case and the Arbitrator had directed for written submissions to be filed by ADP-PJI JV and PNSB by 29 January 2011 and 1 April 2011 respectively and reply, if any, by 2 May 2011.
- (viii) The Arbitrator had subsequently allowed PNSB's solicitors to file in their written submission by 3 May 2011 and correspondingly, ADP-PJI JV's solicitors is required to submit their reply by 3 June 2011.
- (ix) The Respondent's written submission had been filed with the Arbitrator on 3 May 2011.

On 18 February 2013, PNSB's solicitors received the Arbitrator's published Final Award dated 31 January 2013 in respect of the arbitration whereby the Arbitrator has, inter alia, decided as follows:

- (i) That the determination of the Claimants' employment under the Contract is unlawful and invalid.
- (ii) That the Respondent shall pay to the Claimants the sum of Ringgit Malaysia Seven Million Nine Hundred And Seventy Thousand Nine Hundred And Five And Sen Eighty Seven (RM7,970,905.87) only ("Award Sum") of which Ringgit Malaysia Three Million Five Hundred And Fifty Two Thousand One Hundred And Seven And Sen Fifty Six (RM3,552,107.56) only and Ringgit Malaysia Three Million Two Hundred And Fifty Eight Thousand And Seventy Five And Sen Seventy Five (RM3,258,075.75) only are payment for certified works and retention monies, respectively.
- (iii) That the Respondent shall also pay interests to the Claimants at the rate of 8% per annum on the Award Sum from 26 December 2007. Such interests will continue to run until the actual realisation of the said payments by the Respondent.
- (iv) That the Respondent shall bear and pay the Claimants' costs in the Arbitration Proceedings upon a party and party
- (v) That the Respondent shall pay and bear the costs of the Award.
- (vi) That all other requests and claims of the Claimants and Respondent are rejected.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (c) ADP-PJI Joint Venture ("ADP-PJI JV") (continued)

On 19 March 2013, the parties have reached an amicable settlement in respect of the Final Award dated 31 January 2013. The full and final settlement sum of Ringgit Malaysia Ten Million One Hundred And One Thousand And Ninety Five (RM10,101,095) only made by PNSB mutually releases and discharges the parties from all obligations and liabilities (including any claims as to interest and costs) arising under and/or in connection with the said Final Award.

## (d) SPLASH

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009

On 19 November 2009, SYABAS was served with a Writ and Statement of Claim ("Statement of Claim") dated 30 October 2009 from the solicitors acting for SPLASH.

SPLASH's claim is for alleged outstanding amount due and owing in respect of the Supply Charge and Capacity Charge from SYABAS under the Privatisation Agreement dated 24 January 2000, Supplemental Agreement dated 3 February 2005 and the Novation Agreement dated 3 February 2005.

In the Statement of Claim, SPLASH sought for, inter alia, the following:

- (i) The sum of RM196,344,000 being payment for the invoices;
- (ii) Interest on the sum of RM22,495,000 which is the Capacity Charge for the month of October 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 February 2009 until the date of full realisation:
- (iii) Interest on the sum of RM23,104,000 which is the Capacity Charge for the month of November 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 March 2009 until the date of full realisation:
- (iv) Interest on the sum of RM19,387,000 which is the Capacity Charge for the month of December 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 April 2009 until the date of full realisation;
- (v) Interest on the sum of RM28,284,000 which is the Capacity Charge for the month of January 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 May 2009 until the date of full realisation:

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

- (vi) Interest on the sum of RM26,654,000 which is the Capacity Charge for the month of February 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 June 2009 until the date of full realisation:
- (vii) Interest on the sum of RM27,269,000 which is the Capacity Charge for the month of March 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 July 2009 until the date of full realisation:
- (viii) Interest on the sum of RM24,798,000 which is the Capacity Charge for the month of April 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 August 2009 until the date of full realisation:
- (ix) Interest on the sum of RM24,353,000 which is the Capacity Charge for the month of May 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 September 2009 until the date of full realisation; and
- (x) Costs

SYABAS had instructed its solicitors to defend the above claims. The solicitors of SYABAS had on 6 January 2010, filed and served SYABAS' Defence to the claim filed by SPLASH dated 30 October 2009. The High Court had on 26 January 2010 fixed the case for mention on 22 February 2010 and for further case management on 25 March 2010 for SPLASH to amend the Statement of Claim. The High Court had on 30 April 2010 allowed the Plaintiff's application to amend their Writ of Summons and Statement of Claim by consent. The solicitors of SYABAS had on 18 May 2010 filed and served the Amended Defence dated 18 May 2010.

On 20 August 2010, the High Court adjourned the hearing to 29 September 2010 and allowed the parties to exchange affidavits in the meantime. At the hearing on 29 September 2010, the High Court postponed the hearing for SPLASH's application under Order 33 Rule 2 for the High Court to determine preliminary issues on the construction of the proportionate payment clauses in the Novation Agreement with SYABAS, to 29 October 2010 whilst SYABAS' application to reamend the Amended Defence was allowed with costs.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

At the hearing on 29 October 2010, the High Court had reserved decision of SPLASH's application to 12 November 2010.

SPLASH's application under Order 33 Rule 2 to hear the preliminary issues were allowed by the High Court on 12 November 2010 and the matter was fixed for Hearing on 10 January 2011.

At the hearing held on 29 November 2010 of the Plaintiff's application to reamend the Amended Writ of Summons and the Statement of Claim, the High Court fixed the matter for decision on 3 December 2010. The hearing date of the Writ of Summons and the preliminary issues under SYABAS' application under Order 33 Rule 2 which was originally fixed on 10 January 2011 was vacated and the matter was fixed for hearing on 7 January 2011. The solicitors of SYABAS had filed a notice of appeal against the decision of the High Court dated 12 November 2010 which allowed SPLASH's Application under Order 33 Rule 2 for the preliminary issues to be heard. At the hearing on 3 December 2010, the High Court had allowed the Application by the Plaintiff to reamend the Amended Statement of Claim and the matter was fixed for hearing on 7 January 2011.

At the hearing held on 7 January 2011 on the Writ of Summons and preliminary issues (Order 33 Rule 2 of the High Court), the High Court fixed the matter for decision on 16 February 2011 which was subsequently fixed for decision on 21 February 2011. The Court of Appeal had fixed the appeal for case management on 17 February 2011. The case management originally fixed on 17 February 2011 by the Court of Appeal for the appeal had been postponed to be fixed on 25 February 2011 upon application by SYABAS' solicitors pending decision by the High Court on the plaintiff's claim which had been fixed on 21 February 2011.

The SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 for the hearing of the preliminary issues had been fixed for Case Management on 22 March 2011. The High Court had brought forward the hearing date of the oral application for stay of the order pending appeal from 6 April 2011 to 29 March 2011. SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 had been adjourned to 5 April 2011.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

On 30 June 2011, the Court of Appeal decided in respect of SYABAS' appeal as follows:

- (i) Order of the High Court dated 11 December 2010 allowing the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 ("1st Appeal") was not allowed; and
- (ii) SYABAS' appeal against the Order of the High Court SYABAS' dated 21 February 2011 (Civil Appeal W-02 (NCC) 504-2011) ("2nd Appeal") was allowed in part.

At the hearing of SYABAS' application for a stay of execution of the Order of the High Court dated 21 February 2011 ("Order") on 29 March 2011, the High Court extended the order for stay of execution of the Order (excluding the taking of accounts) until the disposal of the appeal. SPLASH was granted liberty by consent to apply to set aside the stay should there be any delay in the disposal of the appeal beyond 7 May 2011. The stay of execution does not prevent SPLASH from applying for accounts of all payments due before the Registrar as there is no stay of the proceedings.

The High Court had 21 February 2011 declared that SYABAS must pay in full and not proportionately and subsequently ordered an account of all payments due to SPLASH in respect of invoices issued after the date of the writ to be taken before the Deputy Registrar of the New Commercial Court on a date to be fixed. The High Court had ordered SYABAS to pay lump sum costs of RM30,000 in respect of the Reamended Writ of Summons and the Statement of Claim in lieu of taxation to the plaintiff and also granted SYABAS an interim stay on enforcement of the Judgement until 6 April 2011 pending full argument on stay on merits.

The solicitors of SYABAS filed a Notice of Appeal on 22 February 2011 at the Court of Appeal against the decision of the High Court dated 21 February 2011.

The matter which came up for Case Management on 25 February 2011 at the Court of Appeal, was fixed for further Case Management on 22 March 2011, pending the filing of the Records of Appeal for the appeal dated 22 February 2011 against the Decision of the High Court dated 21 February 2011. The appeal against the Decision of the High Court on 21 February 2011 fixed for Case Management on 29 March 2011 was subsequently adjourned to 5 April 2011. The Court of Appeal had fixed the hearing of SYABAS' appeals against the Orders of the Rules of High Court and the decision of the High Court on 21 February 2011, on 30 May 2011 and the written submissions to be filed by 16 May 2011. The written submissions date was changed from 16 May 2011 to 14 June 2011.

The earlier hearing date fixed on 30 May 2011 was vacated.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

On 27 May 2011, a sealed copy of the Plaintiff's Summon in Chambers for the hearing of the taking of the accounts pursuant to the Decision of the High Court dated 21 February 2011 was served on SYABAS' solicitors and the matter was fixed for hearing on 9 June 2011. On 8 June 2011, SYABAS' solicitors were informed by the Plaintiff's solicitors that the High Court had approved the Plaintiff's application to adjourn the hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 to 24 June 2011. The original hearing date fixed on 9 June 2011 was vacated. The hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 was adjourned to 1 July 2011 for continuation of hearing. At the High Court hearing held on 1 July 2011 of the Plaintiff's application for the taking of accounts of all payments due from the Defendant on all invoices issued after the date of the amended Writ of Summons, the Plaintiff's application was withdrawn with no order as to costs in view of the decision of the Court of Appeal on 30 June 2011.

At the mention on 15 July 2011 at the High Court, the Plaintiff withdrew the application to remove the stay of execution of the Order dated 21 February 2011 with no order as to costs. In respect of the application for interim payment, after hearing counsel for both parties, the Judge fixed the said application and any other application that may be filed for hearing on 22 July 2011. On 20 July 2011, SYABAS' solicitors was served with a Summons in Chambers dated 19 July 2011 ("SIC") by the Plaintiff's solicitors, an application by the Plaintiff for a consequential order for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011. SYABAS had on 21 July 2011 filed its Affidavit pursuant to the SIC. At the hearing held on 22 July 2011, the High Court fixed the mention on 19 August 2011 for the parties to seek clarification from the Court of Appeal on the Court of Appeal's decision dated 30 June 2011.

The matter was fixed for further mention on 20 September 2011 pending the disposal of the motion of SPLASH to the Court of Appeal (filed on 2 August 2011) for clarification of the Order of the Court of Appeal dated 30 June 2011. On 28 July 2011, SYABAS' solicitors were notified by SPLASH's solicitors that the latter intend to file a Notice of Motion for leave to appeal to the Federal Court against the part of decision of the Court of Appeal which was not in their favour. Counsels have perused the Notice of Motion have filed the affidavit to oppose SPLASH's application. At the case management on SPLASH' Notice of Motion held on 11 August 2011, the Federal Court fixed the matter for hearing on 17 October 2011. The hearing of SPLASH's application for leave to appeal to the Federal Court against the decision of the Court of Appeal of 30 June 2011 which was fixed for 17 October 2011 was vacated. The court has fixed the application for case management on 3 November 2011. At the case management held on 3 November 2011 and upon the request of SPLASH's solicitors, the Federal Court had fixed the next case management on 6 December 2011 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

The Federal Court had at the case management held on 6 December 2011 fixed the matter for further case management on 30 January 2012 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

At the case management held on 30 January 2012, the Federal Court had fixed the matter for further case management on 23 February 2012 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

On 13 February 2012, the Plaintiff's solicitors informed the Court of Appeal that the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 was fixed for hearing on 20 February 2012.

At the hearing held on 20 February 2012 on the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 ("Order"), the Court of Appeal had:-

(i) Allowed the Order to be amended so that the relevant parts of the Order will read as:

"Appeal is allowed in part. Order of the High Court is set aside except the declaration in paragraph 1 of the Order is affirmed subject to the deletion of the words "tanpa mengambil kira keupayaan Defendan untuk membayar kepada Plaintiff jumlah secara penuh", with no order as to costs".

(ii) Not made any Order on the Motion by SPLASH for clarification.

At the hearing held on 21 February 2012 on the Plaintiff's two (2) Motions namely, the applications for Interim Payment and Consequential Orders, the Plaintiff had withdrawn their motion for the Interim Payment. The Kuala Lumpur High Court had fixed the hearing for the Consequential Order on 29 March 2012.

At the hearing held on 29 March 2012, the High Court had allowed the plaintiff to withdraw its application and ordered for the application to be struck out with cost of RM15,000 to be awarded to the Company.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

## (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

On 29 August 2011, SYABAS' solicitors served a sealed copy of SPLASH's Notice of Motion and Affidavit in Support which was affirmed on 3 August 2011. The motion for clarification of the decision of the Court of Appeal on 30 June 2011 fixed for hearing on 22 September 2011 has been adjourned to 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The matter was fixed for mention on 27 October 2011. The Kuala Lumpur High Court allowed the application by SPLASH to adjourn the hearing on 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The applications by SPLASH's for Consequential Orders and Interim Payment was fixed for hearing on 27 October 2011. On 27 October 2011, the Court has fixed both SPLASH's application for Consequential Orders and Interim Payment for Mention on 31 October 2011 to fix a new hearing date. SPLASH's applications for Consequential Orders and Interim Payment came up for Mention on 31 October 2011 and is now fixed for Hearing on 21 February 2012.

On 21 November 2011, SYABAS' solicitors informed that the Court of Appeal had fixed the Case Management for the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011 on 22 November 2011. At the Case Management held on 22 November 2011 for the Plaintiff's application on the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011, the Court of Appeal had informed that the Court will write to the parties once the hearing date is fixed.

At the hearing held on 21 February 2012 on the Plaintiff's two (2) Motions namely, the applications for Interim Payment and Consequential Orders, the Plaintiff had withdrawn their motion for the Interim Payment. The Kuala Lumpur High Court had fixed the hearing for the Consequential Order on 29 March 2012.

At the case management held on 23 February 2012 pursuant to the motion by SPLASH for leave to appeal to the Federal Court, the Federal Court had fixed the matter for hearing on 10 May 2012.

At the hearing held on 29 March 2012 on the Plaintiff's application for a Consequential Order, the High Court had allowed the Plaintiff to withdraw its application and order for the application with loss of RM15,000 to be awarded to SYABAS.

On 10 May 2012, the Federal Court has postponed the hearing of SPLASH's motion for leave to appeal to the Federal Court to 9 August 2012.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

## (d) SPLASH (continued)

Kuala Lumpur High Court Civil Suit No. D-22ND-398-2009 (continued)

The hearing scheduled to be held on 9 August 2012 for SPLASH's motion for leave to appeal to the Federal Court had been adjourned as the Court of Appeal has not provided the written grounds of Judgement. The Federal Court will write to the parties to fix the matter for Case Management and, subject to the availability of the written grounds of Judgement, another date would be fixed to hear the motion.

At the case management held on 22 October 2012, the Federal Court had fixed the Motion for Leave to appeal for Hearing on 28 February 2013.

On 28 February 2013, the Federal Court unanimously dismissed the application filed by SPLASH for leave to appeal against the decision of the Court of Appeal, with cost of RM20,000 awarded to SYABAS. The Motion for Leave was filed by SPLASH against the decision of the Court of Appeal given on 30 June 2011 which had earlier allowed SYABAS' appeal against the decision of the High Court. By the Federal Court decision, the decision of the Court of Appeal recognising SYABAS' right to pay SPLASH on a proportionate basis was upheld by the Federal Court.

The case had been settled.

## (e) Kerajaan Negeri Selangor ("State Government")

Kuala Lumpur High Court Originating Summons No. D-24NCC-388-2010 - SYABAS vs Kerajaan Negeri Selangor

On 10 November 2010, SYABAS has instituted legal proceedings against Kerajaan Negeri Selangor ("State Government") at the High Court in Kuala Lumpur vide Originating Summons No: D-24NCC-388-2010 which was supported by an affidavit in support dated 9 November 2010. In the said Originating Summons, SYABAS is seeking the following relief:

- (i) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM471,642,916 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 December 2009:
- (ii) That the State Government do pay the said sum of RM471,642,916 to SYABAS forthwith upon making of this Order;
- (iii) Costs of the action to be paid by the State Government to SYABAS in any event; and
- (iv) Such further or other relief or remedy as the Court shall deem just.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

### (e) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Originating Summons No. D-24NCC-388-2010 - SYABAS vs Kerajaan Negeri Selangor (continued)

On 18 November 2010, the Originating Summons and the Affidavit in Support were served on the State Government. On 25 November 2010, the State Government's solicitors entered appearance on behalf of the State Government. The matter came up for case management on 2 December 2010 where the High Court allowed the State Government's solicitors' request for a 2 week extension of time to file the State Government's affidavit in reply and thereafter adjourned the matter for further case management on 16 December 2010. On the case management dated 16 December 2010, the State Government's affidavit in reply dated 15 December 2010 was served on SYABAS' solicitors. The High Court then directed SYABAS to file its affidavit in reply by 31 December 2010 and further fixed the matter for Hearing on 11 February 2011. The High Court also directed parties to file their respective submissions by 8 February 2011. The High Court also informed that parties may agree between themselves any extension of time for filing of affidavits provided that the hearing date is not affected. In this regard, the State Government's solicitors agreed to SYABAS filing the affidavit in reply by 10 January 2011.

On 10 January 2011, SYABAS' solicitors filed SYABAS' Affidavit in Reply dated 10 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 24 January 2011, the State Government's affidavit in reply dated 24 January 2011 was served on SYABAS' solicitors. On 2 February 2011, SYABAS' solicitors filed SYABAS' affidavit (3) dated 28 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 7 February 2011, the State Government's solicitors served on SYABAS' solicitors a summons in chambers dated 7 February 2011 ("State Government's application") for inter alia, an Order to convert the Originating Summons into a writ action or alternatively that the State Government be given leave to cross-examine the deponent of SYABAS' affidavits, which was fixed for hearing on 11 February 2011. On 8 February 2011, SYABAS' solicitors filed the written submission for the Originating Summons. On 10 February 2011, SYABAS' solicitors filed SYABAS' affidavit dated 10 February 2011 in Court and served a copy of the same on the State Government's solicitors to oppose the State Government's application. On 23 February 2011, the State Government filed their Affidavit in Reply dated 23 February 2011 and served a copy of the same on SYABAS' solicitors, in reply to Syabas' Affidavit dated 10 February 2011 in relation to the State Government's application.

On 11 February 2011, the High Court decided to hear the State Government's application first and fixed it for clarification/decision on 28 February 2011. As for the Originating Summons, the High Court fixed the matter for case management on 28 February 2011 immediately after the clarification and/or decision in respect of the State Government's application.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (e) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Originating Summons No. D-24NCC-388-2010 - SYABAS vs Kerajaan Negeri Selangor (continued)

On 28 February 2011, the High Court allowed the State Government's application to convert the Originating Summons into a writ action. The matter was fixed for case management on 16 March 2011. The matter was fixed for further Case Management on 30 March 2011 pending the State Government's official response on its stand in respect of SYABAS' claim for compensation and tariff adjustment. The current judge for the case had recused himself from hearing the case any further. The matter was fixed for case management before a new judge on 11 April 2011 which subsequently upon written request by SYABAS' solicitors, was rescheduled to 12 April 2011.

The matter came up for Case Management for the first time before NCCI High Court Judge on 12 April 2011. The parties informed the learned Judge that they are working out the mechanics of the proposed hearing. The learned Judge then fixed a further case management date on 6 May 2011.

The Court has fixed the matter for further case management on 10 May 2011 to enable the defendant's leading counsel to attend the same. The Court has further fixed the case management on 27 May 2011 pending the defendant's filing of an application to join the Federal Government as a party to the proceedings. As the defendant had decided not to bring in the Federal Government as a party to the proceedings, the case management on 27 May 2011 was fixed for further case management on 28 June 2011 for Syabas to take instruction on the mode of action and pleadings.

At the case management held on 28 June 2011, the High Court allowed SYABAS' application to withdraw with liberty to file afresh by way of a writ of summons with no order as to costs. The withdrawal of the suit by SYABAS with liberty to file afresh with no order as to costs are for the following reasons:

- (i) It was the defendant's application to convert the originating summons to a writ;
- (ii) It will be more appropriate in the circumstances to have proper pleadings rather than the present affidavit form; and
- (iii) The plaintiff still intend to proceed with the claim by way of a fresh writ action.

Pursuant to the withdrawal of the Originating Summons, SYABAS went to file a Writ and Statement of Claim at the Kuala Lumpur High Court.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011

SYABAS has been served with a Writ and Statement of Claim ("Statement of Claim") dated 28 March 2011 from the solicitors acting for ABASS on 30 March 2011.

In the Statement of Claim, ABASS is claiming against SYABAS for, inter alia, the following:

- i) A declaration that SYABAS is liable to make full payment on all invoices issued by ABASS pursuant to the Privatisation Cum Concession Agreement dated 9 December 2000, the Supplemental Agreements dated 10 February 2001, 28 August 2001 and 15 February 2005 and the Novation Agreement dated 15 February 2005 particularly in accordance to Section 4.04 (c) of the Novation Agreement and that SYABAS's liability to make payment in full is not in any way diminished or mitigated by reason of its right to make proportionate payment to the water concessionaires;
- ii) Judgment for the sum of RM149,479,000;
- iii) An account of all payments due to ABASS in respect of invoices issued after the date of the Writ herein be taken by the Honourable Court and an order that SYABAS do pay ABASS all such sums found to be due on the taking of such account;
- iv) Interest on the outstanding amount of the invoices for the months from January 2010 to October 2010 at the rate of 1% per annum plus the base lending rate of Malayan Banking Berhad calculated on daily basis until the date of full payment by SYABAS;
- v) Interest on the outstanding amount of the previous outstanding invoices for the months from June 2006 to December 2009 in the sum of RM6,219,000;
- vi) Alternative to prayers (iii) and (iv) above, interest at the rate of 8% per annum on the outstanding amount of each of the outstanding invoices to be calculated from the respective due date until the date of full payment by SYABAS;
- vii) Damages for breach of contract; and
- viii) Costs.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

SYABAS is required to enter appearance within 8 days from 30 March 2011 and the Court fixed the matter for Case Management on 12 April 2011.

SYABAS' solicitors filed the Memorandum of Appearance in relation to the Suit on 4 April 2011 and the same had been served on the Plaintiff's solicitors on 5 April 2011.

The High Court fixed the matter for Case Management on 12 April 2011. At the Case Management on 12 April 2011, the High Court fixed a further Case Management on 30 May 2011 in order for SYABAS to file its Defence latest by 6 May 2011 and for ABASS to file its reply (if any).

SYABAS' Defence and Counterclaim had been filed in Court and a copy thereof served on the solicitors of Konsortium ABASS respectively, on 6 May 2011.

The matter came up for Case Management on 30 May 2011 and the Court has fixed 7 July 2011 for Mention pending SYABAS' reply to the Plaintiff's Reply and Defence to counterclaim.

At the Case Management held on 7 July 2011, the Court fixed the next Case Management on 29 July 2011 for the defendant to file a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and also for the defendant to serve the application for leave to issue a third party notice on the relevant parties.

At the Case Management on 29 July 2011 the High Court fixed a further Case Management date on 26 August 2011 to fix a hearing date for the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and also for the defendant's application for leave to issue a third party notice on the relevant parties.

On 29 July 2011, SYABAS had filed a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and had served the application for leave to issue a Third Party Notice on the relevant parties.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

The High Court has further fixed 19 August 2011 for the plaintiff to file a reply affidavit and for SYABAS to reply, if any, on 26 August 2011. The High Court has also fixed a further Case Management date on 26 August 2011 for the High Court to fix a hearing date and on 11 August 2011, the High Court also fixed 26 August 2011 for the plaintiff to file its reply affidavit in respect of the plaintiff's application pursuant to Order 33 Rule 2 and also the defendant's application for leave to issue a third party notice. On the same case management date, the defendant is to inform the High Court whether it wishes to file any further affidavits in respect of the three applications.

At the case management held on 26 August 2011, the High Court has fixed the next case management on 26 September 2011 for the defendant to file its reply affidavits and for the parties to exhaust all their affidavits in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 26 September 2011, the High Court has fixed the next case management on 5 October 2011 to fix a hearing date in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 5 October 2011, the High Court has fixed the hearing on 21 October 2011 in respect of the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim and further fixed the hearing on 21 November 2011 in respect of the plaintiff's application pursuant to Order 33 Rule 2.

On 21 October 2011, the High Court has fixed 31 October 2011 for Decision in respect of the defendant's application for leave to issue a third party notice and the defendant's application to amend the Defence and Counterclaim. On 31 October 2011, the Court was postponed the Decision in respect of the defendant's applications for leave to issue a third party notice and the application to amend the Defence and Counterclaim to 3 November 2011. The High Court had on 3 November 2011 allowed both the defendant's application for leave to issue a third party notice and the application to amend the Defence and counterclaim. The High Court fixed a further case management date on 17 November 2011 to enable the defendant to serve the third party notice on the State Government of Selangor and to deliver the Amended Defence and Counterclaim. The plaintiff had appealed to the Judge in chambers against the decisions of the High Court to allow SYABAS' application for leave to issue a third party notice and application to amend the Defence and counterclaim. The Court has fixed both appeals for hearing on 23 November 2011.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

Pursuant to the Third Party (Selangor State Government) filing the memorandum of appearance on 17 November 2011, the matter is now fixed for further case management on 23 November 2011 for SYABAS to file the Summons for Third Party Directions. On 21 November 2011, the High Court had adjourned the hearing for the Plaintiff's application pursuant to Order 33 Rule 2 to 13 January 2012.

At the hearing held on 13 January 2012, pursuant to the Plaintiff's application for trial of the preliminary issues pursuant to Order 33 Rule 2, the High Court had adjourned the matter pending the disposal of the hearing of the motion for clarification by SPLASH at the Court of Appeal and the leave to appeal at the Federal Court. The case was fixed for mention on 13 February 2012.

The plaintiff's Notices of Appeal to the Judge in chambers against the decisions of the High Court on 3 November 2011 came up for hearing on 23 November 2011. After hearing submission from the counsel, the High Court adjourned the matter for decision on 8 December 2011. At the case management held on 23 November 2011, the High Court was informed that the Summons for Third Party Directions was filed on 23 November 2011 and the matter was fixed for hearing on 30 November 2011.

At the hearing held on 30 November 2011, for the Summons for Third Party Directions, the Kuala Lumpur High Court ordered that:-

- i) The defendant serve its Statement of Claim on the Third Party within fourteen (14) days from 30 November 2011, who shall plead thereto within fourteen (14) days;
- ii) The Third Party be at liberty to appear at the trial of this action and take such part as the Judge shall direct, and be bound by the result of the trial;
- iii) The question of liability of the Third Party to indemnify the defendant be tried at the trial of this action, but subsequent thereto; and
- iv) The costs of this application be costs in the cause and in the Third Party proceedings.

The High Court had fixed a further case management on 5 January 2012.

On 8 December 2011, the High Court had dismissed the plaintiff's Notices of Appeal against the decisions dated 3 November 2011 in allowing the defendant's application to issue a third party notice and to amend the Defence and counterclaim, with costs awarded to the defendant.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

SYABAS' Statement of Claim on the Third Party was filed in Court and served on the plaintiff's and Third Party's solicitors on 14 December 2011.

At the case management held on 5 January 2012, the Court had fixed the next case management on 20 January 2012 for the defendant to file a reply to the Third Party's defence.

At the case management held on 20 January 2012, the High Court had fixed the trial dates tentatively on 19 March 2012 to 21 March 2012. The High Court also fixed the case management for the matter on 13 February 2012, 5 March 2012 and 12 March 2012, pending the outcome of the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 which was fixed for mention on 13 February 2012.

The Defendant had been served with a sealed copy of the State Government's application to set aside the Third Party notice and statement of claim by the Defendant on 2 February 2012. The application was fixed for case management on 13 February 2012.

At the case management held on 13 February 2012 in relation to the State Government of Selangor's application to set aside the Third Party notice and Statement of Claim by the Defendant, the High Court had fixed the matter for further case management on 5 March 2012. At the case management held on 5 March 2012, as the Judge had recused himself, the High Court would transfer the matter to another court and inform the Parties once new dates are fixed for the said matter. The Company's solicitors had on 15 March 2012 informed that the High Court had by way of letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter was fixed for case management on 16 March 2012. At the case management held on 16 March 2012, the High Court had fixed the matter for further case management on 20 April 2012.

In the Company's earlier separate announcements on the SPLASH case (KL High Court Civil Suit No. D-22NCC-398-2009), the Court of Appeal had fixed 20 February 2012 for clarification of its decision dated 30 June 2011 and that the application for leave by SPLASH to appeal to the Federal Court arising from the decision of the Court of Appeal dated 30 June 2011 had been fixed for case management on 23 February 2012 at the Federal Court.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

At the mention held on 13 February 2012, the High Court had adjourned the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 to 5 March 2012, pending the clarification at the Court of Appeal and the case management at the Federal Court in the SPLASH case. On 5 March 2012, the learned Judge recused himself from hearing the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2. Accordingly, the case will be referred for transfer to another court and a new date to be advised by the High court Registry in due course. The trial dates tentatively fixed from 19 to 21 March 2012 had been vacated.

The High Court had by way of a letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter is fixed for Case Management on 16 March 2012 which was subsequently further fixed to 20 April 2012.

On 20 April 2012, the parties informed the Court that they have no objection that the learned Judge is hearing the matter. The Court directed as follows:

- (a) The application by the Third Party Notice and the Statement of Claim against the Third Party is fixed for Hearing on 28 June 2012 with submissions in reply (if any) to be filed on or before 15 June 2012; and
- (b) The Plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 is fixed for Hearing on 10 August 2012.

The Plaintiff's application for Interim Payment is fixed for Mention on 10 August 2012.

On 28 June 2012, the High Court had fixed the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party for further hearing on 3 July 2012

At the hearing held on 3 July 2012 in relation to the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party, the High Court had adjourned the matter to 31 July 2012 for decision.

On 31 July 2012, the High Court had allowed the Third Party's application to set aside the Third Party Notice and the Statement of Claim issued against the Third Party by the Defendant with costs of RM10,000.00 and SYABAS is currently taking legal advice on whether to appeal the decision to the Court of Appeal.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

SYABAS' solicitors had on 2 August 2012 filed the Notice of Appeal at the Court of Appeal against the decision by the High Court on 31 July 2012 to allow the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party.

At the hearing held on 10 August 2012 on the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 ("Application"), the High Court had adjourned the Application for continued hearing on 23 August 2012 and had also fixed the Application for decision on 3 September 2012.

The High Court had also at the mention held on 10 August 2012 on the plaintiff's application for Interim Payment, fixed the next mention on 3 September 2012.

On 3 September 2012, the High Court had allowed the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 ("Application") with costs in the cause with directions. The Kuala Lumpur High Court had further fixed the matter for case management on 5 September 2012 to fix trial dates.

The High Court had at the mention held on 3 September 2012 on the plaintiff's application for Interim Payment, fixed the matter for case management on 5 September 2012.

At the case management held on 5 September 2012 on the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2, SYABAS' solicitors informed the Kuala Lumpur High Court that by a Notice of Assignment dated 15 August 2012, SYABAS was informed by the plaintiff that by a Deed of Assignment dated 10 August 2012, the plaintiff had assigned to Maybank Investment Bank Berhad its rights title and interest under the Novation Agreement dated 15 February 2005 and in view of this latest development, SYABAS will be making an application to re-amend its defence and counterclaim.

The High Court had adjourned the case management of the action and the plaintiff's application for Interim Payment to 2 October 2012, pending filing of SYABAS' application to re-amend its defence and counterclaim.

At the case management held on 13 September 2012, the Court of Appeal had fixed the matter in relation to the appeal made by SYABAS against the decision by the Kuala Lumpur High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, for hearing on 27 November 2012. The Court of Appeal also directed that the appeal record be filed on or before 27 September 2012.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

On 2 October 2012, the High Court had fixed 8 November 2012 for hearing of SYABAS' application to re-amend its defence and counterclaim to enable parties to exhaust the filing of affidavits and fixed the next case management of the action and the plaintiff's application for Interim Payment on 8 November 2012.

On 8 November 2012, the High Court had allowed SYABAS' application to re-amend its defence and counterclaim with costs in the cause. The High Court had directed SYABAS to re-amend its defence and counterclaim within seven (7) days from today. The High Court had given the plaintiff the liberty to make consequential amendments to its amended reply to defence and defence to counterclaim within fourteen (14) days from the date of service of SYABAS' re-amended defence and counterclaim.

The High Court also fixed the trial dates on 22 April 2013, 23 April 2013 and 24 April 2013 and case management of the action and the plaintiff's application for Interim Payment on 30 November 2012.

On 26 November 2012, following the application made by the counsel of Selangor State Government to the Court of Appeal on 20 November 2012, SYABAS' solicitors were informed by the counsel of Selangor State Government vide a letter dated 23 November 2012 that the Court of Appeal had granted adjournment and vacated the hearing fixed on 27 November 2012 in relation to the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, to a date to be fixed by the Court of Appeal in due course.

At the case management held on 30 November 2012, the High Court had fixed further case management on 4 January 2013 for the Plaintiff's application for Interim Payment and the Plaintiff to file the Re-amended Reply and Defence to counter claim.

On 7 December 2012, SYABAS has been informed by its solicitors on even date that the Court of Appeal had fixed the hearing for the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party on 7 January 2013.

At the case management held on 4 January 2013, the High Court had fixed 12 March 2013 for the following:

- i) Case management for the Plaintiff's application for Interim Payment;
- ii) Hearing for SYABAS' application to strike out the Plaintiff's claim; and
- iii) Case management of the main action.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

The Court of Appeal had adjourned the hearing fixed on 7 January 2013 for the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party to 21 January 2013.

At the hearing held on 21 January 2013, the Court of Appeal had dismissed the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party with cost. SYABAS is currently seeking advice from its solicitors on the next course of action arising from the said decision.

On 20 February 2013, SYABAS filed the notice of motion for leave to appeal against the decision made by the Court of Appeal on 21 January 2013 to the Federal Court.

The High Court had on 12 March 2013 adjourned the hearing for SYABAS' application to strike out the Plaintiff's claim to 20 March 2013 to enable the parties to prepare their submissions in reply and had also fixed 20 March 2013 for the following:-

- i) Case management for the Plaintiff's application for Interim Payment; and
- ii) Case management of the main action.

In relation to SYABAS' application for leave to appeal to the Federal Court against the decision made by the Court of Appeal dated 21 January 2013 whereby, the Court of Appeal had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, the Federal Court had via a letter dated 14 March 2013 fixed the matter for case management on 27 March 2013.

The matters at the High Court on 20 March 2013 was fixed for the following:-

- i) Hearing of SYABAS' application to strike out the Plaintiff's claim;
- ii) The Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim;
- iii) Case management of the main action; and
- iv) Case management on the Plaintiff's application for Interim Payment.

For The Year Ended 31 December 2013

## **40. MATERIAL LITIGATIONS (CONTINUED)**

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

The High Court had adjourned the proceedings to 29 March 2013 for case management to enable the parties to exhaust their affidavits and to revert to the Kuala Lumpur High Court if the parties are proceeding with the applications. This is pursuant to the Plaintiff serving their application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim on 19 March 2013 following which SYABAS had on 20 March 2013 filed their affidavit in reply.

At the case management held on 27 March 2013, the Federal Court had fixed 28 August 2013 for hearing of SYABAS' motion for leave to appeal against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 29 March 2013, the parties informed the Kuala Lumpur High Court that they are proceeding with SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim.

The High Court has now fixed the case management for both the applications on 17 April 2013. As the Trial has been fixed on 22 April 2013, 23 April 2013 and 24 April 2013, the High Court fixed case management for the Trial on 8 April 2013 and 17 April 2013.

At the case management held on 8 April 2013, the High Court had fixed SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim for hearing on 24 April 2013. The High Court maintained the case management for both the applications on 17 April 2013, as previously announced.

The High Court vacated the case management for Trial on 17 April 2013 and the Trial dates fixed on 22 April 2013, 23 April 2013 and 24 April 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court which has been fixed for hearing on 28 August 2013 and further fixed the case management for Trial on 4 September 2013.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

At the case management held on 17 April 2013, the Kuala Lumpur High Court had vacated the hearing fixed on 24 April 2013 in respect of the following:

- SYABAS' application to strike out the Plaintiff's Writ of Summons & Statement of Claim dated 28 March 2011 filed based on the assignment given by the Plaintiff to the Security Agent vide Deed of Assignment dated 23 August 2012 whereby the Plaintiff has absolutely and irrevocably assigned its right to receive payments from the Defendant to the Security Agent; and
- ii) The Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out Plaintiff's claim and SYABAS' Defence and Counterclaim pursuant to the Plaintiff's contention that SYABAS has similarly executed an assignment of its legal rights, title, benefits and interest of its assigned properties to SYABAS' Security Agent.

The Kuala Lumpur High Court had further fixed the case management on the abovementioned applications on 4 September 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court against the decision made by the Court of Appeal dated 21 January 2013, whereby the Court of Appeal had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party.

At the hearing held on 28 August 2013, the Federal Court had allowed SYABAS' motion for leave to appeal against the decision of the Court of Appeal dated 21 January 2013 with costs to follow the event of the appeal.

The Court of Appeal had previously dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the State Government of Selangor's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the State Government of Selangor.

At the case management held on 4 September 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 28 November 2013.

The Federal Court vide a letter dated 25 October 2013 had fixed 14 November 2013 for Case Management of the appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

At the case management held on 14 November 2013, the Federal Court had fixed 13 January 2014 as the next case management date for the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 28 November 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 27 January 2014, pending the disposal of the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

The Court of Appeal had previously dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the State Government of Selangor's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the State Government of Selangor. However, during the Hearing held on 28 August 2013, the Federal Court granted leave to SYABAS to appeal against the said decision of the Court of Appeal.

The Federal Court had brought forward the case management on the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 from 13 January 2014 to 31 December 2013.

At the case management held on 31 December 2013, the Federal Court had fixed the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 for Hearing on 7 April 2014.

At the case management held on 27 January 2014, the Kuala Lumpur High Court had fixed the matter for further case management on 9 April 2014 to update the Kuala Lumpur High Court on the status of the Federal Court Appeal and the present suit.

On 7 April 2014, the Federal Court had adjourned the hearing of State Government of Selangor's motion to strike out SYABAS' appeal (which was filed on 3 April 2014 together with the affidavit in support affirmed by the Selangor State Government's Chief Minister, Tan Sri Dato' Seri Abd Khalid Bin Ibrahim and was fixed for Hearing today) and Hearing of the appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 (which had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the State Government of Selangor's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the State Government of Selangor) to 9 April 2014 to enable the State Government of Selangor to file its affidavit in reply to SYABAS' affidavit affirmed by SYABAS' Chief Executive Officer, Dato' Ruslan Hassan, on 4 April 2014 in relation to the motion to strike out SYABAS' appeal.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (f) ABASS (continued)

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011 (continued)

On 9 April 2014, SYABAS' counsel informed the Kuala Lumpur High Court that the Hearing of the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 and the Hearing of the motion filed by the Selangor State of Government to strike off SYABAS' appeal had been rescheduled to 9 April 2014. The Kuala Lumpur High Court went on to fix the matter for further case management on 18 April 2014 pending disposal of SYABAS' appeal and motion to strike out SYABAS' appeal filed by the Selangor State Government at the Federal Court.

The Federal Court had on 9 April 2014 adjourned the Hearing of State Government of Selangor's motion to strike out SYABAS' appeal and the appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 (which had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the State Government of Selangor's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the State Government of Selangor) to 7 July 2014 to enable SYABAS to file its affidavit in reply to the affidavit affirmed by Selangor State Government's Chief Minister, Tan Sri Dato' Seri Abd Khalid Bin Ibrahim which was served on SYABAS on 9 April 2014 in relation to the Selangor State Government's motion to strike out SYABAS' appeal.

At the case management held on 18 April 2014, SYABAS' counsel informed the Kuala Lumpur High Court that the Hearing of the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013 and the Hearing of the motion filed by the Selangor State Government to strike off SYABAS' appeal had been adjourned by the Federal Court to 7 July 2014. The Kuala Lumpur High Court went on to fix the matter for further case management on 9 July 2014 pending disposal of SYABAS' appeal and motion to strike out SYABAS' appeal filed by Selangor State Government at the Federal Court.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government")

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government

On 8 September 2011, SYABAS has instituted legal proceedings against the State Government via the filing of a Writ and Statement of Claim at the High Court for a sum of RM1,054,208,382 being compensation from 1 January 2009 to 31 March 2011 from the State Government under the term of the Concession Agreement dated 15 December 2004 between SYABAS, the Federal Government and the State Government.

In the Statement of Claim, SYABAS is praying for the following Orders:-

- i) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM1,054,208,382 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 March 2011;
- ii) That the State Government do pay the said sum of RM1,054,208,382 to SYABAS forthwith upon making of the Order;
- iii) Costs of the action be paid by the State Government to SYABAS in any event; and
- iv) Such further or other relief or remedy as the Court shall deem just.

At the case management held on 10 October 2011, the State Government's solicitors informed the High Court that the Memorandum of Appearance was filed on 30 September 2011 and an application for leave to file Defence was filed in the Kuala Lumpur High Court on 10 October 2011. The Court then fixed a further case management on 4 November 2011 for further directions. On 14 October 2011, the Court allowed the defendant to file the Defence latest by 4 November 2011 and the plaintiff to file the Reply latest by 18 November 2011. The Court maintained the case management scheduled on 4 November 2011 to monitor the progress of the suit. On 4 November 2011, the State Government's solicitors informed the Court that the Defence was filed on 4 November 2011. The Court directed SYABAS to file the notice to attend pretrial case management after filing the Reply by 18 November 2011. The Court fixed the next case management on 29 November 2011.

On 21 November 2011, SYABAS' Reply had been filed in the High Court and served on the defendant's solicitors on 18 November 2011.

At the case management held on 29 November 2011, the High Court had fixed a further case management on 14 December 2011 for SYABAS to file the notice to attend pre-trial case management upon the close of pleadings and for the State Government to apply for leave to issue a third party notice against the Federal Government.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

The matter which came up for case management on 14 December 2011 was fixed for mention on 23 December 2011 in order to fix a hearing date for the defendant's application for leave to issue a Third Party Notice against the Federal Government, which was filed in Court on 14 December 2011.

At the mention held on 23 December 2011, the Federal Government had objected to the defendant's application for leave to issue a Third Party Notice against the Federal Government. The High Court had fixed the matter for another case management on 26 January 2012 and hearing on 16 February 2012.

At the case management held on 26 January 2012 for the defendant's application to issue a third party notice (in Enclosure 13), the High Court had fixed 8 February 2012 for the plaintiff to file in an affidavit in reply to the defendant's affidavit dated 25 January 2012 and further fixed 13 February 2012 for parties to file their respective submissions simultaneously. The hearing date previously fixed on 16 February 2012 was maintained.

At the hearing held on 16 February 2012, the Defendant's application for leave to issue a Third Party Notice against the Federal Government ("Application"), the High Court had allowed the Defendant's Application with no order as to cost and had further fixed the matter for case management for Third Party Direction on 5 March 2012, and Trial of the main Suit on 29 May 2012 and 30 May 2012, respectively.

On 5 March 2012, the Kuala Lumpur High Court had fixed the matter for case management on 28 March 2012 to allow the State Government and the Federal Government to file and serve their respective pleadings in the third party proceedings.

On 28 March 2012, the Kuala Lumpur High Court had fixed the matter for further case management on 17 April 2012 to allow the parties to finalise the issues to be tried, bundle of documents and list of witnesses. The High Court had also fixed two (2) further trial dates for the matter on 14 and 15 June 2012 in addition to the 29 and 30 May 2012 which had been fixed earlier. The High Court had rescheduled the call management for application of the Defendant to 27 April 2012 which was subsequently adjourned to 30 April 2012.

The Kuala Lumpur High Court had fixed the matter for further case management on 8 May 2012 and 15 May 2012.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

At the case management held on 15 May 2012 which was heard together with the hearing fixed for the application to amend the Statement of Claim filed by SYABAS on 14 May 2012, the Kuala Lumpur High Court had fixed a further hearing date on 22 May 2012 to allow the parties to file and serve their respective affidavits. The case management is also fixed on the same date.

At the case management held on 22 May 2012 on the application to amend the Statement of Claim filed by SYABAS, the High Court had adjourned the matter to 25 May 2012 for decision.

On 25 May 2012, the High Court had adjourned the decision on the application to amend the Statement of Claim filed by SYABAS to 29 May 2012 to allow the parties to further deliberate and submit on the matter. The trial dates fixed on 29 May 2012 and 30 May 2012 as announced earlier are now vacated for the aforementioned purpose. The trial dates fixed on 14 June 2012 and 15 June 2012 remain unchanged.

On 29 May 2012, the High Court had allowed the application to amend the Statement of Claim filed by SYABAS and further fixed the matter for case management on 14 June 2012. The trial dates of 14 June 2012 and 15 June 2012 as announced previously have been vacated.

The High Court has further fixed 4 September 2012, 6 September 2012 and 7 September 2012 as the new trial dates.

At the case management held on 14 June 2012, the High Court had fixed three (3) additional trial dates on 30 October 2012, 31 October 2012 and 1 November 2012 respectively. The High Court had further directed the parties to file additional bundle of documents (if any) and the issues to be tried on or before 31 July 2012, and their respective witness statements one (1) week before the trial.

On 22 June 2012, the Defendant has filed an appeal to the Court of Appeal against the Order dated 29 May 2012 of the High Court allowing the Plaintiff's application to amend the Statement of Claim.

On 28 June 2012, the Court of Appeal had fixed the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, for Case Management on 12 July 2012.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

At the case management held on 12 July 2012 for the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, the Court of Appeal had fixed the matter for further case management on 14 August 2012 for further direction.

The Court of Appeal had also directed the Defendant to file in the Record of Appeal by 9 August 2012.

On 14 August 2012, the Court of Appeal had fixed the hearing for the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim on 8 October 2012. The Court of Appeal also directed the parties to file their respective written submission on or before 24 September 2012.

The Kuala Lumpur High Court had via letter dated 13 August 2012 fixed the matter for case management on 16 August 2012.

At the case management held on 16 August 2012, the solicitors for the Defendant had requested for the trial dates on 4 September 2012, 6 September 2012 and 7 September 2012 to be vacated pending disposal of the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim ("Appeal"). The Appeal is fixed for hearing at the Court of Appeal on 8 October 2012, as previously announced by the Company on 14 August 2012.

The High Court agreed to vacate the trial dates on 4 September 2012 and 7 September 2012. The witness for SYABAS will give evidence in chief on 6 September 2012. The trial will continue on 30 October 2012, 31 October 2012, and 1 November 2012 respectively. The parties are to file their respective witness statements one (1) week before the commencement of the trial.

The trial held on 6 September 2012 had been adjourned to 30 October 2012, 31 October 2012 and 1 November 2012, the trial dates previously fixed and announced on 17 August 2012, pending the Plaintiff and the Third Party to file in their respective supplementary/fresh witness statements.

At the hearing held on 8 October 2012 for the State Government's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim ("Appeal"), the Court of Appeal had allowed the Appeal with costs.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

On 15 October 2012, SYABAS' solicitors had filed a motion for leave at the Federal Court to appeal against the decision made by the Court of Appeal dated 8 October 2012. The Federal Court had also fixed the motion for hearing on 23 October 2012.

At the hearing held on 23 October 2012, the Federal Court had granted leave to SYABAS to appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012 ("Appeal"). The Federal Court had also directed for an early date to be fixed for the hearing of the Appeal. Pursuant to the leave granted by the Federal Court, SYABAS will instruct its solicitors to proceed with the filing of the relevant notice of appeal and appeal record.

In view of the fact that the Federal Court had on 23 October 2012 granted leave to SYABAS to appeal to the Federal Court against the decision dated 8 October 2012 of the Court of Appeal (which allowed the defendant's appeal against the decision of the High Court on 29 May 2012 granting leave to SYABAS to amend its claim), the High Court had on 30 October 2012 adjourned the trial fixed for 30 October 2012, 31 October 2012 and 1 November 2012 pending the outcome of SYABAS' appeal to the Federal Court. The High Court had fixed new trial dates on 11 January 2013, 13 February 2013, 14 February 2013 and 15 February 2013 and also fixed case management on 17 December 2012 for the parties to inform the Kuala Lumpur High Court on the outcome of SYABAS' appeal to the Federal Court.

On 20 November 2012, the Federal Court had fixed SYABAS' appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012, for case management on 22 November 2012.

At the case management held on 22 November 2012, the Federal Court had fixed 10 December 2012 for further case management pending the extraction of the notes of evidence and the grounds of judgment delivered by the Court of Appeal on 8 October 2012.

At the case management held on 10 December 2012, the Federal Court had fixed 31 January 2013 for hearing of the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 17 December 2012, the High Court had vacated the trial date fixed on 11 January 2013 and maintained the trial dates on 13 February 2013, 14 February 2013 and 15 February 2013.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

The High Court had also fixed the case management on 4 February 2013 for the parties to inform Kuala Lumpur High Court on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 31 January 2013.

On 31 January 2013, the hearing for the appeal against the decision delivered by the Court of Appeal on 8 October 2012 had been vacated by the Federal Court to a date to be fixed in due course following re-arrangement of cases by the Federal Court.

On 4 February 2013, the Federal Court had fixed 6 February 2013 as the hearing date for the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 4 February 2013, Kuala Lumpur High Court had vacated the Trial dates fixed on 13 February 2013, 14 February 2013 and 15 February 2013, as announced previously, on the request made by the Defendant's Solicitors. Kuala Lumpur High Court had fixed the new Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013.

Kuala Lumpur High Court had also fixed the case management on 15 February 2013 for the parties to inform Kuala Lumpur High Court on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 6 February 2013.

At the hearing held on 6 February 2013, the Federal Court had allowed the appeal made by SYABAS against the decision delivered by the Court of Appeal on 8 October 2012, which earlier dismissed SYABAS' application to amend the Statement of Claim and awarded cost to SYABAS.

The High Court postponed the case management fixed on 15 February 2013 to 28 February 2013.

At the case management held on 28 February 2013, the Kuala Lumpur High Court has maintained the Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013, as previously announced.

The High Court had via a letter dated 8 April 2013 vacated the Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013, as announced previously and has now rescheduled the Trial to 2 September 2013, 3 September 2013, 4 September 2013, 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013 accordingly.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

On 20 August 2013, the Defendant had filed an application to amend the Statement of Defence at the Kuala Lumpur High Court. The application had been fixed for Hearing on 23 August 2013.

At the Hearing held on 23 August 2013, the Kuala Lumpur High Court had allowed the Defendant's application to amend the Statement of Defence. The Kuala Lumpur High Court further directed the Defendant to file the Amended Statement of Defence by 26 August 2013 and the Plaintiff to file the Amended Reply by 29 August 2013.

The Kuala Lumpur High Court had maintained the Trial dates on 2 September 2013, 3 September 2013, 4 September 2013, 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013, as previously announced.

The Trial for the above matter proceeded on 2 September 2013, 3 September 2013 and 4 September 2013. On 2 September 2013, the Selangor State Government's solicitors had served a subpoena on SYABAS' Chief Executive Officer. On 4 September 2013, the Plaintiff filed an application to set aside the subpoena. Further, the Defendant also filed an application to re-amend its Statement of Defence. The Kuala Lumpur High Court had fixed both applications ("Applications") for Hearing on 11 September 2013.

The Kuala Lumpur High Court had vacated the Trial dates on 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013, as previously announced, pending the disposal of the Applications.

On 11 September 2013, the Hearing of the Selangor State of Government's application to re-amend their Statement of Defence and SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer had been adjourned to 19 September 2013 to enable the parties to file the necessary Affidavits.

The matter on the Selangor State Government's application to re-amend their Statement of Defence came up for Hearing on 19 September 2013. Upon submissions from both Counsels, the Kuala Lumpur High Court had reserved the matter for decision and once the date for the decision is fixed, the Kuala Lumpur High Court will also hear SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer on 2 September 2013. The Kuala Lumpur High Court further fixed 6 November 2013, 7 November 2013 and 8 November 2013 for continued Trial.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

On 1 October 2013, the Kuala Lumpur High Court had fixed the Selangor State Government's application to re-amend its Statement of Defence for decision on 3 October 2013. As announced previously, the Kuala Lumpur High Court will also hear SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer on 2 September 2013 once the date for decision is fixed.

The Kuala Lumpur High Court had on 3 October 2013 allowed the Selangor State Government's application to reamend the Statement of Defence with costs to SYABAS. The Kuala Lumpur High Court had directed the Selangor State Government to deliver the re-amended Statement of Defence on or before 8 October 2013, and SYABAS thereafter to deliver its re-amended reply on or before 11 October 2013, with the reservation to SYABAS to apply to amend the writ and re-amend its Statement of Claim.

The hearing on the Plaintiff's application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff on 6 November 2013 had been adjourned to 10 December 2013 pending filing of the necessary Affidavits by the Parties. The Plaintiff's application to set aside the subpoena served on the Chief Executive Officer of the Plaintiff as well as the hearing of the Defendant's application for the Plaintiff to produce documents are also fixed on the same date. The trial dates of 6, 7 and 8 November 2013 had been vacated by the Court pending the disposal of the above applications.

On 10 December 2013, the Kuala Lumpur High Court had adjourned the hearing of SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff to 20 January 2014. The Kuala Lumpur High Court also fixed the Selangor State Government's application to strike out SYABAS' Writ of Summons and amended Statement of Claim for mention on 20 January 2014. The Selangor State Government's solicitors further withdrew their subpoena served on SYABAS' Chief Executive Officer with no order as to costs. SYABAS' solicitors subsequently withdrew their application to set aside the subpoena.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

At the hearing held on 20 January 2014, the Kuala Lumpur High Court adjourned its Decision to a date to be fixed by the Kuala Lumpur High Court after submissions by both parties on SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff. The Kuala Lumpur High Court also fixed the Selangor State Government's application to strike out SYABAS' Writ of Summons and amended Statement of Claim for Mention on the same Decision date.

SYABAS was informed by its solicitors that the Kuala Lumpur High Court had fixed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff for decision on 13 February 2014 to which SYABAS' application was dismissed with costs. SYABAS' solicitors orally applied for a stay of proceedings pending appeal which was also dismissed by the learned judge.

The Kuala Lumpur High Court fixed the Selangor State Government's application to strike out SYABAS' Writ of Summons and amended Statement of Claim for hearing on 7 March 2014.

SYABAS had filed its Notice of Appeal at the Court of Appeal on 14 February 2014 appealing against the decision of the Kuala Lumpur High Court dated 13 February 2014 which had dismissed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff.

The Court of Appeal had fixed SYABAS' Notice of Appeal against the decision of the Kuala Lumpur High Court dated 13 February 2014 which had dismissed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff for case management on 1 April 2014.

SYABAS' had on 19 February 2014 filed its Notice of Motion at the Court of Appeal to stay the High Court proceedings pending the appeal and the Notice of Motion is fixed for hearing on 4 March 2014.

By consent of both parties, the Court of Appeal had on 4 March 2014 allowed for an interim stay of the Kuala Lumpur High Court proceedings. SYABAS' Notice of Motion to stay the High Court proceedings pending appeal and SYABAS' Notice of Appeal against the decision of the Kuala Lumpur High Court dated 13 February 2014 (which had dismissed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff) are now fixed for hearing on 2 April 2014.

For The Year Ended 31 December 2013

## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (g) Kerajaan Negeri Selangor ("State Government") (continued)

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government (continued)

On 7 March 2014, the Kuala Lumpur High Court upon being informed on the interim stay of the Kuala Lumpur High Court proceedings granted by the Court of Appeal on 4 March 2014, had vacated the hearing fixed on 7 March 2014 to hear the Selangor State Government's application to strike out SYABAS' Writ of Summons and amended Statement of Claim and further fixed the matter for case management on 4 April 2014.

SYABAS' Notice of Appeal against the decision of the Kuala Lumpur High Court dated 13 February 2014 (which had dismissed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff) fixed for case management on 1 April 2014 has been vacated in view of the appeal being fixed for hearing on 2 April 2014.

At the hearing held on 2 April 2014, the Court of Appeal allowed SYABAS' appeal against the decision of the Kuala Lumpur High Court dated 13 February 2014 (which had dismissed SYABAS' application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff) with costs of RM10,000. Further, on the application by SYABAS' lead counsel, the Court of Appeal also ordered the trial to be heard de novo before another judge at court NCC5 of the Kuala Lumpur High Court. The Court of Appeal also allowed the Selangor State Government's application to stay the Kuala Lumpur High Court proceedings pending the disposal of its proposed application for leave to appeal to the Federal Court against the decision of the Court of Appeal. The Court of Appeal made no order on SYABAS' Notice of Motion to stay the Kuala Lumpur High Court proceedings pending appeal.

On 4 April 2014, the Kuala Lumpur High Court upon being informed of the Court of Appeal's decision dated 2 April 2014 had fixed the matter for further case management on 8 April 2014.

At the case management held on 8 April 2014, the Kuala Lumpur High Court had fixed the Selangor State Government's application to strike out SYABAS' Writ of Summons and Amended Statement of Claim for Mention on 5 May 2014.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (h) PNSB vs SYABAS

Kuala Lumpur High Court Civil Suit No: 22NCC-1336-08/2012

On 30 August 2012, PNSB had instituted legal proceedings against SYABAS via the filing of a Writ of Summons and Statement of Claim dated 30 August 2012 at the High Court for amount due for payment as of 30 April 2012 for the supply and purchase of treated water ("Amount Due as of 30 April 2012").

In the Statement of Claim, PNSB is claiming the following:-

- i) The Amount Due For Payment of RM1,211,156,583.09 being the unpaid due amount accrued as of 30 April 2012; in the alternative, the Amount Due For Payment of RM1,072,725,761.32 being the unpaid due amount accrued as of 30 April 2012;
- ii) Alternatively, such other sum or sums as may be assessed by the Honourable Court to be due to the Plaintiff from the Defendant as at 30 April 2012;
- Further, all sums arising and due to the Plaintiff from the Defendant under the provisions of the Water Supply Agreements accruing after 30 April 2012 until the date of Judgment;
- iv) Costs;
- v) Interest:
- vi) Such further and alternative reliefs as the Honourable Court deems fit and proper.

The solicitors of PNSB had on 4 September 2012 served on SYABAS the Writ of Summons and Statement of Claim dated 30 August 2012 for Amount Due as of 30 April 2012.

The High Court has fixed the matter for case management on 21 September 2012.

SYABAS' solicitors had filed a Memorandum of Appearance on behalf of SYABAS on 14 September 2012 and the said Memorandum of Appearance was served on PNSB's solicitors on 18 September 2012. At the Case Management of this matter held on 21 September 2012, a further Case Management date of 8 November 2012 was fixed pending SYABAS' filing of its Statement of Defence. SYABAS filed its Statement of Defence on 17 October 2012 and had subsequently filed the Amended Statement of Defence dated 25 October 2012.

On 30 October 2012, in addition to the Defence which was filed by the Defendant on 17 October 2012 as previously announced, the Defendant's Amended Defence dated 25 October 2012 had been served on the Plaintiff's solicitors on 25 October 2012.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (h) PNSB vs SYABAS (continued)

Kuala Lumpur High Court Civil Suit No: 22NCC-1336-08/2012 (continued)

On 8 November 2012, the High Court had directed the Plaintiff to file its Reply to the Defendant's Amended Defence dated 25 October 2012 by 22 November 2012. The High Court had also fixed the next case management date on 3 December 2012.

At the case management held on 3 December 2012, the High Court had fixed the matter for further case management on 16 January 2013 and 8 July 2013 and also fixed the trial dates on 15, 16, 17 and 18 July 2013.

PNSB had filed an application for discovery of document against SYABAS and the matter was fixed for case management on 27 May 2013. At the case management held on 27 May 2013, the High Court had fixed the hearing for PNSB's application for discovery of documents against SYABAS on 20 June 2013.

At the hearing held on 20 June 2013, the Kuala Lumpur High Court had fixed PNSB's application for discovery of documents against SYABAS for decision on 25 June 2013.

At the decision held on 25 June 2013, the Kuala Lumpur High Court had dismissed PNSB's application for discovery of documents against SYABAS with costs payable by PNSB to SYABAS.

At the case management held on 8 July 2013, the Kuala Lumpur High Court had directed the parties to file their respective witness statements on 10 July 2013.

On 15 July 2013, the Kuala Lumpur High Court had vacated the trial dates fixed on 15 July 2013, 16 July 2013, 17 July 2013 and 18 July 2013, and rescheduled the trial to 11 November 2013, 12 November 2013, 13 November 2013 and 14 November 2013. The Kuala Lumpur High Court had also fixed the matter for case management on 17 September 2013.

On 15 July 2013, PNSB had filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS.

On 16 July 2013, PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS, had been fixed for case management on 20 August 2013.

On 29 July 2013, the Kuala Lumpur High Court had vacated the trial dates fixed on 11 November 2013, 12 November 2013, 13 November 2013 and 14 November 2013, and rescheduled the trial to 25 November 2013, 26 November 2013, 27 November 2013 and 28 November 2013. The case management fixed for the matter on 17 September 2013 remain unchanged.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (h) PNSB vs SYABAS (continued)

Kuala Lumpur High Court Civil Suit No: 22NCC-1336-08/2012 (continued)

At the case management held on 20 August 2013, the Kuala Lumpur High Court had fixed the hearing for PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS, on 21 October 2013.

At the case management held on 17 September 2013, the Kuala Lumpur High Court had fixed the matter for a further case management on 24 October 2013.

The Court of Appeal had at the hearing held on 21 October 2013 for PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissed PNSB's application for discovery of documents against SYABAS, adjourned the hearing and fixed the next hearing date on 6 November 2013 pending discussions on settlement by the parties.

At the case management held on 24 October 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 13 November 2013.

At the hearing held on 6 November 2013, the Court of Appeal had disallowed PNSB's appeal to obtain Discovery of Documents from SYABAS particularly the Management Accounts and the Management Financial Statements for the years 2010-2013.

At the case management held on 13 November 2013, the Kuala Lumpur High Court was informed of the Court of Appeal's decision during the hearing held on 6 November 2013, which dismissed PNSB's appeal to obtain Discovery of Documents from SYABAS particularly the Management Accounts and the Management Financial Statements for the year 2010-2013. Further, upon request by PNSB's counsel, the Kuala Lumpur High Court had directed that the trial dates fixed on 25 November 2013, 26 November 2013 and 27 November 2013 to be maintained but vacated the trial date on 28 November 2013.

On 25 November 2013, the Suit came up for trial. The Kuala Lumpur High Court ordered, amongst others, as follows:

- i) As of 30 June 2013 an amount of RM1,510,976,059.48 is due and owing by SYABAS to PNSB (being the total monthly outstanding sum for the supply in bulk of Treated Water as of 30 June 2013) ("Outstanding Sum");
- ii) Any issues and/or claims arising from the Late Payment Interest under the provisions of the Water Supply Agreements ("Interest Claim") shall be, if not resolved, to be finally and completely resolved by arbitration;

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (h) PNSB vs SYABAS (continued)

Kuala Lumpur High Court Civil Suit No: 22NCC-1336-08/2012 (continued)

- iii) SYABAS to pay the Outstanding Sum and the Interest Claim (in the event the Arbitral Tribunal ruled in favour of PNSB) to PNSB in the event SYABAS is in the financial position to make payment to PNSB; and
- iv) No order as to costs.

With the Order, the Kuala Lumpur High Court vacated the hearing dates of 26 November 2013 and 27 November 2013.

## (i) PNSB vs State Government

Kuala Lumpur High Court Originating Summons No. 24NCVC-369-02/2013

PNSB had on 18 February 2013 instituted legal proceedings against the Selangor State Government via the filing of the relevant cause papers all dated 18 February 2013 at the High Court in relation to the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB and the Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government ("the Agreements").

In the Originating Summons and the Notice of Application dated 18 February 2013, PNSB is seeking for the following:-

- A declaration that the Agreements between PNSB and the Selangor State Government dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government are valid and enforceable pursuant to the Water Services Industry Act 2006;
- ii) An order against the Selangor State Government for specific performance of the Agreements;
- that the Selangor State Government whether by its servants, agents or howsoever be restrained from terminating the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB and the Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government;

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (i) PNSB vs State Government (continued)

Kuala Lumpur High Court Originating Summons No. 24NCVC-369-02/2013 (continued)

- iv) that the Selangor State Government whether by its servants, agents or howsoever be restrained from handing over howsoever the operations and managements of the Sungai Sireh Water Treatment Plant as defined in the Agreements to Konsortium Air Selangor Bhd or whomsoever;
- v) Costs; and
- vi) Such further or other relief as the Honourable Court deems just and fit.

The solicitors of PNSB had on 20 February 2013 served the Sealed Copy of Originating Summons, Sealed Copy of Notice of Application and a copy of the Plaintiff's Affidavit in respect of the Suit on the Selangor State Government.

The High Court has fixed the matter for hearing on 11 March 2013.

At the hearing held on 11 March 2013, the High Court has directed as follows:-

- i) That Parties are to exhaust the exchange of affidavits by 4 June 2013; and
- ii) The Originating Summons has been fixed for hearing on 4 June 2013.

The hearing date scheduled on 4 June 2013 was rescheduled to a case management by the Kuala Lumpur High Court as the Selangor State Government had filed an application to strike out the Suit by PNSB.

At the said case management, the Kuala Lumpur High Court directed the parties to file their respective Written Submissions and Submissions In Reply in respect of the Selangor State Government's said application and scheduled the matter for decision on 10 July 2013.

The Kuala Lumpur High Court had on 9 July 2013 deferred the decision on the Selangor State Government's application to strike out the Suit from 10 July 2013 to 17 July 2013.

On 17 July 2013, the Kuala Lumpur High Court had deferred the decision on the Selangor State Government's application to strike out the Suit from 17 July 2013 to 5 August 2013.

On 5 August 2013, the Kuala Lumpur High Court allowed the Selangor State Government's application to strike out the Suit with costs. PNSB will seek its solicitors' advice on the next course of action for the above matter.

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## 40. MATERIAL LITIGATIONS (CONTINUED)

#### (i) PNSB vs State Government (continued)

Kuala Lumpur High Court Originating Summons No. 24NCVC-369-02/2013 (continued)

PNSB had on 30 August 2013 filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 5 August 2013 allowing the Selangor State Government's application to strike out the Suit with costs.

At the hearing held on 6 November 2013 on PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 5 August 2013 allowing the Selangor State Government's application to strike out the Suit with costs, the Court of Appeal allowed PNSB's appeal with no order as to costs.

On 10 February 2014, the Selangor State Government had filed an application for leave to the Federal Court to appeal against the decision of the Court of Appeal on 6 November 2013 allowing PNSB's appeal against the decision of the Kuala Lumpur High Court on 5 August 2013 allowing the Selangor State Government's application to strike out the Suit with costs.

The Federal Court had scheduled the hearing of the Selangor State Government's application for leave on 2 April 2014.

At the hearing held on 2 April 2014, the Federal Court dismissed the Selangor State Government's application for leave to appeal against the decision of the Court of Appeal on 6 November 2013 with costs of RM10,000.

#### (i) PNSB vs LUAS and the Selangor State Government

Kuala Lumpur High Court Judicial Review No: R2-25-67-03/2014

On 27 March 2014, PNSB obtained Leave from the Kuala Lumpur High Court to bring Judicial Review proceedings against LUAS and the Selangor State Government ("Judicial Review proceedings"). At the case management held on 10 April 2014 in respect of the Judicial Review proceedings the Kuala Lumpur High Court gave directions for the parties to file and exchange affidavits in reply and outline the submissions in respect of both the interim relief and substantive applications.

The application for interim relief is fixed for hearing on 5 May 2014 and the next case management for the substantive application was also fixed on 5 May 2014.

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#### 41. SUBSEQUENT EVENTS

(1) The Company was notified on 6 January 2014 that the Company Registration office in the Ministry of National Planning and Economic Development in the The Republic of the Union of Myanmar had issued the Form of Permit (Temporary) and Certificate of Incorporation (Temporary) both dated 31 December 2013 for the establishment of a branch office in The Republic of the Union of Myanmar, namely Puncak Niaga Holdings Berhad (Myanmar Branch) ("PNHB (Myanmar Branch)").

PNHB (Myanmar Branch) was established to facilitate PNHB Group to explore potential water and wastewater related business opportunities in Myanmar.

The Permanent Form of Permit and Permanent Form of Certificate of Incorporation both dated 31 December 2013 were issued to PNHB (Myanmar Branch) on 17 March 2014. The Permanent Form of Permit is valid from 31 December 2013 to 31 December 2018.

- (2) With effect from 7 January 2014, the Company's wholly owned subsidiary which is involved in the business of construction, Lambang Sejagat Sdn Bhd had changed its name to Puncak Niaga Construction Sdn Bhd upon issuance of the Certificate on Change of Name by the Companies Commission of Malaysia.
- (3) On 6 September 2013, the Company's subsidiary, SINO had entered into an Equity Transfer Agreement ("ETA") with Luancheng County Water Supply Station ("LCWSS" or "the Purchaser") for the disposal of 83.99% equity interest in Luancheng at a cash consideration of RMB200,000 ("Proposed Disposal of Shares in Luancheng").

On 10 January 2014, SINO had entered into a Supplemental Equity Transfer Agreement ("Supplemental ETA") with LCWSS in respect of the disposal of SINO 83.99% equity interest in Luancheng for the purpose of amending certain terms in the ETA to protect Sino Water's interests and minimize SINO's risk exposures in relation to the remittance of the net consideration to be paid by LCWSS for the Proposed Disposal of Shares in Luancheng following the recent change of foreign exchange regulations made by the regulatory authorities in the People's Republic of China ("PRC") on remittance of net purchase consideration to a foreign investor, whereby the equity sale proceeds or share purchase price shall only be allowed to be remitted to a foreign investor upon the completion of change of shares registration and corporate information at the PRC's State Administration for Industry and Commerce Bureau ("SAIC"), with all other terms and conditions in the ETA to remain unchanged.

On 21 February 2014, the Company was notified by Luancheng that the regulatory authority in the People's Republic of China had on 20 February 2014 issued the Enterprise Legal Representative Business License approving the transfer of the Company's subsidiary, SINO's 83.99% equity interest in Luancheng to LCWSS.

As such, effective 20 February 2014, Luancheng has ceased to be a subsidiary of SINO.

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## 41. SUBSEQUENT EVENTS (CONTINUED)

- (4) On 16 January 2014, the Company entered into a MOU with Metropolitan Waterworks Authority, Kingdom of Thailand ("MWA") (collectively referred to as "the Parties") for the purpose of collaborating with each other to co-operate and work together on an Exchange Programme for mutual benefit whereby the cooperative activities between the Parties through the Exchange Programme, also to improve the strength of relationship between the Parties, shall include training (with various forms of interaction and sharing aimed to enhance and maximize staff skills, experiences, knowledge and technology know-how), culture and sports. The MOU shall be valid for a period of three (3) years from 16 January 2014 to 15 January 2017.
- (5) On 14 February 2014, PNSB signed the Tender Acceptance Letter in relation to the tender offer called by Jabatan Perkhidmatan Pembetungan, Kementerian Tenaga, Teknologi Hijau dan Air for the project, Package D44 Construction of Sewer Pipe Networks at Bunus, Kuala Lumpur (Design And Build). The contract period is 48 months and the completion date is 24 February 2018.
- (6) On 10 March 2014, PNSB received a faxed letter dated 7 March 2014 from LUAS that in line with the decision of the Selangor State Government on 12 February 2014, the water treatment concession companies in Selangor will be allowed to conduct raw water abstraction activities until the expiry of the existing raw water abstraction license on 31 May 2014, following which there will be no renewal of license thereof unless further directive is issued by the Selangor State Government.
  - On 20 March 2014, PNSB had filed an application in the Kuala Lumpur High Court for leave to issue Judicial Review proceedings against the decision of LUAS and Selangor State Government as notified by LUAS to PNSB via a letter dated 7 March 2014 to not renew PNSB's raw water abstraction licenses beyond 31 May 2014. Information relating to this legal proceedings is disclosed in Note 40(i) to the financial statements.
- (7) On 14 March 2014, the Company had acquired a shelf company, namely Magnum Nature Sdn Bhd (Company No. 1066469-V) ("Magnum Nature"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Magnum Nature at a total cash consideration of Ringgit Malaysia Two (RM2.00) only (the "Acquisition").

The Acquisition is to facilitate the Group's business expansion plans. Magnum Nature will remain dormant for the time being.

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## 41. SUBSEQUENT EVENTS (CONTINUED)

(8) On 18 March 2014, SINO had invested an additional amount of USD350,000 in LUWEI, a 91.94% owned limited liability subsidiary incorporated in Lushan County, Henan Province, in the People's Republic of China under the China Company Law.

SINO was notified on 18 March 2014 by LUWEI that the regulatory authorities of the People's Republic of China had issued the "Business Licence" dated 17 March 2014 approving the increase of the registered capital limit of LUWEI from USD5,800,000 to USD7,550,000 and the lodgement of increase in the paid up registered capital of LUWEI from USD5,800,000 to USD6,150,000.

Accordingly, LUWEI is now a 92.40% owned subsidiary of SINO with a total investment of USD5,682,500.

#### 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

MFRS 10 replaces part of MFRS 127, Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretations 112, Consolidation - Special Purpose Entities.

The Group owns 70% of shareholdings of SYABAS and the remaining 30% voting rights are held by KDEB and Kumpulan Perangsang Selangor Berhad ("KPS"). Pursuant to the Shareholders' Agreement dated 31 December 2004 between the Company and KDEB and SYABAS and the Supplemental Shareholders' Agreement dated 20 February 2009 between the Company and KDEB and SYABAS, despite the majority voting rights at SYABAS' Board Meeting, the Group does not have practical ability to unilaterally direct the relevant activities of SYABAS, whereby the decision over annual business plan and budget shall require in addition a vote in favour by at least 1 director of the Company and 1 director of KDEB. The Board assessed that the Group does not have control over SYABAS but has joint control in SYABAS since the acquisition in 2005. Hence, SYABAS has been classified as a joint venture of the Group in accordance with MFRS 11.

The change in accounting policies of the Group's investment in SYABAS has been applied in accordance with the relevant transitional provisions as set in MFRS 10 as if the acquisitions of SYABAS had been accounted for in accordance with MFRS 11, *Joint Arrangements* at the date of acquisition.

The financial effects of deconsolidating and equity account for the results of SYABAS are summarised below:

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## 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012:

# (a) Reconciliation as at 1 January 2012

	1.1.2012		
	as	MFRS	1.1.2012
	previously	10 and 11	as
	stated adjustments		restated
	RM'000	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	452,829	(40,158)	412,671
Operating financial assets	6,584	884,375	890,959
Service concession assets	7,694,674	(7,628,766)	65,908
Investment in associates	44	-	44
Investment in joint venture	1,642	-	1,642
Debt service reserve account	306,892	(62,775)	244,117
Goodwill	210,879	(185,812)	25,067
Trade and other receivables	1,469,883	(454,848)	1,015,035
Deferred tax assets	425,211	(425,211)	-
	10,568,638	(7,913,195)	2,655,443
Current assets			
Inventories	9,484	-	9,484
Trade and other receivables	450,399	116,965	567,364
Operating financial assets	-	82,224	82,224
Short-term investments	9,409	(9,409)	-
Tax recoverable	639	-	639
Short-term funds	36	-	36
Cash and cash equivalents	1,268,050	(846,082)	421,968
	1,738,017	(656,302)	1,081,715
TOTAL ASSETS	12,306,655	(8,569,497)	3,737,158

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# 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Reconciliation as at 1 January 2012 (continued)

	1.1.2012 as previously stated a RM'000	MFRS 10 and 11 adjustments RM'000	1.1.2012 as restated RM'000
Equity and liabilities			
Equity attributable to equity owners of the Company			
Share capital	411,143	-	411,143
Share premium	102,879	-	102,879
Treasury shares	(5,941)	-	(5,941)
Reserves	(269,755)	413	(269,342)
Retained earnings	33,887	1,054,854	1,088,741
	272,213	1,055,267	1,327,480
Non-controlling interest	(576,404)	575,726	(678)
Total equity	(304,191)	1,630,993	1,326,802
Non-current liabilities			
Provision for retirement benefits	20,476	(18,401)	2,075
Loans and borrowings	5,040,961	(3,673,299)	1,367,662
Trade and other payables	1,205,761	(1,197,599)	8,162
Government grant	285,934	(285,934)	-
Service concession obligation	3,832,349	(3,832,349)	-
Deferred tax liabilities	-	261,404	261,404
	10,385,481	(8,746,178)	1,639,303
Current liabilities			
Provision for retirement benefits	2,284	(1,631)	653
Loans and borrowings	471,168	(990)	470,178
Trade and other payables	1,387,290	(1,114,501)	272,789
Service concession obligation	337,190	(337,190)	-
Tax payable	27,433	-	27,433
	2,225,365	(1,454,312)	771,053
Total liabilities	12,610,846	(10,200,490)	2,410,356
TOTAL EQUITY AND LIABILITIES	12,306,655	(8,569,497)	3,737,158

For The Year Ended 31 December 2013

# 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Reconciliation as at 31 December 2012

	31.12.2012 as previously stated a RM'000	MFRS 10 and 11 adjustments RM'000	31.12.2012 as restated RM'000
Assets			
Non-current assets			
Property, plant and equipment	462,231	(42,432)	419,799
Operating financial assets	7,476	806,336	813,812
Service concession assets	7,686,187	(7,618,307)	67,880
Investment in associates	45	-	45
Investment in joint venture	1,104	-	1,104
Debt service reserve account	255,823	(64,732)	191,091
Goodwill	210,820	(185,812)	25,008
Trade and other receivables	2,319,981	(904,903)	1,415,078
Deferred tax assets	425,928	(425,928)	-
	11,369,595	(8,435,778)	2,933,817
Current assets			
Inventories	5,790	-	5,790
Trade and other receivables	615,482	99,435	714,917
Operating financial assets	-	92,972	92,972
Short-term investments	59,851	(9,190)	50,661
Tax recoverable	2	-	2
Cash and cash equivalents	1,383,741	(934,502)	449,239
	2,064,866	(751,285)	1,313,581
TOTAL ASSETS	13,434,461	(9,187,063)	4,247,398

For The Year Ended 31 December 2013

#### 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Reconciliation as at 31 December 2012 (continued)

Provision   Pro		31.12.2012		
Equity and liabilities         Equity attributable to equity owners of the Company         Feature of the Company		as	MFRS	31.12.2012
Equity and liabilities         Equity attributable to equity owners of the Company         At 11,143         At 12,14         At 12,14 <th< th=""><th></th><th>previously</th><th>10 and 11</th><th>as</th></th<>		previously	10 and 11	as
Equity and liabilities           Equity attributable to equity owners of the Company         411,143         411,143         411,143           Share capital         411,143         - 411,143           Share premium         102,879         - 102,879           Treasury shares         (5,941)         - (5,941)           Reserves         (272,332)         568         (271,764)           Retained earnings         271,241         1,076,889         1,348,130           Non-controlling interest         506,990         1,077,457         1,584,447           Non-controlling interest         (582,049)         580,480         (1,569)           Total equity         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         25,240         262,400           Current liabilities		stated	adjustments	restated
Para		RM'000	RM'000	RM'000
Para	Equity and liabilities			
Share capital         411,143         - 411,143           Share premium         102,879         - 102,878           Treasury shares         (5,941)         - (5,941)           Reserves         (272,332)         568         (271,764)           Retained earnings         271,241         1,076,889         1,348,130           Total equity         (582,049)         580,480         (1,569)           Total equity         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         - 262,400         262,400           Current liabilities         - 262,400         262,400           Frovision for retirement benefits         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables <t< td=""><td></td><td></td><td></td><td></td></t<>				
Share premium         102,879         -         102,879           Treasury shares         (5,941)         -         (5,941)           Reserves         (272,332)         568         (271,764)           Retained earnings         271,241         1,076,889         1,348,130           Non-controlling interest         506,990         1,077,457         1,584,447           Non-current liabilities         (582,049)         580,480         (1,569)           Total equity         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,866)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         -         262,400         262,400           Current labilities         -         262,400         262,400           Loans and borrowings         937,055         (309		411.143	_	411.143
Treasury shares         (5,941)         -         (5,941)           Reserves         (272,332)         568         (271,764)           Retained earnings         271,241         1,076,889         1,348,130           Non-controlling interest         506,990         1,077,457         1,584,447           Non-current liabilities         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         -         262,4			_	
Reserves         (272,332)         568         (271,764)           Retained earnings         271,241         1,076,889         1,348,130           Non-controlling interest         506,990         1,077,457         1,584,447           Non-current liabilities         (582,049)         580,480         (1,569)           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         262,400         262,400           Current liabilities         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Tade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         90,281           Tax payable         90,281         90,281         90,281           Tax payable         90,281	·	•	_	
Retained earnings         271,241         1,076,889         1,348,130           Non-controlling interest         506,990         1,077,457         1,584,447           Non-controlling interest         (582,049)         580,480         (1,569)           Total equity         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities			568	
Non-controlling interest         (582,049)         580,480         (1,569)           Total equity         (75,059)         1,657,937         1,582,878           Non-current liabilities         25,171         (23,332)         1,839           Provision for retirement benefits         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         -         262,400         262,400           Evolution for retirement benefits         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities<	Retained earnings		1,076,889	1,348,130
Non-current liabilities         25,171         (23,332)         1,839           Provision for retirement benefits         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         -         262,400         262,400           Provision for retirement benefits         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Loans and borrowings         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payabl		506,990	1,077,457	1,584,447
Non-current liabilities         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities         13,509,520         (10,845,000)         2,664,520	Non-controlling interest	(582,049)	580,480	(1,569)
Provision for retirement benefits         25,171         (23,332)         1,839           Loans and borrowings         4,718,733         (3,410,516)         1,308,217           Trade and other payables         1,823,216         (1,816,686)         6,530           Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities         13,509,520         (10,845,000)         2,664,520	Total equity	(75,059)	1,657,937	1,582,878
Loans and borrowings       4,718,733       (3,410,516)       1,308,217         Trade and other payables       1,823,216       (1,816,686)       6,530         Government grant       308,510       (308,510)       -         Service concession obligation       3,676,661       (3,676,661)       -         Deferred tax liabilities       -       262,400       262,400         Current liabilities       -       262,400       262,400         Current liabilities       -       20,552,291       (8,973,305)       1,578,986         Current liabilities       -       20,552,291       (309,555)       627,500         Total and other payables       1,560,144       (1,192,695)       367,449         Service concession obligation       369,424       (369,424)       -         Tax payable       90,281       -       90,281         Total liabilities       13,509,520       (10,845,000)       2,664,520	Non-current liabilities			
Trade and other payables       1,823,216       (1,816,686)       6,530         Government grant       308,510       (308,510)       -         Service concession obligation       3,676,661       (3,676,661)       -         Deferred tax liabilities       -       262,400       262,400         Current liabilities         Provision for retirement benefits       325       (21)       304         Loans and borrowings       937,055       (309,555)       627,500         Trade and other payables       1,560,144       (1,192,695)       367,449         Service concession obligation       369,424       (369,424)       -         Tax payable       90,281       -       90,281         Total liabilities       13,509,520       (10,845,000)       2,664,520	Provision for retirement benefits	25,171	(23,332)	1,839
Government grant         308,510         (308,510)         -           Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities         8         10,552,291         (8,973,305)         1,578,986           Current liabilities         937,055         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities         13,509,520         (10,845,000)         2,664,520	Loans and borrowings	4,718,733	(3,410,516)	1,308,217
Service concession obligation         3,676,661         (3,676,661)         -           Deferred tax liabilities         -         262,400         262,400           Current liabilities           Provision for retirement benefits         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities         13,509,520         (10,845,000)         2,664,520	Trade and other payables	1,823,216	(1,816,686)	6,530
Deferred tax liabilities         -         262,400         262,400           Current liabilities           Provision for retirement benefits         325         (21)         304           Loans and borrowings         937,055         (309,555)         627,500           Trade and other payables         1,560,144         (1,192,695)         367,449           Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           Total liabilities         13,509,520         (10,845,000)         2,664,520	Government grant	308,510	(308,510)	-
Total liabilities         10,552,291 (8,973,305) 1,578,986         Current liabilities       325 (21) 304         Provision for retirement benefits       325 (21) 304         Loans and borrowings       937,055 (309,555) 627,500         Trade and other payables       1,560,144 (1,192,695) 367,449         Service concession obligation       369,424 (369,424) -         Tax payable       90,281 -       90,281         Total liabilities       13,509,520 (10,845,000) 2,664,520	Service concession obligation	3,676,661	(3,676,661)	-
Current liabilities         Provision for retirement benefits       325       (21)       304         Loans and borrowings       937,055       (309,555)       627,500         Trade and other payables       1,560,144       (1,192,695)       367,449         Service concession obligation       369,424       (369,424)       -         Tax payable       90,281       -       90,281         Total liabilities       13,509,520       (10,845,000)       2,664,520	Deferred tax liabilities	-	262,400	262,400
Provision for retirement benefits       325       (21)       304         Loans and borrowings       937,055       (309,555)       627,500         Trade and other payables       1,560,144       (1,192,695)       367,449         Service concession obligation       369,424       (369,424)       -         Tax payable       90,281       -       90,281         Total liabilities       13,509,520       (10,845,000)       2,664,520		10,552,291	(8,973,305)	1,578,986
Loans and borrowings       937,055       (309,555)       627,500         Trade and other payables       1,560,144       (1,192,695)       367,449         Service concession obligation       369,424       (369,424)       -         Tax payable       90,281       -       90,281         2,957,229       (1,871,695)       1,085,534         Total liabilities       13,509,520       (10,845,000)       2,664,520	Current liabilities			
Trade and other payables       1,560,144 (1,192,695) 367,449         Service concession obligation       369,424 (369,424) -         Tax payable       90,281 -         2,957,229 (1,871,695) 1,085,534         Total liabilities       13,509,520 (10,845,000) 2,664,520	Provision for retirement benefits	325	(21)	304
Service concession obligation         369,424         (369,424)         -           Tax payable         90,281         -         90,281           2,957,229         (1,871,695)         1,085,534           Total liabilities         13,509,520         (10,845,000)         2,664,520	Loans and borrowings	937,055	(309,555)	627,500
Tax payable         90,281         -         90,281           2,957,229         (1,871,695)         1,085,534           Total liabilities         13,509,520         (10,845,000)         2,664,520	Trade and other payables	1,560,144	(1,192,695)	367,449
2,957,229       (1,871,695)       1,085,534         Total liabilities       13,509,520       (10,845,000)       2,664,520	Service concession obligation	369,424	(369,424)	-
<b>Total liabilities</b> 13,509,520 (10,845,000) 2,664,520	Tax payable	90,281	-	90,281
		2,957,229	(1,871,695)	1,085,534
TOTAL EQUITY AND LIABILITIES 13,434,461 (9,187,063) 4,247,398	Total liabilities	13,509,520	(10,845,000)	2,664,520
	TOTAL EQUITY AND LIABILITIES	13,434,461	(9,187,063)	4,247,398

For The Year Ended 31 December 2013

#### 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact of the application of the above new standards on net assets and equity of the Company as at 1 January 2012 and 31 December 2012:

	31.12.2012 as previously stated RM'000	MFRS 10 and 11 adjustments RM'000	31.12.2012 as restated RM'000
Assets			
Non-current assets			
Investment in subsidiaries	463,305	(40,924)	422,381
Investment in joint venture		150,789	150,789
Held-to-maturity financial assets	278,765	(278,765)	
Trade and other receivables	-	168,900	168,900
	1.1.2012		
	as	MFRS	1.1.2012
	previously	40 44	
	previously	10 and 11	as
		adjustments	as restated
Assets	reported	adjustments	restated
Assets Non-current assets	reported	adjustments	restated
	reported RM'000	adjustments RM'000	restated RM'000
Non-current assets Investment in subsidiaries	reported	adjustments RM'000	restated RM'000
Non-current assets	reported RM'000	adjustments RM'000	restated RM'000

For The Year Ended 31 December 2013

#### 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact of the application of the above new standards on the statement of profit or loss of the Group for the year ended 31 December 2012:

	31.12.2012		
	as	MFRS	31.12.2012
	previously	10 and 11	as
	stated a	adjustments	restated
	RM'000	RM'000	RM'000
Revenue	3,743,935	(2,180,903)	1,563,032
Other income	169,524	32,357	201,881
Raw materials, consumables and maintenance	(1,139,623)	1,005,428	(134, 195)
Construction contract			
- Oil and gas services	(609,126)	-	(609,126)
- Others	(307,812)	109,690	(198, 122)
Employee benefits expense	(349,247)	177,490	(171,757)
Other expense	(327,368)	186,580	(140,788)
Depreciation and amortisation expenses	(234,141)	213,526	(20,615)
Finance costs	(647,689)	495,706	(151,983)
Share of results of equity accounted entities	(149)	(12,806)	(12,955)
Taxation	(65,624)	(1,367)	(66,991)
Profit net of tax	232,680	25,701	258,381
Profit for the year attributable to:			
Owners of the Company	238,082	21,307	259,389
Non-controlling interest	(5,402)	4,394	(1,008)
	232,680	25,701	258,381
Earnings per share (sen)	58.20	5.20	63.40

For The Year Ended 31 December 2013

#### 42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact of the application of the above new standards on the statement of comprehensive income of the Group for the year ended 31 December 2012:

	31.12.2012 as previously stated RM'000	MFRS 10 and 11 adjustments RM'000	31.12.2012 as restated RM'000
Profit net of tax	232,680	25,701	258,381
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation	(2,421)	(18)	(2,439)
Fair value gain on short-term investment	442	219	661
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on retirement benefits	(1,040)	1,040	-
Total comprehensive income for the year	229,661	26,942	256,603
Total comprehensive income attributable to:			
Owners of the Company	235,306	22,188	257,494
Non-controlling interest	(5,645)	4,754	(891)
	229,661	26,942	256,603

Impact of the application of the above new standards on cash flow of the Group for the year ended 31 December 2012:

	31.12.2012 as MFRS previously 10 and 11 reported adjustments		31.12.2012 as restated	
	RM'000	RM'000	RM'000	
Net cash inflow/(outflow) from operating activities Net cash (outflow)/inflow from investing activities Net cash inflow/(outflow) from financing activities	216,011 (282,763) 132,574	(111,560) 205,752 (252,884)	104,451 (77,011) (120,310)	

There is no significant impact to the Company's statement of profit or loss, statement of comprehensive income and statement of cash flow, hence, no reconciliation is presented.

For The Year Ended 31 December 2013

# 43. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
		Restated		
Total retained earnings of the Company and it subsidiaries				
- realised	2,386,242	2,008,062	462,214	473,614
- unrealised	(470,508)	(269,609)	(22,914)	(28,846)
	1,915,734	1,738,453	439,300	444,768
Total share of accumulated losses of joint ventures				
- realised	(333,508)	(319,689)	-	-
Less: Consolidation adjustments	(54,000)	(70,634)	-	-
	(387,508)	(390,323)	-	-
Total retained earnings	1,528,226	1,348,130	439,300	444,768

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

# STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 202 to 362 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 43 on page 363 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:	
Tan Sri Rozali Bin Ismail	
Dato' Syed Danial Bin Syed Ariffin	
Shah Alam	

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Date: 28 April 2014

# **STATUTORY DECLARATION**

Pursuant to Section 169(16) of The Companies Act, 1965

I, Wong Ley Chan, the officer primarily responsible for the financial management of Puncak Niaga Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 202 to 363 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory
Declarations Act, 1960.
Subscribed and solemnly declared by the above named in Shah Alam on 28 April 2014.
Wong Ley Chan
Before me:

# **INDEPENDENT AUDITORS' REPORT**

To The Members of Puncak Niaga Holdings Berhad (Incorporated in Malaysia) and Its Subsidiaries

#### **Report on the Financial Statements**

We have audited the financial statements of Puncak Niaga Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss, other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 202 to 362.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 8 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

#### INDEPENDENT AUDITORS' REPORT

To The Members of Puncak Niaga Holdings Berhad (Incorporated in Malaysia) and Its Subsidiaries

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

#### **Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 43 on page 363 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

#### **Other Matters**

As described in Note 42 to the financial statements the comparative information presented as at and for the year ended 31 December 2012 has been restated as a result of a change in the accounting policies of the Group and the Company.

The financial statements of Group and of the Company as at and for the years ended 31 December 2012 and 31 December 2011 (from which the statement of financial position as at 1 January 2012 has been derived), excluding the adjustments described in Note 42 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2013.

As part of our audit of the financial statements as at and for the year ended 31 December 2013, we audited the adjustments described in Note 42 that were applied to restate the comparative information presented as at and for the year ended 31 December 2012 and the statement of financial position as at 1 January 2012. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2012 or 31 December 2011 (not presented herein) or to the statement of financial position as at 1 January 2012, other than with respect to the adjustments described in Note 42 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 42 are appropriate and have been properly applied.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG** 

Firm Number: AF 0758 Chartered Accountants

Petaling Jaya, Malaysia

Date: 28 April 2014

**Thong Foo Vung** 

Approval Number: 2867/08/14(J) Chartered Accountant

As At 25 April 2014

#### **ANALYSIS OF SHAREHOLDINGS**

**Authorised Share Capital** Issued And Paid-Up Share Capital Class of Shares **Voting Rights** No. of Shareholders

: RM1,300,000,000.00

: RM411,261,328.00 comprising 411,261,328 ordinary shares of RM1.00 each

: Ordinary shares of RM1.00 each

: One vote per ordinary share

: 8,411

#### **DISTRIBUTION OF SHAREHOLDINGS**

		Shareh	olders -		<b></b>	No. of Shares Held						
	Mala	ıysian	Fore	igner	To	otal	Mala	aysian	Fore	eigner	To	otal
Size of Shareholdings	No	%	No	%	No	%	No	%	No	%	No	%
Less than 100	462	5.49	4	0.05	466	5.54	12,034	*	134	*	12,168	*
100 - 1,000	1,440	17.12	13	0.15	1,453	17.27	1,090,191	0.27	7,625	*	1,097,816	0.27
1,001 - 10,000	5,001	59.46	74	0.88	5,075	60.34	18,233,286	4.46	322,256	0.07	18,555,542	4.53
10,001 - 100,000	1,093	12.99	74	0.88	1,167	13.87	35,304,887	8.63	2,999,415	0.73	38,304,302	9.36
100,001 - 20,461,225 (less than 5% of the issued share capital)	179#	2.13#	66	0.79	245#	2.92#	143,432,893#	35.05#	61,164,843	14.95	204,597,736#	50.00#
20,461,226 (5% of the issued share capital) and above	5	0.06	-	-	5	0.06	146,656,964	35.84	-	-	146,656,964	35.84
TOTAL	8,180#	97.25#	231	2.75	8,411#	100.00#	344,730,255#	84.25#	64,494,273	15.75	409,224,528#	100.00#

#### Note:

#### **ANALYSIS OF WARRANT HOLDINGS**

**Issued Warrants** : 40,792,176 Class of Securities : Warrant : Nil **Voting Rights** No. of Warrant Holders : 5,841

#### **DISTRIBUTION OF WARRANT HOLDINGS**

	<b>←</b>	\	Warrant Holders No. Of Warrants Held						No. Of Warrants Held —			<b></b>
	Mala	ysian	Fore	igner	Т	otal	Mala	aysian	Fore	igner	To	otal
Size of Warrant holdings	No	%	No	%	No	%	No	%	No	%	No	%
Less than 100	1,079	18.47	12	0.21	1,091	18.68	42,416	0.10	304	*	42,720	0.10
100 - 1,000	3,610	61.80	54	0.92	3,664	62.72	1,049,453	2.57	22,104	0.05	1,071,557	2.62
1,001 - 10,000	776	13.29	24	0.42	800	13.71	3,137,165	7.70	68,840	0.17	3,206,005	7.87
10,001 - 100,000	231	3.95	8	0.14	239	4.09	7,006,601	17.18	236,230	0.58	7,242,831	17.76
100,001 - 2,039,607 (less than 5% of the warrants)	40	0.68	5	0.09	45	0.77	11,518,939	28.24	1,180,239	2.89	12,699,178	31.13
2,039,608 (5% of the warrants) and above	2	0.03	-	-	2	0.03	16,529,885	40.52	-	-	16,529,885	40.52
TOTAL	5,738	98.22	103	1.78	5,841	100.00	39,284,459	96.31	1,507,717	3.69	40,792,176	100.00

#### Note:

Negligible

<sup>\*</sup> Negligible

<sup>#</sup> Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 25 April 2014.

As At 25 April 2014

# LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (ORDINARY SHARES) (Without aggregating the securities from different securities accounts belonging to the same Depositors)

No	Name Of Shareholder	No. of Shares Held	% of Issued And Paid-Up Share Capital #
1.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Corporate Line (M) Sdn Bhd (WWE Holdings)	39,000,000	9.53
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Central Plus (M) Sdn Bhd (681055)	33,000,700	8.07
3.	Central Plus (M) Sdn Bhd	27,359,537	6.69
4.	Lembaga Tabung Haji	26,198,700	6.40
5.	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad For Central Plus (M) Sdn Bhd	21,920,000	5.36
6.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Corporate Line (M) Sdn Bhd	21,600,000	5.28
7.	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Central Plus (M) Sdn Bhd (PCB)	19,900,000	4.86
8.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	14,864,583	3.63
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	7,912,400	1.93
10.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	7,209,640	1.76
11.	<b>TA Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Ong Siok Wan	5,250,000	1.28
12.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An For Eastspring Investments Berhad	4,812,800	1.18
13.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	3,945,200	0.96
14.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	3,341,700	0.82
15.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad (Family PRF EQ)	3,006,100	0.73
16.	Ng Yim Hoo	2,979,600	0.73

Note

<sup>#</sup> Excluding a total of 2,036,800 PNHB shares bought back by PNHB and retained as treasury shares as at 25 April 2014.

As At 25 April 2014

No	Name Of Shareholder	No. of Shares Held	% of Issued And Paid-Up Share Capital #
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Corporate Line (M) Sdn Bhd (41210162038A)	2,500,000	0.61
18.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	2,256,200	0.55
19.	Kok Chew Leng	2,050,000	0.50
20.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Leong Kam Chee (002)	2,000,000	0.49
21.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	2,000,000	0.49
22.	Central Plus (M) Sdn Bhd	1,738,250	0.42
23.	Rozali Bin Ismail	1,729,000	0.42
24.	KAF Trustee Berhad KAF Fund Management Sdn Bhd For KAF Seagroatt & Campbell Berhad	1,660,040	0.41
25.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels For Powershares Global Water Portfolio	1,645,200	0.40
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	1,509,200	0.37
27.	HLB Nominees (Tempatan) Sdn Bhd Quek Sue Yian	1,500,000	0.37
28.	Employees Provident Fund Board	1,494,000	0.37
29.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Sarah Pauline A/P Melkees (M&A)	1,450,000	0.35
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For Deutsche Bank AG London (Prime Brokerage)	1,383,900	0.34
	TOTAL	267,216,750	65.30

#### Note

<sup>#</sup> Excluding a total of 2,036,800 PNHB shares bought back by PNHB and retained as treasury shares as at 25 April 2014.

As At 25 April 2014

# LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (WARRANTS) (Without aggregating the securities from different securities accounts belonging to the same Depositors)

No	Name Of Warrant Holder	No. of Warrants Held	% of warrants
1.	Central Plus (M) Sdn Bhd	10,218,023	25.05
2.	Corporate Line (M) Sdn Bhd	6,311,862	15.47
3.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Daniel Lim Hwa Yew	1,411,400	3.46
4.	Goh Chye Keat	1,039,000	2.55
5.	Tan Soo Lee	826,100	2.03
6.	CK Goh Holdings Sdn Bhd	640,000	1.57
<u>7.</u>	Lim Chee Meng	609,040	1.49
8.	Vishakan Kandiah	500,000	1.23
9.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-ASING)	461,510	1.13
10.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Daniel Lim Hwa Yew (Margin)	356,400	0.87
<u>11.</u>	Ang Hui Chan	353,000	0.87
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chee Kah Khuin)	320,200	0.78
13.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges BK Lend)	317,280	0.78
<u>14.</u>	Poh Tak Kiau @ Poo Tak Kiau	310,060	0.76
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Keng Teong	285,000	0.70
16.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Teong Kiat	260,000	0.64
<u>17.</u>	Teo Hwee Kheng	230,000	0.56
18.	Goh Nan Kioh	211,000	0.52

#### As At 25 April 2014

No	Name Of Warrant Holder	No. of Warrants Held	% of warrants
19.	Ng Yim Hoo	205,000	0.50
20.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gan Keun Huat (CCTS)	201,600	0.49
21.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	200,000	0.49
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Jamaludin Bin Mohamed Shamsudin	200,000	0.49
23.	Wong Lee Kian	200,000	0.49
24.	Yeoh Sheong Nern	200,000	0.49
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Teong Kiat	199,900	0.49
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Goh Chye Keat (PB)	194,600	0.48
27.	Sivalingam A/L Veluppillai	186,000	0.46
28.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	173,909	0.43
29.	Central Plus (M) Sdn Bhd	173,825	0.43
30.	Rozali Bin Ismail	172,900	0.42
	TOTAL	26,967,609	66.12

As At 25 April 2014

# DIRECTORS' INTEREST IN ORDINARY SHARES AND WARRANTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AND WARRANT HOLDINGS

	No Of Shares Held In The Company  No Of Warrants Held In The Co				No Of Shares Held In The Company			eld In The Con	npany
No	Name of Director	Direct Interest	%#	Indirect Interest	%#	Direct Interest	%	Indirect Interest	%
1.	YBhg Tan Sri Rozali Bin Ismail	1,729,000	0.42	167,391,114 <sup>+</sup>	40.90 <sup>+</sup>	172,900	0.42	16,739,110 <sup>+</sup>	41.04+
2.	YBhg Dato' Ruslan Bin Hassan	-	-	-	-	-	-	-	-
3.	YBhg Dato' Ir Lee Miang Koi	10,000	**	-	-	1,000	**	-	-
4.	YBhg Dato' Syed Danial Bin Syed Ariffin	-	-	-	-	-	-	-	-
5.	YBhg Tan Sri Dato' Hari Narayanan Govindasamy	-	-	-	-	-	-	-	-
6.	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	42,000^	0.01^	-	-	4,200^	0.01^
7.	Mr Ng Wah Tar	_	-	-	-	-	-	-	-
8.	YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	-	-	-	-	-	-	-	-
9.	YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	-	-	-	-	-	-	-	-

#### Note:

- Deemed interest by virtue of 100% securities each in Central Plus (M) Sdn Bhd (Co No. 183535-W) and Corporate Line (M) Sdn Bhd (Co No. 172689-H) of which 92.5% is held in own name and 7.5% is held in his children's names, respectively and deemed interest by virtue of securities held in son's name.
- ^ Deemed interest by virtue of securities held by spouse, Tay Boon Ling pursuant to Section 134 of the Companies Act, 1965
- # Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 25 April 2014.

# SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)

		✓ No Of Shares Held In The Company ———				
No	Name of Substantial Shareholder	<b>Direct Interest</b>	<b>%</b> #	Indirect Interest	%#	
1.	YBhg Tan Sri Rozali Bin Ismail	1,729,000	0.42	167,391,114+	40.90+	
2.	Corporate Line (M) Sdn Bhd	44,118,627	10.78	19,000,000*	4.64*	
3.	Central Plus (M) Sdn Bhd	41,497,787	10.14	62,420,700*	15.25*	
4.	Lembaga Tabung Haji	22,458,100	5.49	-	-	
5.	Great Eastern Holdings Limited	-	-	20,681,600^^	5.05^^	
6.	Oversea-Chinese Banking Corporation Limited	-	-	20,681,600^^	5.05^^	

#### Note:

- Deemed interest by virtue of 100% securities each in Central Plus (M) Sdn Bhd (Co No. 183535-W) and Corporate Line (M) Sdn Bhd (Co No. 172689-H) of which 92.5% is held in own name and 7.5% is held in his children's names, respectively and deemed interest by virtue of securities held in son's name.
- \* Held in nominee name(s)
- ^^ Shares held in nominee name(s) and managed by Portfolio Managers.
- # Excluding a total of 2,036,800 PNHB Shares bought back by PNHB and retained as treasury shares as at 25 April 2014.

<sup>\*\*</sup> Negligible

# **LIST OF PROPERTIES**

As At 31 December 2013

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area	Net Book Value (RM) 31.12.2013	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Building & Adjacent Land Wisma Rozali No. 4 & 6, Persiaran Sukan Seksyen 13 40100 Shah Alam Selangor Darul Ehsan	01/08/2005 31/12/2011 (V)	12,952 sq.m	52,357,123	99 years Leasehold	89 years expiring on 22/01/2102	Office Premises and Vacant Land
Office Lots No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 N/A (V)	86 sq.m ¬	- 8,359,310	99 years Leasehold	86 years expiring on 01/01/2100	Office Premises
No. 8 Eu Tong Sen Street # 22-86, The Central Singapore 059818	26/09/2008 N/A (V)	60 sq.m _		99 years Leasehold	86 years expiring on 01/01/2100	Office Premises
Vacant Land H.S.(D) 142037 PT 32, Seksyen 14 Bandar Shah Alam District of Petaling Selangor Darul Ehsan	14/02/1998 31/12/2011 (V)	10,364 sq.m	19,183,716	99 years Leasehold	86 years expiring on 17/12/2099	Rented
Vacant Land H.S.(D) 226605, PT 332 H.S.(D) 226606, PT 333 H.S.(D) 226607, PT 334 Mukim Pekan Subang Jaya Daerah Petaling Selangor Darul Ehsan	06/04/2006 06/04/2006 06/04/2006 N/A (V)	691 sq.m 711 sq.m 862 sq.m	- 1,267,188	Freehold	N/A	None
<b>Vacant Land</b> H.S.(D) 6163, PT 10653	16/02/2007 31/12/2011 (V)	331,438 sq.m		99 years Leasehold	88 years expiring on 24/10/2101	None
H.S.(D) 6164, PT 10654 H.S.(D) 6165, PT 10655 # H.S.(D) 6166, PT 10656 Mukim Of Ijok District Of Kuala Selangor Selangor Darul Ehsan		213,092 sq.m 229,299 sq.m 229,733 sq.m	115,821,157		24/10/2101	None Rented None

Note:

<sup>#</sup> Included a single storey building complete with parking facilities

## **LIST OF PROPERTIES**

#### As At 31 December 2013

Description & Location	Date of Acquisition Date of Valuation (V)	Land Area	Net Book Value (RM) 31.12.2013	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
4 Storey Shophouse No. 12, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai Pulau Pinang	21/03/2007 31/12/2011 (V)	238 sq.m	1,634,202	99 years Leasehold	79 years expiring on 21/10/2092	Office Premises
Office Lot No. 20-1 & 20-2 Jalan Presiden F U1/F Accentra Business Park Glenmarie, Seksyen U1 40150 Shah Alam (Lot 63191, H.S. (D) 224581 No. hakmilik 211790 District Of Petaling Selangor Darul Ehsan)	01/02/2008 31/12/2011 (V)	164 sq.m	1,884,000	Freehold	N/A	Office Premises
Vacant Land No. 8, Jalan Sultan Mahmud 21080 Kuala Terengganu Terengganu (Lot 2119, Mukim of Batu Buruk District Of Kuala Terengganu Terengganu Darul Iman)	02/07/2008 31/12/2011 (V)	2,058 sq.m	1,300,000	Freehold	N/A	None
Vacant Land H.S. (D) 2605, PT 1563 Mukim Jeram District Of Kuala Selangor Selangor Darul Ehsan	01/08/2010 31/12/2011 (V)	159,996 sq.m	16,166,667	99 years Leasehold	82 years expiring on 01/12/2095	None
5 Storey Shophouse Lot 37, Persiaran Sukan Laman Seri Business Park Seksyen 13, Shah Alam Selangor Darul Ehsan	07/06/2011 N/A (V)	38,755 sq.m	4,903,450	99 years Leasehold	95 years expiring on 21/03/2109	Office Premises
Building No. 12B, Jalan PJS 8/11 Dataran Mentari 46150 Petaling Jaya Selangor Darul Ehsan	19/10/2011 N/A (V)	331 sq.m	4,970,837	90 years Leasehold	88 years expring on 06/11/2102	None

#### **GRI INDEX**

In ensuring transparency in our Corporate Sustainability section of this Report, we have adopted the internationally recognised framework, the Global Reporting Initiative (GRI) G3.1. Application levels indicate the extent to which the G3.1 Guidelines have been applied in our sustainability reporting. The GRI Content Index table is presented to guide where information on each GRI Indicator can be found.

#### **PROFILE DISCLOSURES**

PROFILE	DISCLOSURES			Extent of
GRI Ref	Description	Where it appears in the Report		Disclosure (Y/N/P/NA)*
Strategy	and Analysis			
1.1	Statement from the most senior decision-maker of the organisation	Executive Chairman's Message	P7	Υ
1.2	Description of key impacts, risks and opportunities	Executive Chairman's Message, About this Report	P7 P5	Υ
Organisa	itional Profile			
2.1	Name of the Organisation	Front Cover		Υ
2.2	Primary brands, products and/or services	Corporate Profile	P16	Υ
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Corporate Profile	P16	Y
2.4	Location of organisation's headquarters.	Corporate Information	P18	Υ
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Corporate Structure	P35	Υ
2.6	Nature of ownership and legal form.	Corporate Structure	P35	Υ
2.7	Markets served	About this Report	P5	Υ
2.8	Scale of the reporting organisation.	Corporate Profile	P16	Υ
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Corporate Information	P18	Υ
2.10	Awards received in the reporting period.	Corporate Achievements	P32	Υ
Report P	arameters			
3.1	Reporting period	About this Report	P5	Υ
3.2	Date of most recent previous report	About this Report	P5	Υ
3.3	Reporting cycle	About this Report	P5	Υ
3.4	Contact point for questions regarding the report or its contents.	About this Report	P5	Υ
3.5	Process for defining report content.	About this Report	P5	Υ
3.6	Boundary of the report	About this Report	P5	Υ
3.7	State any specific limitations on the scope or boundary of the report	About this Report	P5	
3.8	Basis for reporting on joint ventures, subsidiaries, etc	About this Report	P5	Υ
3.9	Data measurement techniques and the bases of calculations.	About this Report	P5	Υ

3.10	Explanation of the effect of any re-statements of information	Executive Chairman's Message, About this Report	P7 P5	Υ
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this Report	P5	Υ
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3.1 Table Index	P376	Υ
3.13	Policy and current practice with regard to seeking external assurance for the report.	About This Report	P5	Υ
Govern	ance, Commitments and Engagements			
4.1	Governance structure of the organisation	Statement on Corporate Governance	P148	Υ
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Statement on Corporate Governance	P148	Υ
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Board of Directors' Profile	P42	Υ
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Statement on Corporate Governance	P148	Υ
4.5	Linkage between compensation and organisation's performance.	Remuneration Committee	P156	Υ
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Director's Code of Ethics	P151	Υ
4.7	Qualifications and expertise of the Board	Board of Directors' Profile	P42	Υ
4.8	Internally developed statements of mission or values, codes of conduct, and principles.	Puncak Values	P4	Υ
4.9	Identification and management of economic, environmental, and social performance, conduct and principles	Executive Chairman's Message, About this Report	P7 P5	Υ
4.10	Processes for evaluating the highest governance body's own performance,	Statement on Corporate Governance	P157	Υ
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Statement on Risk Management And Internal Control	P172	Υ
4.12	Externally developed economic, environmental, and social charters, principles	Engagement with Our Community	P139	Υ
4.13	Memberships in associations	PNHB Group Fact sheet	P21	Υ
4.14	List of stakeholder groups engaged by the organisation.	Engagement with Our Community	P139	Υ
4.15	Basis for identification and selection of stakeholders with whom to engage.	Engagement with Our Community, Executive Chairman's Message	P139 P7	Υ
4.16	Approaches to stakeholder engagement	Engagement with Our Community, Executive Chairman's Message	P139 P7	Υ
4.17	Key topics and concerns that have been raised through stakeholder engagement, and responses to those key topics	Engagement with Our Community, Executive Chairman's Message	P139 P7	Υ

#### PERFORMANCE INDICATORS: ECONOMIC

Economi	c Performance			
EC1	Direct economic value generated and distributed	Five Year Financial Highlights	P76	Υ
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Use of Resources	P134	Υ
EC3	Coverage of the organisation's defined benefit plan obligations.	Benefits and Compensation	P119	Υ
EC4	Significant financial assistance received from government.	Executive Chairman's Message,	P7	Υ
		Operations Review SYABAS	P87	Υ
Market P	resence			
EC5	Standard entry level wage compared to local minimum wage	Benefits and Compensation	P119	Υ
EC6	Policy, practices, and proportion of spending on locally-based suppliers	Our Supply Chain	P124	Υ
EC7	Procedures for local hiring	Employee Profile	P113	Υ
Indirect E	Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit.	Community Investment	P140	Υ
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Community Investment	P140	Υ
PERFORI	MANCE INDICATOR: ENVIRONMENTAL			
Materials				
EN1	Materials used by weight or volume.	Use of Resources	P134	Υ
EN2	Percentage of materials used that are recycled input materials.	Use of Resources	P134	Υ
EN3	Direct energy consumption by primary energy source.	Use of Resources	P134	Υ
EN4	Indirect energy consumption by primary source.	Use of Resources	P134	Υ
EN5	Energy saved due to conservation and efficiency improvements.	Use of Resources	P134	Υ
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Use of Resources	P134	Υ
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Our internal footprint	P137	Υ
EN8	Total water withdrawal by source.	Use of Resources	P134	Υ
EN9	Water sources significantly affected by withdrawal of water.	Use of Resources	P134	Υ
EN10	Percentage and total volume of water recycled and reused.	Use of Resources	P134	Υ
Biodivers	ity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-		NA

EN12	Description of significant impacts of activities, products,	Ensuring clean and safe drinking	P128	Υ
ENIZ	and services on biodiversity in protected areas and areas	water	F 120	ı
	of high biodiversity value outside protected areas.			
EN13	Habitats protected or restored.	-		NA
EN14	Strategies, current actions, and future plans for managing	Ensuring clean and safe drinking	P128	Υ
ENIAE	impacts on biodiversity.	water		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by	-		NA
	operations, by level of extinction risk.			
Emission	ns, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by	Use of Resources	P134	Υ
ENIA	weight.		D404	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Use of Resources	P134	Υ
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Use of Resources	P134	Υ
EN19	Emissions of ozone-depleting substances by weight.	-		NA
EN20	NOx, SOx, and other significant air emissions by type and	-		NA
	weight.			
EN21	Total water discharge by quality and destination.	Use of Resources	P134	Υ
EN22	Total weight of waste by type and disposal method.	Use of Resources	P134	Y
EN23	Total number and volume of significant spills.	Our Supply Chain	P124	Y
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Use of Resources	P134	Υ
EN25	Identity, size, protected status, and biodiversity value of	Use of Resources	P134	Υ
	water bodies and related habitats significantly affected			
	by the reporting organisation's discharges of water and runoff.			
	Turion.			
Products	s and services			
EN26	Initiatives to mitigate environmental impacts of products	Ensuring Clean and Safe Drinking	P128	Υ
	and services, and extent of impact mitigation.	Water		
EN27	Percentage of products sold and their packaging materials	-		NA
	that are reclaimed by category.			
Complia	nce			
EN28	Monetary value of significant fines and total number	Ensuring Clean and Safe Drinking	P128	Р
	of non-monetary sanctions for non-compliance with	Water		
	environmental laws and regulations.			
Tuononou				
Transpor EN29	Significant environmental impacts of transporting products	Use of Resources	P134	Υ
LINES	and other goods and materials used for the organisation's	Ode of Meddarded	1 104	
	operations, and transporting members of the workforce.			
Overall				
EN30	Total environmental protection expenditures and	Preserving Our Environment	P128	Υ
	investments by type.			

#### PERFORMANCE INDICATOR: SOCIAL - LABOUR PRACTICES AND DECENT WORK

Employn	nent			
LA1	Total workforce by employment type, employment contract, and region.	Employee Profile	P113	Υ
LA2	Total number and rate of employee turnover by age group, gender, and region.	Employee Profile	P113	Υ
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Benefits and Compensation	P119	Υ
Labour/N	Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Human Rights	P116	Υ
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Human Rights	P116	Υ
Occupat	ional health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Occupational Health and Safety Management Performance	P121	Υ
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Occupational Health and Safety Management Performance	P121	Υ
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Occupational Health and Safety Management Performance	P121	Υ
LA9	Health and safety topics covered in formal agreements with trade unions.	Human Rights Occupational Health and Safety Management Performance	P116 P121	Υ
Training	and education			
LA10	Average hours of training per year per employee by employee category.	A Commitment to Training	P120	Υ
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	A Commitment to Training	P120	Υ
LA12	Percentage of employees receiving regular performance and career development reviews.	Performance and Appraisal	P120	Υ
Diversity	and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of	Employee Profile	P113	Υ
LA14	diversity. Ratio of basic salary of men to women by employee category.	Employee Profile	P113	Υ

#### PERFORMANCE INDICATOR: SOCIAL - HUMAN RIGHTS

Investme	ent and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Human Rights	P116	Υ
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Human Rights	P116	Y
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	A Commitment to Training	P120	Υ
HR4	Total number of incidents of discrimination and actions taken.	Workplace diversity	P116	Y
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Human Rights	P116	Υ
Child Lab	oour			
HR6	Operations identified as having significant risk for incidents of child labour.	-		NA
Forced a	nd compulsory labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	-		NA
Security	practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Human Rights	P116	Υ
Indigeno	us rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-		NA
Assessm	ent			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Human Rights	P116	Υ
Remedia	tion			
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanism	Ethics and Integrity	P115	Y

#### PERFORMANCE INDICATORS: SOCIETY

Local Co	mmunity			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Engagement with our Community	P139	Y
SO9	Operations with significant potential or actual negative impacts on local communities	Community Investment	P140	Υ
SO10	Prevention and mitigation measured implemented in operation with significant potential or actual negative impacts on local community	Community Investment	P140	Y
Corruption	on			
SO2	Percentage and total number of business units analysed for risks related to corruption.	Ethics and Integrity	P115	Υ
SO3	Percentage of employees trained in organisation's anti- corruption policies and procedures.	A Commitment to Training	P120	Υ
SO4	Actions taken in response to incidents of corruption.	Ethics and Integrity	P115	Υ
Public po				
SO5	Public policy positions and participation in public policy development and lobbying.	Executive Chairman's Message	P7	Υ
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-		NA
Anti-com	petitive behaviour			
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Material Litigations	P303	Y
Complia	nce			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Material Litigations	P303	Р
PERFOR	MANCE INDICATORS: PRODUCT RESPONSIBILITY			
Custome	er health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Ensuring Clean and Safe Drinking Water	P128	Y
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Ensuring Clean and Safe Drinking Water	P128	Y

Product	and Service Labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Channels of Communication	P100	Υ
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Channels of Communication	P100	Υ
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Channels of Communication	P100	Υ
Marketir	ng Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Community Investment	P140	Υ
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Community Investment	P140	Y
Custome	er Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Channels of Communication	P100	Υ
Complia	nce			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and	Material Litigations	P303	Р

#### Note:

Υ	Yes	Fully Reported
N	No	Information or
		Data is unavailable
Р	Partial	We have partial
		information as
		we may still be
		collecting data or
		the data we have
		is limited
N/A	Not	Not applicable to
	applicable	our business

use of products and services.

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of Puncak Niaga Holdings Berhad (416087-U) will be held at Concorde I, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 10.00 a.m. for the following purposes:-

#### **AS ORDINARY BUSINESSES**

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.

**Resolution 1** 

- 2. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 98 of the Company's Articles of Association:-
  - (a) YBhg Tan Sri Rozali Bin Ismail

**Resolution 2** 

(b) YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy

**Resolution 3** 

(c) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak

- **Resolution 4**
- 3. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

#### **Ordinary Resolution 1**

#### Re-appointment Pursuant To Section 129 Of The Companies Act, 1965

**"THAT** YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company."

**Resolution 5** 

4. To re-appoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.

**Resolution 6** 

#### **AS SPECIAL BUSINESSES**

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

#### 5. Ordinary Resolution 2

#### Allotment Of Shares Pursuant To Section 132D Of The Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company, from time to time, and upon such terms and conditions and for such purposes as the Directors of the Company may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being AND THAT the Directors of the Company be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 7** 

#### 6. Ordinary Resolution 3

#### **Continuing In Office As Independent Non-Executive Director**

"THAT authority be and is hereby given to YBhg Tan Sri Dato' Seri Dr Ting Chew Peh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

**Resolution 8** 

#### 7. Ordinary Resolution 4

#### **Continuing In Office As Independent Non-Executive Director**

"THAT authority be and is hereby given to YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

**Resolution 9** 

8. To transact any other ordinary business of which due notice shall have been given.

#### BY ORDER OF THE BOARD

TAN BEE LIAN (MAICSA 7006285) LIM YEW HEANG (MAICSA 7007653) Secretaries

Shah Alam 4 June 2014

#### Notes:-

- 1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 June 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Seventeenth Annual General Meeting.
- 2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.
- 3. A proxy need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
- 4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that,
  - (a) where a Member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
  - (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account

Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

- 5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
- 6. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's Articles of Association.
- 7. The instrument appointing the proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
- 8. At any general meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded by either:-
  - (a) the Chairman (being a person entitled to vote); or
  - (b) not less than two Members present in person or by proxy and entitled to vote; or
  - (c) a Member or Members present in person or by proxy and representing not less than one-twentieth of the total voting rights of all the Members having the right to vote at the Meeting; or
  - (d) a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than one-twentieth of the total sum paid up on all the shares conferring that right.
- 9. A demand for a poll may be withdrawn. Unless a poll be so demanded (and the demand be not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.
- 10. No poll shall be demanded on the election of a Chairman or on a question of adjournment. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need to be given of a poll not taken immediately.
- 11. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 12. Explanatory Notes And Statement Of Effect For Ordinary Businesses and Special Businesses:-

#### **Ordinary Businesses**

#### Resolutions 3 & 4: Re-election By Rotation Pursuant to Article 98 of the Company's Articles of Association

The Nomination Committee and the Board of Directors of the Company had assessed the independence of YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy and YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak as Independent Directors of the Company and had recommended for YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy and YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak (who being eligible and offerred themselves for re-elected as Directors of the Company pursuant to Article 98 of the Company's Articles of Association.

#### Resolution 5: Ordinary Resolution 1 - Re-appointment Pursuant To Section 129 of the Companies Act, 1965

The Nomination Committee and the Board of Directors of the Company had assessed the independence of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as an Independent Director of the Company. With YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's consent, the Nomination Committee and the Board of Directors of the Company had recommended for YBhg Tan Sri Dato' Seri Dr Ting Chew Peh who will attain the age of seventy one (71) years in 2014 to be re-appointed as Director of the Company pursuant to Section 129 of the Companies Act, 1965 based on the following reasons:-

- (i) YBhg Tan Sri Dato' Seri Dr Ting Chew Peh has served the Company as an Independent Director for almost fourteen (14) years. YBhg Tan Sri Dato' Seri Dr Ting Chew Peh had during his tenure as Independent Director of the Company, Senior Independent Director of the Company, Chairman of Audit Committee of the Company and Chairman of Compliance, Internal Control and Risk Policy ("CICR") Committee of the Company, acted in good faith and in the best interests of the Company, exercising his independent judgement during deliberations and decision-making during the Audit Committee Meetings, Board of Directors' Meetings and CICR Meetings.
- (ii) YBhg Tan Sri Dato' Seri Dr Ting Chew Peh has proven to be a reliable Independent Director/Chairman of Audit Committee/Chairman of CICR with his professionalism, aptitude and outlook of business perspective.

#### **Special Businesses**

#### Resolution 7: Ordinary Resolution 2 - Allotment Of Shares Pursuant To Section 132D Of The Companies Act, 1965

The Ordinary Resolution proposed under Agenda 5 of the Notice of this Seventeenth Annual General Meeting dated 4 June 2014 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Section 132D of the Companies Act, 1965, from the date of the above Meeting, to issue and allot ordinary shares from the unissued share capital of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the next Annual General Meeting of the Company.

This authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to placement of shares, funding future investment, project(s), working capital and/or acquisition(s).

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Section 132D of the Companies Act, 1965 as granted at the Sixteenth Annual General Meeting of the Company held on 26 June 2013.

#### Resolutions 8 & 9: Ordinary Resolutions 3 & 4 - Continuing In Office As Independent Non-Executive Directors

The Nomination Committee of the Company and the Board of Directors of the Company had assessed the independence of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and with their consents, had recommended for both of them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- a. they fulfilled the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities
  Berhad and had expressed their willingness to continue in office as Independent Non-Executive Directors of the Company;
- b. their vast experiences would enable them to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- c. they have served the Company as Independent Directors for a cumulative term of more than nine (9) years during which they had acted in good faith and in the best interests of the Company, exercising their independent judgement during deliberations and decision making during the Company's meetings and were familiar with the Company's business operations and the water industry market; and
- d. both YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy had proven to be reliable Independent Directors with their professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to their professional obligations for informed and balance decision making and had also exercised due care during their tenure in the best interests of the Company and the shareholders.

# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

#### DETAILS OF DIRECTORS STANDING FOR RE-ELECTION AT THE SEVENTEENTH ANNUAL GENERAL MEETING:-

Name of Retiring Director	YBhg Tan Sri Rozali Bin Ismail	YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy	YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	
Re-election	By Rotation	By Rotation Pursuant to MCCG 2012 (serving for more than nine years as Independent Director)	By Rotation	Pursuant to Section 129 of the Companies Act, 1965 (Attain 71 years of age in 2014) Pursuant to MCCG 2012 (serving for more than nine years as Independent Director	
	(Resolution 2)	(Resolutions 3 & 9)	(Resolution 4)	(Resolutions 5 & 8)	
Age	57	64	65	71	
Nationality	Malaysian	Malaysian	Malaysian	Malaysian	
Qualification	Bachelor of Laws Degree	Bachelor's Degree in Electrical and Electronics Engineering	Bachelor of Arts Degree (Honours) and Certificate in Diplomacy (Foreign Service Course)	Bachelor of Arts Degree, Master of Science Degree and Doctorate in Philosophy	
Position In PNHB	Executive Chairman	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	
Working Experience & Occupation	For details of YBhg Tan Sri Rozali Bin Ismail's profile, please refer to his profile on pages 42 to 43 of the Annual Report	For details of YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy's profile, please refer to his profile on page 47 of the Annual Report	For details of YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak's profile, please refer to his profile on page 50 of the Annual Report	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's profile, please refer to his profile on page 48 of the Annual Report	
Directorships in the public companies	Gabungan Wawasan Generasi Felda Berhad	SP Setia Berhad	<ol> <li>Seremban Engineering Berhad</li> <li>F3 Strategies Berhad</li> <li>Malayan Banking Berhad Group (inclusive Maybank Islamic Berhad)</li> <li>Amanah Raya Berhad Group</li> <li>Perdana Global Peace Foundation</li> <li>Ranhill Energy And Resources Berhad</li> </ol>	Hua Yang Berhad     Johan Holdings Berhad     Huaren Education     Foundation      UTAR Education     Foundation	
Securities interests in PNHB and its subsidiaries	For details of YBhg Tan Sri Rozali Ismail's interests in PNHB and Group, please refer to page 373 of the Annual Report	None	None	For details of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh's interests in PNHB and Group, please refer to page 373 of the Annual Report	
Family relationship with any director and/or major shareholder of PNHB	YBhg Tan Sri Rozali is a major shareholder of PNHB	None	None	None	
Any conflict of interests with PNHB	None	None	None	None	
List of convictions for offences (other than traffic offences, if any) within the past 10 years	None	None	None	None	

Note:

MCCG 2012 denotes Malaysian Code on Corporate Governance 2012.



Number of shares held	Please fill in CDS Account No.																
				-				-									

<b>PROXY</b>
<b>FORM</b>

I/We_	(full name of shareholder	s as per NRIC in C	APITAL LETTERS)
NRIC	No./Company No(new)		(old)
of			
haina	a Mambay (Mambaya of Dynask Niggs Heldings Dhalbayah), angaint		(full address)
being	a Member/Members of Puncak Niaga Holdings Bhd hereby appoint(full name of pro:(full name of pro:	xv as per NRIC. in C	CAPITAL LETTERS)
NRIC	No(new)	, ,	(old)
of			
Niaga on Th	ling him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Seventeentla Holdings Berhad to be held at Concorde I, Concorde Hotel Shah Alam, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 401 jursday, 26 June 2014 at 10.00 a.m. and at any adjournment thereof, as indicated below:-	00 Shah Alam, Sela	angor Darul Ehsan
No.		For	Against
1.	ORDINARY BUSINESSES  To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2013 to with the Reports of the Directors and Auditors thereon.	gether	
2.	To re-elect YBhg Tan Sri Rozali Bin Ismail as Director of the Company.		
3.	To re-elect YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy as Director of the Company.		
4.	To re-elect YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak as Director of the Company.		
5.	Ordinary Resolution 1: To re-appoint YBhg Tan Sri Dato' Seri Dr Ting Chew Peh retiring pursuant to Section 129 of the Compact, 1965, as Director of the Company.	panies	
6.	To re-appoint Messrs KPMG as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company fix their remuneration.	any to	
7.	SPECIAL BUSINESSES  Ordinary Resolution 2: To empower the Directors of the Company to issue shares pursuant to Section 132D of the Companie 1965.	s Act,	
8.	Ordinary Resolution 3: To approve the continuing in office by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as an Indepe Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Comp		
9.	Ordinary Resolution 4: To approve the continuing in office by YBhg Tan Sri Dato' Hari Narayanan A/L Govindasamy as an Indepe Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Comp		
thinks	e indicate with a cross (X) how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, is fit.  ed thisday of2014	your proxy will vot	te or abstain as he
Signa	uture(s)/Common Seal of Shareholder		
NRIC	/ Company No.:Tel. No. :		
Notes:			
1.	In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 June 2014 (General Meeting Record of Depos	itors) shall be entitled	to attend, speak and

- A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.

  A proxy need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company. There shall be no restriction as to the qualification 3. of the proxy.
- A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that,
  - where a Member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares (a) of the Company standing to the credit of the said Securities Account.
  - where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.
- Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
- Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in
- The instrument appointing the proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
- At any general meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded by either:
  - the Chairman (being a person entitled to vote); or
  - not less than two Members present in person or by proxy and entitled to vote; or
  - a Member or Members present in person or by proxy and representing not less than one-twentieth of the total voting rights of all the Members having the right to vote at the Meeting; or a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up
  - equal to not less than one-twentieth of the total sum paid up on all the shares conferring that right.
- A demand for a poll may be withdrawn. Unless a poll be so demanded (and the demand be not withdrawn), a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution
- No poll shall be demanded on the election of a Chairman or on a question of adjournment. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need to be given of a poll not taken immediately.
- On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

#### Please fold here



Share Registrar for
Puncak Niaga Holdings Berhad (416087-U)
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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# **CORPORATE DIRECTORY**

#### PUNCAK NIAGA HOLDINGS BERHAD

Wisma Rozali

No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan

Tel : +603-5522 8589 Fax : +603-5522 8598

e-mail (general):

pr@puncakniaga.com.my

e-mail (investors):

investors@puncakniaga.com.my

website:

www.puncakniaga.com.my

# BRANCH OFFICES IN MALAYSIA Penang Office

No. 12C, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang Tel: +604-397 8589

#### Sarawak Office

Lot 10864 & 10865 Section 64, KTLD Jalan Mendu

93200 Kuching, Sarawak Tel: +6082-332 589 Fax: +6082-337 589

#### **Sri Aman Site Office**

1st Floor, Lot 440 Block 3, Jalan Club 95000 Sri Aman, Sarawak Tel : +6083-320 335 Fax : +6083-320 340

#### Sarikei Site Office

1st Floor, No. 82C Wisma Kua Jalan Masjid Lama 96100 Sarikei, Sarawak Tel :+6084-656 206 Fax:+6084-656 208

#### Sabah Office

No. 5, 1<sup>st</sup> Floor, Block A Lorong Plaza Permai 1 Alamesra, Sulaman Coastal Highway

88400 Kota Kinabalu Sabah

Fax: +6088-486 069

Tel: +6088-486 070

#### **SUBSIDIARY OFFICES**

#### In Malaysia

#### **PUNCAK NIAGA (M) SDN BHD**

Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan

Tel: +603-5522 8589 Fax: +603-5522 8598

#### SYARIKAT BEKALAN AIR SELANGOR SDN BHD (SYABAS)

SYABAS Head Office Jalan Pantai Baharu 59200 Kuala Lumpur

Tel

: +603-2282 6244 / +603-2088 5400

Fax : +603-2282 7976 e-mail : puspel@syabas.com.my website : www.syabas.com.my

#### Pusat Perkhidmatan Pelanggan (PUSPEL)

Toll Free Helpline: 1-800-88-5252

Fax : +603-2295 5168 SMS to 39222 type

PUSPEL<space><your complaints/feedback>

e-mail : puspel@syabas.com.my

network : follow@puspel

(on Twitter and Facebook)

#### **PUNCAK OIL & GAS SDN BHD**

Level 17, Tower 1 Etiga Twins

No. 11, Jalan Pinang 50450 Kuala Lumpur Wilayah Persekutuan

Tel : +603-2176 2000 Fax : +603-2176 2100 email : info@puncakoil.com

#### **GOM RESOURCES SDN BHD**

Level 17, Tower 1 Etiqa Twins No. 11, Jalan Pinang 50450 Kuala Lumpur Wilayah Persekutuan

Tel : +603-2176 2000 Fax : +603-2176 2100 email : info@gomresources.com

#### PUNCAK NIAGA CONSTRUCTION SDN BHD (formerly known as Lambang

**Sejagat Sdn Bhd)** 3rd Floor, Wisma Rozali

No.4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan

Tel: +603-5522 8589 Fax: +603-5510 1196

#### PUNCAK RESEARCH CENTRE SDN BHD

Wisma Rozali

No.4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan

Tel: +603-5522 8589 Fax: +603-5522 8598

#### KGL LTD.

c/o Lot 1, 2<sup>nd</sup> Floor Wisma Siamloh Jalan Kemajuan

87007 Federal Territory of Labuan

Tel : +608-741 7810 Fax : +608-742 4220 e-mail : info@gomresources.com

#### In Singapore

#### SINO WATER PTE LTD and PUNCAK NIAGA OVERSEAS CAPITAL PTE LTD

No. 8, Eu Tong Sen Street #22-85 & #22-86 The Central

Singapore 059818 Tel : +65 6224 9220 (Main Line)

+65 6222 7926 Fax:+65 6222 6812

#### In China

#### SINO WATER ENVIRONMENTAL CONSULTANCY (SHANGHAI) CO. LTD

Unit 301, No. 398 City Gateway Caoxi (North) Road Xuhui District 200030 Shanghai People's Republic of China

Tel: +86-21-6090 5282 Fax: +86-21-6090 5281

#### **Liaison Office**

Level 28, One Aerospace Center No. 7, Xin Guang Hua Street Jin Jiang District 610016 Chengdu People's Republic of China

People's Republic of China Tel: +86 28 6283 3442/

43/46/48 Fax: +86 28 6283 3550

#### LUWEI (PINGDINGSHAN) WATER CO. LTD

No. 6, ShunCheng Road (East) Lushan County Henan Province 467300 People's Republic of China

46/300 People's Republic of Chin Tel / Fax : +86-375-589 1036

# XINNUO WATER (BINZHOU) CO. LTD

Chenlou Industrial & Commerce Park Laodian Town Yangxin County Shandong Province

251802 People's Republic of China Tel / Fax : +86-543-898 3008

# HEBEI SINO PANLONG INDUSTRIAL WATER SUPPLY CO. LTD

No. 117, Renmin Road Yuanshi County Hebei Province

051130 People's Republic of China Tel / Fax : +86-311-8463 8813

#### In India

#### PUNCAK NIAGA INFRASTRUCTURES & PROJECTS PRIVATE LIMITED

No. 12, 7<sup>th</sup> Main Road First Floor Kasturibai Nagar Adyar Chennai 600020

Tamil Nadu, India Tel: +91-44-4210 2058 Fax: +91-44-4210 2028

#### In Myanmar

#### **GOM RESOURCES LIMITED**

c/o No. 79, Taw Win Road Dagon Township 11191 Yangon Myanmar

Tel: +95-973 9999 11/ +95-973 9999 66 Fax: +95-1221 789

#### **BRANCHES IN OVERSEAS**

#### In Myanmar

#### PUNCAK NIAGA HOLDINGS BERHAD (MYANMAR BRANCH)

c/o No. 134/A Than Lwin Road Golden Valley Wards 1 Bahan Township, Yangon Republic of the Union of Myanmar Tel : +95-152 6180

## In Brunei

#### PUNCAK NIAGA HOLDINGS BERHAD (BRUNEI BRANCH)

c/o Room 308B, 3rd Floor, Wisma Jaya, Jalan Pamancha Bandar Seri Begawan BS8811 Negara Brunei Darussalam Tel : +673-223 2780/1/2

Fax: +673-223 2780/1/2

#### REPRESENTATIVE OFFICE

#### In Vietnam

#### The Representative Office of Puncak Niaga Holdings Berhad

16F, Saigon Tower 29, Le Duan Street District 1, Ho Chi Minh City Saigon, Vietnam

Tel: +84-8-3520 7601 Fax: +84-8-3520 7604

#### PUNCAK NIAGA HOLDINGS BERHAD (416087-U)

Wisma Rozali, No 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia

> **T** +603 5522 8589 **F** +603 5522 8598

E pr@puncakniaga.com.my www.puncakniaga.com.my/investors.html



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